

7 December 2016

## APPROVAL OF CENTRALLY-RETAINED BUDGETS FOR 2017-18

### Report of the Director of Children's Services

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#### 1. Purpose

- 1.1 To seek the approval of the Forum for the holding of a number of central budgets in 2017-18.

#### 2. Summary

- 2.1 The Forum is asked:

- (i) To agree for 2017-18 the central budgets listed in Tables 1;
- (ii) To agree the retention of £2.798m of DSG in a central services block in respect of retained duties formerly funded from ESG;
- (iii) To note the discontinuation of the central budgets identified in Section 5;
- (iv) To agree the criteria for the Secondary Schools Falling Rolls Fund in 2017/18 as set out in Annex 1;
- (v) To agree the criteria for the Primary Schools Falling Rolls Fund in 2017/18 as set out in Annex 1

#### 3. Background

- 3.1 Non High Needs central budgets have to be agreed annually by the Schools Forum
- 3.2 In previous years, the Schools Block and Early Years Block have been agreed in the December meeting. The LA is awaiting the regulations for both blocks but cannot delay agreeing the Schools Block given the need to plan school budget shares for the forthcoming financial year.
- 3.3 It is expected that the Early Years centrally retained budgets will be agreed in February 2017. Forum should note that by agreeing the Early Years DSG component of the HfL core contract proposal, agreement has been given to

centrally retain £250,000 of Early Years DSG for 2017/18. This will be included within the budgets detailed in the February report.

- 3.4 For 2016-17 the Forum agreed a number of central budgets for the Schools Block and these fall under the following headings:

#### **Schools Block**

- a) Admissions and Appeals;
- b) Servicing of Schools Forums;
- c) Combined Services (including miscellaneous items for Family Support Workers, Lead Adviser to the Virtual School, School Workforce Census and Education of Children in Residential Care);
- d) Payment of fees for pupils without SEN in Independent Schools;
- e) Growth Fund for additional places and infant class size protection funding;
- f) Falling Rolls Fund;
- g) Licenses arranged nationally by the DfE;

- 3.5 The authority is requesting that these budgets largely continue in 2017-18 except the combined services and miscellaneous items that we are no longer permitted to centrally retain. The authority is further requesting that a new Central Services DSG budget is agreed to enable statutory duties for all pupils in Hertfordshire to be continued once Education Services Grant is withdrawn. This is set at the level for which additional DSG is to be provided to Hertfordshire in relation to these services, as reported to Forum in September. Section 4 below gives details of each budget which the authority is asking the Forum to agree for 2017-18, and Section 5 those to be discontinued.

## **4. Central Budgets Requested for Approval**

- 4.1 Table 1 below summarises the 2017-18 budgets that the Forum is asked to agree for the Schools Block. For comparison the 2016-17 budget figures for these items are also shown.

**Table 1: School Block Centrally Retained Budgets**

		2017-18 Budget Requested	2016-17 Budget
		£0	£0
<b>1) Admissions and Appeals</b>		2,057	2,057
<b>2) Combined Services</b>	<ul style="list-style-type: none"> <li>• Family Support Workers</li> </ul>	891	1,141
	<ul style="list-style-type: none"> <li>• Lead Adviser to the Virtual School</li> </ul>	78	78
<b>3) Miscellaneous items</b>	<ul style="list-style-type: none"> <li>• School Workforce Census</li> </ul>	0	14
	<ul style="list-style-type: none"> <li>• Education of Children in Residential Care</li> </ul>	0	61
<b>4) Servicing of Schools Forum</b>		40	40
<b>5) Boarding Pathfinder</b>		52	52
<b>6) DfE arranged Licenses</b>		890	872
<b>7) Growth Fund</b>	<ul style="list-style-type: none"> <li>• Additional Places</li> <li>• Infant Class Size Protection</li> </ul>	4,550 521	4,550 521
<b>8) Falling Rolls Fund</b>		1,900	1,408
	<b>TOTAL</b>	10,979	10,794

4.2 The regulations require that the budgets for items 1 to 4 in 2017-18 cannot exceed the equivalent budgets in 2016-17. Inflation and other pressures therefore have to be absorbed within the cash limited total. The budgets for items 2 and 3 have to relate to commitments originating prior to April 2013.

4.3 The remainder of this section gives further details about the central budgets requested for approval.

4.4 **Admissions and Appeals** –Proposed Budget £2.057m

It is proposed to continue with the admissions and appeals budget as is in 2017-18.



#### 4.5 **Combined Services** – Proposed Budget £969k

The DfE carried out an exercise in the summer to scrutinise LAs historic commitment budgets including Combined Services. Recently, further guidance has been issued which somewhat differs in approach from the summer exercise. In the light of this new guidance and an informal discussion with a DfE official at the end of last week, the LA understands that it can continue in 2017/18 with the following Combined Service budgets at the level agreed by the Schools Forum before 2013. These arrangements will only be transitional pending the announcement by the DfE of the introduction of the National Funding Formula.

##### **Contribution to Funding Family Support Workers (FSWs) £891k**

This provides funding to local partnerships of schools (19 in total, covering all schools in the county) to support part of the cost of FSWs (approximately 67 workers countywide), which is deployed through local partnerships. FSWs work to improve outcomes for children, young people and families within their local partnership by adopting a whole family approach through the use of the family Common Assessment Framework.

This is to identify needs and provide timely early interventions where a co-ordinated support through a Team around the Family approach is required, to prevent negative impact on the child/young person's learning, attainment and/or their wellbeing; and to prevent escalation of need for statutory service intervention.

##### **b) Contribution to Leadership of the Virtual School £78k**

This budget supports the leadership of the Virtual School and is centrally retained to improve academic outcomes and standards for this vulnerable group through providing the link between the Virtual School and all Hertfordshire schools.

This funding has supported the narrowing of the attainment gap between CLA and all children. Whilst the reduction has accelerated at KS2, challenges remain in KS4. The continuation of this budget will enable a focus on these challenges.

#### 4.6 **Servicing of Schools Forum** -Proposed Budget £40k

This comprises the budget for support for the Schools Forum by County Council officers plus venue costs. This budget has previously been considered in detail by Forum and it is believed provides an appropriate level of funding.

#### 4.7 **Payment of Fees to Independent Schools for Pupils without SEN – Boarding Pathfinder** - Proposed budget £52k

The Boarding Pathfinder Project is a national scheme that has been promoted to all local authorities by both the last and current governments to offer an alternative way to support disadvantaged children and families in crisis. Only a very small number of children meet the criteria for this support. The Boarding Pathfinder has an annual budget of £52k. Once a child has been placed, the annual cost supports their attendance to the end of Year 11 and therefore forms part of each year's expenditure. Therefore, only a maximum of 3 children could ever be placed at any one time. This funding is still supporting two young people.

#### 4.8 **DfE Arranged Licenses** –Proposed Budget £890k

The DfE operates an arrangement whereby the main licences relevant to schools are procured nationally to drive best value for money. This arrangement is expected to continue in 2017-18 and the central budget is requested to fund this license charge. It is anticipated that the 2017-18 cost of the nationally arranged licenses will be announced as part of the DSG settlement. The cost of DfE arranged licences in 2016-17 was £872k. However, some increase is expected in view of the increase in pupil numbers and therefore £890k is requested, an increase on the 2016-17 actuals and budget.

#### 4.9 **Growth Fund for Additional Places** – Proposed Budget £4.550m

Schools which are expanding at the request of the County Council receive allocations from the Growth Fund. Additional funding is provided in this situation because the extra cohort of pupils starting in September is not recorded in the school's census in time to generate additional funding in the normal way through the budget share. The Growth Fund therefore provides per pupil funding for the extra pupils for the period September to March. In addition to the September to March funding described above, the Growth Fund incorporates a protection factor which guarantees pupil funding for expanding primary schools up to 24 or multiples thereof and funding for transitional costs for a secondary school becoming an all through school.

Annex 2 provides details of a specific case of historical growth funding for forum to note that will impact the 2016-17 budget with an additional £320k, most of which is one-off. Forum should note that this will not impact the 2017-18 budget given the current budget is otherwise underspent.

#### 4.10 **Growth Fund for Infant Class Size Protection** – Proposed Budget £521k

The Growth Fund also provides allocations to support schools in particular circumstances with delivering the infant class size (ICS) requirement. The budget requested is the same as in 2016-17.

#### **4.11 Falling Rolls Fund – Proposed Budget £1.9m**

The budget requested includes £1.9m for the secondary schools falling rolls fund, an increase of £0.5m from 2016-17 given agreed changes made to the fund during the last financial year and a newly eligible secondary school. The dates for eligibility have been updated to ensure that the fund serves its intended purpose. At this stage it is anticipated there will be no eligible primary schools in 2017-18. Annex 1 details the updated fund criteria which Forum is asked to agree.

#### **4.12 Retained Duties Central Services DSG- Proposed Budget £2.8m**

The national funding formula consultation describes the DfE’s proposal to bring “retained duties” ESG together with DSG into a new central schools block. The request for centrally retaining £2.8m of retained duties ESG is therefore a new request for 2017/18.

Hertfordshire County Council’s allocation of Central Services DSG is £2.8m for 2017/18. ESG funding for retained duties is currently allocated to local authorities according to a per pupil rate of £15 for all pupils regardless of whether they attend a maintained school or academy. In recognition that “there is little scope to reduce the retained duties rate below £15 per pupil” the funding rate for retained duties will be transferred into the new central services DSG block. Whilst the regulatory framework in which the LA will be operating in 2017/18 is still not clear, it is assumed that the full allocation will be required (as is spent at the moment on retained duties) to enable core services to schools to be continued. Retained duties responsibilities include education strategy, preparation of revenue budgets, discharge of financial responsibilities, provision of an attendance service, general landlord duties and a number of other services. The accompanying report on de-delegation of funding for HfL includes a proposal to use part of this DSG to fund relevant duties carried out on behalf of HCC by HfL.

### **5. Central Budgets to be Delegated or Discontinued**

As set out in this paper, the DfE has indicated its expectation that historic commitments should be phased out. The following budgets are therefore being withdrawn:

#### **5.1 Miscellaneous Items to be discontinued**

##### **a) School Workforce Census**

The School Workforce Census is a statutory collection of individual level data on teachers and support staff from local authorities, local authority-maintained schools and academies. The LA is no longer able to fund this from the Centrally Retained Budget and it has been withdrawn.

## **5.2 Miscellaneous Items to be reviewed**

### **b) Funding for the education of children in residential care in Hertfordshire**

Children and young people who live in residential care within Hertfordshire present major challenges to the education system and schools due to their unregulated behaviour and extreme social and emotional responses to the trauma they have experienced prior to entry to care.

A specialist approach has been adopted with a proven track record to enable these hard to place children to be educationally supported and prepared for transition post 16.

The £61k budget funds an Education Adviser (working only with the children from the ARC residential services in Hertfordshire) and the teaching and learning of these young people within the North Herts Secondary Centre (NHESC). The Headteacher of the NHESC sits on the Virtual School Governing Body.

We are reviewing whether it is possible to continue funding this budget following publication of the revised guidance. If it is evident that the budget can be continued, a decision to centrally retain this budget will be sought in January.

## **6. Recommendations:**

The Forum is asked:

- (i) To agree for 2017-18 the central budgets listed in Tables 1;
- (ii) To agree the retention of £2.798m of DSG in a central services block in respect of retained duties formerly funded from ESG;
- (iii) To note the discontinuation of the central budgets identified in Section 5;
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## Proposed Falling Rolls Fund Criteria 2017/18

**Note that updated dates and AWPUs have been highlighted in yellow for reference (dates have been updated in line with the spirit of the previously agreed criteria).**

### FUND FOR SMALL SECONDARY SCHOOLS IN AREAS OF DEMOGRAPHIC GROWTH

Hertfordshire operates a Fund to support small secondary schools and academies with surplus places which will be needed in the near future. .

The eligibility criteria and formula for determining allocations from the Fund are based on the assessment that 550 pupils (years 7-11) is the minimum long-term viable size for a school.

The Fund has the following eligibility criteria:

- (i) The school/academy has fewer than 550 pupils (excluding sixth form) in the October census prior to the start of the financial year;
- (ii) The number of places offered by the school across year groups 7 to 11, if full, is greater than 550;
- (iii) The authority has forecast that at least 110 places will be required from the school in year 7 (year 9 for upper schools) by Autumn Term 2020; otherwise there will be an absolute shortfall of capacity in the relevant planning area;
- (iv) The school is Good or Outstanding. The date at which Ofsted category data will be taken will be 31st August prior to the start of the financial year to which funding relates, except that a school which becomes Good or Outstanding in the period after this and before the end of the financial year to which funding relates shall also be eligible.

Formula for Allocation:

The allocation formula takes account of the size of the school and any MFG protection funding the school receives in its budget share to avoid duplicating it.

The formula for determining an allocation to eligible schools is:

- (i) KS3 calculation: 330 – actual number of KS3 pupils on roll x KS3 AWPU x 66%;
- (ii) KS4 calculation: 220 – actual number of KS4 pupils on roll x KS4 AWPU x 66%;
- (iii) Sum of the result of lines **i** and **ii**;
- (iv) Deduct any MFG protection funded received by the school - the MFG protection figure taken into account in calculating allocations from the Fund is the MFG protection calculated by the Authority and notified to the DfE via the Authority Proforma Tool (APT);
- (v) Equals the allocation from the Fund.

Any School which becomes eligible for the funding because it is judged Good or Outstanding during the financial year shall receive a pro rata allocation from the start of the term following their inspection. (E.g. if a school received a “Good” rating following an inspection in June 2016, it would therefore be eligible from September 2017 and receive a payment of 7/12 of the calculated annual funding.)

This Fund does not cover schools or academies which have newly opened in the last seven years.

## **FUND FOR PRIMARY SCHOOLS WITH FALLING PUPIL ROLLS IN AREAS OF DEMOGRAPHIC GROWTH**

Hertfordshire will operate a fund for primary schools which have experienced a substantial short term fall in pupil numbers but where the surplus places will be needed in the near future.

### **a) Eligibility Criteria**

The Fund has the following eligibility criteria:

- i) The school has had a reduction in its pupil numbers (excluding nursery pupils) of both more than 20% AND more than 30 pupils, between the October 2014 census and the October 2016 census.
- ii) The Authority has forecast that:
  - by Autumn Term 2020 the school’s pupil numbers (excluding nursery) will have increased by at least 20% above the October 2016 census; and
  - by Autumn Term 2021, the school’s pupil numbers (excluding nursery) will have returned to, or exceeded, the October 2014 census number.
- iii) The school is Good or Outstanding. (This is a DfE requirement for eligibility for the Fund.) The date at which Ofsted category data will be taken will be 31 August prior to the start of the financial year to which funding relates, except that a school which becomes Good or Outstanding during the subsequent Autumn Term prior to the start of the financial year shall also be eligible.

### **b) Allocation Formula**

The allocation formula is as follows:

The decrease in the number of pupils on roll between October 2014 and October 2016 – 30, x primary AWPU x 50%.

Example:

A primary school had 400 pupils on roll in October 2014 and 300 in October 2016, a decrease of 100 pupils in the number on roll. It is forecast to have 380 pupils on roll by the Autumn Term 2020 and 420 pupils on roll by the

Autumn Term 2021. The school would be eligible for an allocation from the Fund and this would be calculated as follows (using the 2016-17 primary AWPU for illustrative purposes):

$(100-30) \text{ pupils} \times \text{£}2731.95 \times 50\% = \text{£}95,618$  allocation from the Fund.

**Growth Fund Review**

As part of the Financial Action Group process, a detailed review of the finances of schools takes place. It has come to light during this review that one secondary school did not receive growth funding to which it was entitled under the growth fund criteria. This has led in part to a budget deficit at the school.

It is intended to allocate this school in 2016/17 its historical entitlement amount of £320,302 dating back to 2013.

It is proposed to review the Growth Fund criteria and clarify them where appropriate to avoid confusion arising in the future over Growth Fund eligibility in more complex situations.