

7 December 2016

APPROVAL OF DE-DELEGATED BUDGETS FOR 2017-18

Report of the Director of Children's Services

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1. Purpose

1.1 To seek approval of the 2017-18 de-delegated budgets.

2. Recommendations

2.1 Maintained schools members only are asked to agree that rates of de-delegation per pupil for the following items remain at 2016-17 levels for 2017-18. Voting is required separately for each phase.

- Hertfordshire Grid for Learning;
- Determining Free School Meal Eligibility;
- Trade Union Facilities Time;
- Contingency support for reorganising schools and schools facing financial difficulties;
- Contingency support for primary schools causing concern.

3. Background

3.1 In 2016/17 Forum agreed a number of de-delegations as set out in the table below:

| Sector/Phase | Purpose | Amount Per Pupil | Duration of Agreement | 2016/17 De-delegated budget |
|-----------------------|------------------------|------------------|-----------------------|-----------------------------|
| Secondary and Primary | Hertfordshire Grid for | £1 | 2016/17 | £104k |

| Sector/Phase | Purpose | Amount Per Pupil | Duration of Agreement | 2016/17 De-delegated budget |
|-----------------------|--|---|-----------------------|-----------------------------|
| | Learning | | | |
| Secondary and Primary | Determining Free School Meal Eligibility | £5 per eligible pupil (i.e. pupils entitled to Free School Meal because they meet the criteria) | 2016/17 | £50k |
| Secondary and Primary | Trade Union Facilities Time | £1.20 | 2016/17 | £125k |
| Secondary | Contingency support for reorganising schools and schools facing financial difficulties | £2.00 | 2016/17 | £30k |
| Primary | Contingency support for reorganising schools and schools facing financial difficulties | £2.00 | 2016/17 | £178k |
| Primary | Contingency support for primary schools causing concern | £3.65 | 2016/17 and 2017/18 | £324k |
| TOTAL | | | | £811k |

- 3.2 It is necessary for Forum formally to agree the items to be de-delegated, on the basis of voting by members representing the relevant phases.
- 3.3 The net impact of rising demography is expected to be broadly cancelled out by schools converting to Academy status and therefore it is not expected that there will be a significant change in de-delegated budgets for 2017/18. Recognising the financial pressures of schools, the de-delegated amount per pupil being requested has been frozen for all budgets.

- 3.4 As reported to Forum in September 2016, the contingency support for reorganising schools and schools facing financial difficulty is expected to overspend significantly in 2016/17 given one-off payments to a number of secondary schools facing acute financial difficulties in challenging circumstances. It is likely that the pressure on the contingency budget will increase as schools are increasingly unable to meet the cost of one-off contingent items but any increase has to be weighed up against the impact of the withdrawal of Education Services Grant on school budgets and the additional pressures this places on school budgets. It is therefore proposed that all de-delegated budgets continue at the 2016-17 levels of de-delegation in 2017-18.

Hertfordshire Grid for Learning (HGfL)

- 3.5 Both Primary and Secondary Phase contribute a contingency budget of £1 per pupil to the Hertfordshire Grid for Learning which pays for the hosting of the site and the creation and publication of all HGfL articles. Given that no substantive changes are proposed to HGfL, it is proposed to keep the de-delegated budget at £1 per pupil.

| Phase | 2016/17 De-delegated amount per pupil | Proposed 2017/18 De-delegated amount per pupil |
|--------------|--|---|
| Primary | £1 | £1 |
| Secondary | £1 | £1 |

Free School Meals Eligibility

- 3.6 Despite the introduction of Universal Free School Meals for Key Stage 1, it is still necessary for schools to determine the eligibility of infants to claim Pupil Premium Grant and deprivation funding in the budget share. It is therefore proposed that the de-delegated budget remains at £5 per eligible pupil.

| Phase | 2016/17 De-delegated amount per pupil | Proposed 2017/18 De-delegated amount per pupil |
|--------------|--|---|
| Primary | £5 | £5 |
| Secondary | £5 | £5 |

Trade Union Facilities Time

- 3.7 The existing arrangement for Trade Union Facilities Time is considered successful by all parties concerned.

- 3.8 Given the success of the arrangement. Schools HR have proposed to the Unions to continue the existing arrangement, but in recognising the budgetary pressures facing schools, for a third year running to keep de-delegation at £1.20 per pupil and not to apply an inflationary uplift.
- 3.9 The reality of this arrangement would be that if it were not in place the cost to individual schools is likely to be far greater.

| Phase | 2016/17 De-delegated amount per pupil | Proposed 2017/18 De-delegated amount per pupil |
|-----------|---------------------------------------|--|
| Primary | £1.20 | £1.20 |
| Secondary | £1.20 | £1.20 |

Support for closing/amalgamating schools and general schools facing financial difficulty

- 3.10 A contingency budget of £2 per pupil has been agreed for both phases the last three years. Prior to 2016/17 this fund has been sufficient to ensure that maintained schools are safeguarded against costs could not be planned for or avoided and would have otherwise tipped them into deficit. However, given the marked deterioration of secondary school finances in 2016/17, the secondary fund will overspend as a result of a number of one-off payments made to secondary schools in exceptional circumstances. This projected overspend was noted by Forum in September 2016. Given the nature of these exceptional circumstances, it is not currently anticipated that there will be any further such payments.
- 3.11 Whilst the secondary fund will not prevent all schools tipping into deficit, it will impact pressures in some schools facing one-off contingent costs that could neither be foreseen nor avoided. There are no other mechanisms available to the Local Authority to support schools in financial difficulty and therefore it is considered important that there is a mechanism to cover eventualities that could neither be foreseen nor avoided.
- 3.12 At the mid-point of 2016/17 it seems that the primary phase budget for support to closing/amalgamating schools and general schools facing financial difficulty is sufficient. It was agreed with Forum in September 2016 that the two funds would be ring-fenced to ensure that primary schools as the larger contributor were not subsidising secondary schools.
- 3.13 As reported in September 2016, the fund remains a vital tool for the Local Authority to ensure that primary schools do not tip into deficit as a result of a one-off contingent cost and the recognised negative legacy that this leaves for both current and future pupils in a school. A number of examples of costs and impact were given in the September 2016 for 2015/16. 2016/17 contingent items paid thus far in the primary phase have included meeting additional revenue costs incurred following flash flooding at two schools in the same area following an exceptional weather event and a contribution to a school for the sick pay costs of a staff member with a significant illness that school

sickness insurance did not sufficiently cover. In all three cases, unrecoverable deficits were avoided through the payments.

- 3.14 It is proposed to continue the primary phase support for closing/amalgamating schools and general schools facing financial difficulty at £2 per pupil.

| Phase | 2016/17 De-delegated amount per pupil | Proposed 2017/18 De-delegated amount per pupil |
|-----------|---------------------------------------|--|
| Primary | £2.00 | £2.00 |
| Secondary | £2.00 | £2.00 |

Contingency support for primary schools causing concern

- 3.15 As detailed in Table 1 above, Forum agreed at the November 2015 Forum that a two year de-delegated budget of £3.65 per pupil for support to primary schools causing concern for two years. It is therefore proposed that this budget continues in line with this agreement in principle. As Forum will be aware from Item 6, this budget is an integral part of the financial model enabling core HfL services to be continued following the withdrawal of Education Services Grant. The model was shared with the sub-group and representatives of PHF during development and the principle of contingency for primary schools causing concern being included in the financial model was agreed. It is proposed that in 2018/19 the future of this budget is considered alongside the Education Services de-delegated budget to ensure there is sufficient de-delegated funding for the continuation of high quality support services for maintained schools.

| Phase | 2016/17 De-delegated amount per pupil | Proposed 2017/18 De-delegated amount per pupil |
|---------|---------------------------------------|--|
| Primary | £3.65 | £3.65 |

4. Newly Proposed De-Delegated Budget- Core Education Support Services

Item 6 to this Forum meeting set out a newly proposed de-delegated budget to enable the continuation of the core HfL contract and key services which it funds. A decision will be made on this new budget when considering Item 6, but details are presented here for completeness.

| Sector/Phase | Purpose | Amount Per Pupil | Estimated Total Fund 2017/18 |
|-----------------------|---|------------------|------------------------------|
| Secondary and Primary | Core Education Services Relating to ESG | £10 | £1.05m |

5. Global Picture

- 5.1 These budgets are all considered a necessary component of the LA's ability to effectively maintain schools. Item 6 presented the benchmarking data below for de-delegation nationally and among neighbouring LA's. When the requested budgets above are combined with the proposed £10 per pupil in Item 6 the total level of de-delegation for 2017/18 will be £17 per pupil. Hertfordshire's de-delegated budgets per pupil will remain the lowest among neighbouring LAs.

It should be noted that the comparative data is from 2016-17 and therefore ***will not allow for any provision for ESG services.***

| | DE-DELEGATED ITEMS |
|-----------------------------------|--------------------|
| NATIONAL | |
| ENGLAND - Average (mean) | £35 |
| ENGLAND - Average (median) | £30 |
| ENGLAND - Maximum | £181 |
| ENGLAND - Minimum | £0 |
| NEIGHBOURING AUTHORITIES | |
| Average (median) | £33 |
| Maximum | £56 |
| Minimum | £17 |
| Hertfordshire | £17 |
| Essex | £56 |
| Cambridgeshire | £45 |
| Central Bedfordshire | £31 |
| Luton | £35 |
| Norfolk | £35 |
| Suffolk | £28 |
| Buckinghamshire | £19 |

6. Recommendations

6.1 Forum is asked to agree that rates of de-delegation per pupil for the following items remain at 2016-17 levels for 2017-18:

- Hertfordshire Grid for Learning;
- Determining Free School Meal Eligibility;
- Trade Union Facilities Time;
- Contingency support for reorganising schools and schools facing financial difficulties;

6.2 Forum is asked to confirm its previous agreement in 2016/17 for two years of de-delegated budget for primary schools causing concern.