

7 December 2016

**CONSULTATION ON DE-DELEGATION FOR CORE EDUCATION SUPPORT  
SERVICES IN 2017/18**

*Report of the Director of Children's Services*

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**1. Purpose**

- 1.1 To present the results of the consultation on the de-delegation of maintained primary and secondary school budgets for core education support services in order for Forum to make an informed decision on the proposal.
- 1.2 In the absence of Regulations, we do not know whether de-delegation will be undertaken for all maintained schools, or by phase. However, we are requesting an expression of views by Phase on the assumption that this will be required as for existing de-delegation. Some of the other recommendations are, as indicated, for all members of Forum.

**2. Recommendations**

- 2.1 That Forum agrees:
  - i) The proposal for maintained schools to de-delegate £10 per pupil in 2017/18 to enable the continuation of the core HfL contract, specifically to support those elements of the contract which relate to the Council's duties towards maintained schools (***Voting by phase, maintained schools only***).
  - ii) The broader financial model on which the £10 per pupil is predicated. (***All members of Forum***).
  - iii) To include within central early years services £250,000 from Early Years DSG to support those elements of the core contract relating to nursery provision within primary schools (***All members of Forum***).

- iv) To support a minimum £554,000 contribution from Central Services DSG (Retained Duties) towards the costs relating to these retained duties included within the HfL contract. **(All members of Forum)**
- v) To establish an HfL contract oversight group, as a sub-group of Forum drawn from maintained schools representatives. **(Voting by phase, maintained schools only)**
- vi) That the contract oversight sub-group should consider and recommend a model for 2018/19 once the regulatory framework has been published prior to consultation with schools. **(Voting by phase, maintained schools only)**
- vii) To note that the implementation of the above recommendations depends on the detailed content of the relevant DfE Regulations for 2017/18, when these are eventually published. **(All members of Forum).**

### 3. Background

- 3.1 Herts for Learning Ltd was established in 2013 by Hertfordshire schools and the council to provide services that schools said they valued and wished to continue. 521 schools in Hertfordshire are now shareholders in the company and together have contributed to its success since it started. It is widely recognised that Hertfordshire has a unique and very strong offer for schools and settings.
- 3.2 For the past three years HfL has been commissioned by HCC to deliver the council's statutory school improvement functions to its maintained schools, along with a range of other HCC responsibilities.
- 3.3 The contract has a range of key performance indicators (KPIs) associated with the work being delivered. At the heart of the core contract is the ambition in Hertfordshire as expressed in its School Improvement Strategy, to have a *good school for every child in every district*. The council is very satisfied with the quality of HfL's delivery; the KPIs are all on or exceeding targets. The overall contract value includes £4.1 million of ESG and covers maintained primary, secondary and special schools. The Council believes that the core contract represents good value for money, putting Hertfordshire in the top quintile on most pupil performance indicators.
- 3.4 HCC funds the majority of the core contract from the Education Services Grant (ESG). Most ESG funding – the "General Duties" element -- will end on the 31 August 2017 and all schools, maintained and academies, must find funding to support school improvement from within their delegated budgets. Some ESG funding – the "Retained Duties" element – will be transferred to a new component of DSG as reported to last Forum.
- 3.5 It was agreed in the September 2016 Hertfordshire Schools Forum meeting that HCC should consult maintained schools on de-delegating funding in relation to HCCs school improvement functions.

3.6 The education support services that are commissioned through the HfL core contract are:

Activity
<p><b>MCSI</b> (Monitoring, Challenge, Support, and Intervention)</p> <p>This aspect of the contract requires HfL to:</p> <ul style="list-style-type: none"> <li>• <b>Monitor all schools' performance</b> data and other key indicators. This not only refers to schools causing concern but also includes considerable work to support good and outstanding schools to remain good and in particular to provide support when they are facing difficulties. For all schools good and outstanding this contract operates to some extent as an insurance policy, with access to quality and timely support when it is needed;</li> <li>• Provide ongoing <b>challenge to all schools</b> not yet good or those with declining performance;</li> <li>• <b>Support all schools to ensure</b> that every school is judged at least good. This includes the work with schools that are not yet judged to be good and includes access to a range of support and intervention tailored to individual school needs. This also includes <b>support to all schools</b> at risk of not being good at their next inspection. <b>All maintained schools are able to draw upon free support before and during an Ofsted inspection funded through this contract.</b></li> <li>• Intervene where standards are not improving or a school has been judged to have serious weaknesses or need special measures. This refers to the intensive and significant work that goes on to bring a school to good from an Ofsted category.</li> </ul>
<p><b>Supporting all schools</b> to deliver their equality duty, including anti-bullying and anti-racism work:</p> <ul style="list-style-type: none"> <li>• case management support around bullying;</li> <li>• support schools in meeting their equalities duties;</li> <li>• provide services targeted to raise BME achievement, working with other agencies and networks to improve outcomes;</li> </ul>
<p><b>Supporting all schools through</b> provision of e-safety expertise to ensure pupils, parents and carers, teachers and governors are aware of e-safety issues:</p> <ul style="list-style-type: none"> <li>• casework support;</li> <li>• maintenance of policies and acceptable use procedures;</li> <li>• networking groups and production of termly newsletters;</li> </ul>

<p><b>Support for all schools</b> in safeguarding issues in schools relating to safe staffing:</p> <ul style="list-style-type: none"> <li>• staying updated with national policy developments and priorities around safeguarding;</li> <li>• provision of advice to schools on safe staffing requirements, including updates arising from legislative changes.</li> </ul>
<p><b>Supporting all schools</b> with statutory guidance on sex and relationships education, and health and safety for specific curriculum areas: provision of accurate and up-to-date guidance on websites, head teacher briefings, direct support to schools on SRE matters.</p>
<p>Providing <b>all schools</b> with governor guidance:</p> <ul style="list-style-type: none"> <li>• provision of information to governors via websites, network meetings, handbooks;</li> <li>• governor recruitment services: advertising of governor vacancies, assistance with recruitment process, provision of training and development opportunities;</li> <li>• instruments of government of schools: understanding changes in legal status and requirements of governing bodies, provision of advice on reconstitutions of governing bodies.</li> </ul>
<p><b>Communication with all Herts schools</b>, including the Grid - HGfL and schools bulletin:</p> <ul style="list-style-type: none"> <li>• develop communication of practice and policy changes;</li> <li>• maintain HGfL through daily updates, reviews of content, technical support, management of contractual relationship with 3<sup>rd</sup> party hosting company;</li> <li>• publish weekly schools bulletin;</li> <li>• maintain schools' address book;</li> <li>• Frontfoot weekly updates for Herts heads on national policy;</li> <li>• Ofsted updates;</li> <li>• The Exchange half termly;</li> <li>• Exchanging Excellence case studies.</li> </ul>
<p>Respond to school complaints affecting <b>any schools</b>: ensuring an effective process is in place for logging, monitoring and responding to complaints and whistleblowing, deployment of staff to review complaints and whistleblowing, report-writing and drafting of responses.</p>
<p>Support to the Schools Forum function on behalf <b>of all schools</b>: review of key issues, modelling of implications of issues, preparation of reports to Schools Forum.</p>

Support to **all schools'** budgeting process: understanding of funding and policy changes, guidance for schools on budget preparation, support for strategic management of schools' system, support for development of policy for children with high level needs.

HR policy development for **all schools**: development and publication of best practice employment policies, updated for changes in legislation.

SACRE and RE curriculum advice for **all schools**: lead on the work of SACRE, provision of support to SACRE events, lead on the 5-yearly curriculum review.

## De-Delegation Proposals

- 3.7 The LA detailed in a September 2016 Forum report that it believes that the most efficient way of securing high quality education support services for maintained schools is the de-delegation of core budget given efficiencies of scale that can be achieved and greater likelihood of preserving the quality of services through certainty of income.
- 3.8 The maintained members of Forum agreed the principle of consulting schools on de-delegation of up to a maximum of 0.5% of maintained schools' budgets in 2017/18 (part year) rising to 0.85% in 2018/19 (full year) to allow continuation of the key services provided by HfL in September 2016. It was agreed at this meeting that the specific options and proposal within the consultation would be agreed in discussion with maintained schools representatives at a further meeting before the consultation commenced.
- 3.9 The sub-group met in October 2016 to enable the consultation to be undertaken in advance of this Forum meeting. The detailed proposals were developed against a backdrop of significant uncertainty round the mechanics for de-delegation, due to the delays in DfE publishing any proposals round how it is intended to work. However, consultation was necessary to allow schools, HCC and HfL to properly plan their budgets for 2017/18. The precise details of the proposal for 2017/18 may therefore need to change to reflect any restrictions, covering the areas of uncertainty once clarity emerges from DfE.
- 3.10 Given that there had been no published guidance from the DfE, it was agreed with the sub-group to consult only for 2017/18 and to hold a further consultation for 2018/19 following publication of the regulatory framework.
- 3.11 In determining the final proposal that was consulted on, the sub-group undertook a thorough review of the services included within the HfL contract. Alternative sources of funding were also explored resulting in a financial model to replace the ESG funded elements of the core contract as follows:

**Table 1: Financial Model for 2017/18**

<b>Current contract value</b>		<b>£4,139,731</b>
<b>Funding 2017 / 18</b>		
	5 x months at current contract value	£1,724,000
	17/18 Contribution of retained DSG	£553,527
	De-delegation at £10 / pupil	£1,051,640
<b>Subtotal</b>		<b>£3,329,167</b>
Additional funding streams:		
	EY DSG funding	£250,000
	Primary intervention de-delegation	£320,000
<b>Subtotal</b>		<b>£570,000</b>
<b>TOTAL FUNDING</b>		<b>£3,899,167</b>
<b>Gap - efficiencies required (7-month period)</b>		<b>-£240,564</b>
<i>NB: full year equivalent of savings is £412k</i>		

- 3.12 As evidenced above, the financial model is based on 5/12's existing arrangements and 7/12's new arrangements. The sub-group members will notice an adjustment to the de-delegation figures, which has been made to reflect the Autumn Census and therefore presentational consistency with the figures used to estimate de-delegated budgets in Item 9. The principles remain the same; that £10 per pupil is newly de-delegated and primary schools continue to de-delegate £3.65 per pupil as agreed by Forum last year.

### **Current Contract Value**

- 3.13 The current core contract with HfL runs to August 2017. This coincides with the date up till which ESG will be paid to the LA and therefore the financial model includes 5/12's of the current core contract value.

**Total £1,724,000**

## **Central Services DSG**

- 3.14 As detailed in the September paper on the withdrawal of ESG, £2.8m of Hertfordshire County Council's ESG designated for activities described by the DfE as "Retained Duties" will transfer to a new Central Services DSG block at the start of next year. A number of services covered in the HfL core contract are currently regarded as Retained Duties. It has therefore been assumed that these services can be funded through the new Central Duties DSG. It should however be noted that the Schools Finance Regulations for next year are yet to be published and there remains a degree of uncertainty around exactly what can and must be charged to this new Central Services DSG. For example it seems possible that costs relating to SACRE will be expected to be met from this source. It was assumed that proposals would be published in the Autumn but these are still awaited. It may therefore be that additional items are added to the activities to be met from Retained Duties DSG.

**Total £553,527**

## **De-delegation £10 per pupil**

- 3.15 The sub-group concluded that this was a reasonable amount for schools to de-delegate in order to deliver core services. This new de-delegation will preserve the status quo of essential, high quality school improvement services. The LA, sub-group and HfL all recognise the significant financial pressures in schools and sought to minimise budgetary pressures keeping the final proposal well below the maximum of 0.5% agreed as the parameter by Forum in September 2016. The £10 per pupil is equivalent to 0.3% of budget share, and when coupled with HfL traded services, is well below the average Multi Academy Trust top-slice at between 5 and 8%.

**Total: £1,051,640**

## **Early Years DSG**

- 3.16 Recognising that most primary schools in Hertfordshire have a nursery class and that HfL's monitoring, challenge and intervention work covers nurseries, a proportionate amount of money to reflect schools with nursery classes is proposed to be allocated from Early Years DSG, taking the form of an addition to the current centrally-retained budget for centrally-provided services. Forum will recall at the last meeting we reported a substantial increase to Early Years DSG expected next year, as well as a substantial increase in the proportion allowed to be centrally-retained. Forum will be expected to take the final, comprehensive decision on uses of Early Years DSG early next year, but at this stage we are requesting an agreement in principle to the use of £250,000 for the above purpose so as to contribute to a coherent overall funding package for the HfL contract.

**Total £250,000**

## Primary Schools Causing Concern De-Delegation

- 3.17 Primary Schools currently de-delegate £3.65 per pupil for schools causing concern. It is proposed that this funding is rolled into the model given that the budget is currently a core component of HfL's support to primary schools causing concern. Forum agreed last year to continue this de-delegation into 2017/18 without a specific re-consultation.

**Total £320,000**

## Contract value reductions

- 3.18 The financial model includes a series of reductions. Over a 2 year period 15% reductions will be made to the current core contract (10% in Year 1 and 5% in Year 2) in the following areas:

### Efficiencies to 18-19 contract vs current contract value

MCSI	-8.0%
Governor guidance, LA governor appointments and instruments of governance	-50%
Contribution to finance helpline for schools	-100%
SACRE and RE curriculum advice	-100%
Supporting schools to deliver their equality duty, including anti-bullying and anti-racism	-50%
e-safety support for schools, pupils and the community	-50%
Supporting schools with statutory guidance on SRE and H&S for specific curriculum areas	-50%
Finance - support to the LA's corporate finance, education policy and school improvement functions, support for strategic management of the local schools system, and support for development of policy re support for children with high needs	-100%
HR - support to corporate HR functions	-100%
<b>TOTAL EFFICIENCY</b>	<b>-15%</b>

- 3.19 It was agreed in sub-group meetings that these could be realised without compromising key education support services. However, some of them are in areas where there may be a requirement or benefit in continuing to provide some support from Retained Duties DSG if funding allows. Services that are being reduced such as e-safety will be offered on a traded basis and continued should there be sufficient demand.

## The Consultation

- 4.1 Following agreement of the proposal and underpinning financial model with the Forum sub-group and heads forums, a 20 day consultation was launched on 9 November which ran to the 28 November. Respondents were asked the question "Do you support the de-delegation of £10 per pupil in 2017/18 to contribute to the costs of continuing to allow schools to remain as Maintained Schools?" The level of response was high relative to previous financial



consultations with a total of 192 responses from 188 maintained schools (both the Head and the Chair responded for 14 schools). In total across both phases 92% of respondents answered “yes” and 8% no. Within the phases there were 10 responses from secondary schools with 8 answering “yes” (80%) and 2 answering “no” (20%). In the primary phase 155 primary schools responded with 137 (92%) answering “yes” and 12 (8%) answering “no”.

- 4.2 There were no discernible trends in the data.
- 4.3 Schools were asked if they had additional comments. This has proved helpful both for schools that have responded yes and those that have responded no. The Council will write to schools clarifying their comments following this meeting.
- 4.4 Three typical comments for each response are listed below to give Forum a flavour of the feedback in the comments box and the rationale for decision making by schools:

#### “Yes” Responses

- Whilst acknowledging that school budgets are going to be extremely difficult in the next year, the loss of services provided through ESG will have even greater impact, particularly for schools most in need - and thus, children in Hertfordshire. As a Head who has worked in schools benefiting from this support, I support de-delegation whilst hoping good sense will prevail with the ESG reinstated.
- The service provided by HfL is of a high standard and would be difficult and time consuming to find elsewhere. Schools need the support offered whatever their current Ofsted rating. A huge amount of expertise is available, which would be difficult to replicate.
- An appropriately balanced response in light of wider funding restrictions.

#### “No” Responses

- Governors do not support the proposal on the basis that we do not believe that our own school specifically will receive a benefit proportional to the amount of money in issue.
- This takes nearly £2,400.00 out of our budget that we might not spend with Herts for Learning Co. I would be happy to pay more for any traded services should we choose to buy into them. Otherwise our budget is helping to support other schools.
- As a one form entry school with a low roll, we are unable to balance our budget with current funding without detriment to the school's overriding priority to raise standards of achievement and progression. As such, we cannot support a reduction in the school's income

- 4.5 No consultation has yet taken place with Special Schools or ESCs, in part because of their low pupil numbers and in part because Regulations have not previously provided for de-delegation by these sectors. However, even though not of major financial significance, this will be undertaken once the Regulations are issued, informed by costs of services to these sectors; a different per pupil amount may well be requested.

## **5. The national picture**

- 5.1 The DfE announced on the 30 November two new additional sources of transitional funding to support school improvement. The detail behind the announcement is still awaited but at this stage the funds have been identified nationally as:
- A £50 million a year fund for LAs. There are mixed messages as to what this is for, as between helping to enable the LA to carry out monitoring and brokering activities, as against monitoring and commissioning school improvement for low-performing maintained schools.
  - A new £140 million 'Strategic School Improvement Fund' for academies and maintained schools - aimed at ensuring resources are targeted at the schools most in need of support to drive up standards, use their resources most effectively and deliver more good school places
- 5.2 The DfE announcement also included a statement that maintained schools may choose to pool funding from their Dedicated School Grant to buy school improvement services such as bringing in subject or curriculum experts. It would seem that this is intended to complement the funds referred to above.
- 5.3 There is no information as yet round the basis of allocation of the first fund, other than it would only be part year in 2017/18. It might be population based or, more likely, relate in some way to the characteristics of schools; or indeed it could be bid based. It also appears to be for 2 years only, so may be for £50m in total.
- 5.4 As regards the second fund, the National Schools Commissioner has said it is intended to go towards four targeted issues. He said "the cash aims to create "less patchy" coverage of multi-academy trusts (MATs) and teaching school alliances (TSAs); launch more high quality training routes for teachers in challenging areas; make sure curriculum ideas such as "mastery" consistently enter all classrooms; and allow faster intervention when schools are failing".
- 5.5 The extent to which this will be helpful in Hertfordshire remains to be seen. But the DfE announcement implies that the LA/schools will need to bid for funding from the Strategic School Improvement Fund', most probably for substantial sums for specific schools/interventions. Currently the school improvement system in Hertfordshire works to enable HfL to diagnose core challenges and problems but the funding for addressing these challenges is

generally required from school budgets. There has until very recently generally been sufficient flexibility in school budgets for these interventions to be prioritized by schools and met through their budgets. This, has in turn, enabled a greater level of monitoring and support at good and outstanding schools, ensuring that the quality of educational provision in Hertfordshire remains among the highest in the country.

- 5.6 It is now increasingly evident that schools with the greatest school improvement challenges are not able to make rapid and sustained progress as quickly as is needed as there is no capacity in their budgets to support the costs of intensive targeted interventions. With ESG all fully accounted for, these schools face the dilemma of slowing required progress or entering a budget deficit with the negative legacy that this leaves for both current and future pupils of the school. For some schools there is a stark choice between an appreciable deficit or living within financial means and compromising outcomes. This fund will be key to addressing that tension, enabling schools in the most challenging of circumstances to make progress at the required pace and bring about meaningful improvements without entering into irrecoverable deficit.
- 5.7 Moreover, access to this fund with the proposals outlined in this paper around de-delegation will enable continued up-stream investment in school improvement in Hertfordshire whereby appropriate resource is targeted to support good and outstanding schools to remain so. This upstream investment is recognised by both the LA and HfL as a key component in ensuring that educational standards remain high across Hertfordshire. The LA will therefore actively support bids for schools needing intensive school improvement support to ensure that the current system can be effectively balanced and the needs of all schools appropriately supported.
- 5.8 We do not therefor see this potential additional funding as directly substituting for the de-delegated money we are seeking from schools. However, it may be that there are opportunities to use this to mitigate the level of increase that might otherwise be required in 2018/19. This is something that the proposed contract oversight group should review next year.
- 5.9 The DfE's benchmarking table below allows comparison in the levels of de-delegation between local authorities. When the £10 per pupil considered under item 6 is factored in. Hertfordshire's proposed de-delegation at £17 per pupil will remain the lowest among our neighbouring authorities and half of the national average.
- 5.10 It should be noted that the comparative data is from 2016-17 and therefore ***will not allow for any provision for ESG services.***

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

## 6. Recommendations

- 6.1 In the absence of Regulations, we do not know whether de-delegation will be undertaken for all maintained schools, or by phase. However, we are requesting an expression of views by Phase on the assumption that this will be required as for existing de-delegation.
- 6.2 The recommendations are a mix of those which are applicable to all members of Forum, and those which relate to Maintained schools only. Forum is asked to agree:
- i) The proposal for maintained schools to de-delegate £10 per pupil in 2017/18 to enable the continuation of the core HfL contract, specifically to support those elements of the contract which relate to the Council's duties towards maintained schools (***Voting by phase, maintained schools only***)
  - ii) The broader financial model on which the £10 per pupil is predicated. (***All members of Forum***).
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