

**HERTFORDSHIRE COUNTY COUNCIL
SCHOOLS FORUM**

7 December 2016

AGENDA ITEM

9a

**UPDATE ON ITEM 9- 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 provide Forum with an update on relevant parts of this paper following the publication of updated guidance on Schools Revenue Funding for 2017/18 released on 2 December 2016.
- 1.2 To revise the recommendations of the paper based on the update.

2. Recommendations

2.1 That Forum agrees:

- i) The proposal for maintained schools to contribute £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.

In order to comply with procedures just announced by the DfE, this £10 contribution will be accounted for as follows:

- De-delegation of £9 per pupil for School Improvement;
(Voting by phase, maintained schools only)
- Central Retention of £1 per pupil in mainstream schools to cover the statutory duties previously funded through the ESG.
(Voting by maintained schools only)

- ii) 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)**.
- iii) 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)**.
- iv) The broader financial model on which the £10 per pupil is predicated. **(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 and relevant grant settlements confirmed. **(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 The DfE released an update on the Guidance on Schools Revenue Funding for 2017/18 on 2 December 2016. This document clarifies arrangements for de-delegation and central retention of budgets from maintained schools for services formerly funded through general duties DSG.
- 3.2 There are a number of pertinent points in the guidance of direct relevance to this paper set out below.

Reduction in 17/18 5/12s ESG Funding

- 3.3 Paragraph 82 of the revised guidance details that the general duties rate of ESG paid to Hertfordshire will be reduced from £77 per pupil to £50 per pupil for the first 5/12s of the financial year when ESG is payable. Any allocation of the newly announced £50m LA School Improvement Grant (which if allocated on a per pupil basis Hertfordshire could expect to receive £600k) will be preceded by a cut of £1.2m.
- 3.4 Therefore even when the new grant money is factored into the financial model, a gap will remain. This change to the general duties rate confirms para 5.8 of Item 9 that the additional grant funding received won't directly substitute the de-delegated money we are seeking from schools

- 3.5 It should be noted that at this stage it seems unlikely that the financial gap could be met through additional funding received from the £140m Strategic School Improvement Fund as this will be for targeted interventions in individual schools and a range of other activities, currently not included in the HfL core contract.
- 3.6 Despite a funding gap in the 5/12s of ESG, it is not proposed to increase the proposed £10 per pupil contribution for Core Educational Services in maintained schools in 17/18.
- 3.7 The DfE have just announced that amounts de-delegated from maintained schools in respect of ESG functions have to be split for procedural reasons between School Improvement and other statutory functions performed by the LA on behalf of maintained schools. School Improvement funding is procedurally to be de-delegated and other ESG duties centrally retained.
- 3.8 Given that the financial model relies on a number of sources of funding, is clouded by the traded element of HfL's contract which covers a number of school improvement related activities, some assumptions have to be made in determining the split proposed.

School Improvement De-Delegation

- 3.9 Paragraph 73 of the Guidance states that "From 2017 to 2018, schools forums can agree to de-delegate further funding for additional school improvement provision for maintained schools. This provision sits alongside the new school improvement grant for statutory local authority intervention functions." Given that the majority of the core contract activities described in the paper are School Improvement related, it is proposed that schools de-delegate in line with this part of the guidance.
- 3.10 The Monitoring and Challenging Hertfordshire Schools and Subject and Curriculum Expertise provided by HfL under the Core Contract account for £9 out of the £10 requested.

Retention of maintained schools only funding for statutory ESG duties

- 3.11 Paragraph 84 of the updated guidance states that "As proposed in the first stage of the national funding formula consultation, we will amend regulations to allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG". The guidance goes on to state in Paragraph 86 that the amount to be retained by the local authority will need to be agreed by the relevant maintained schools members of the schools forum (primary, secondary, special and PRU).
- 3.12 As stated in 3.8 above, the clarification of arrangements necessitates a tweaking of the financial model with the following statutory and regulatory duties for maintained schools being performed under the Core HfL Contract:

- investigation and resolution of complaints relating to maintained schools
- functions relating to the financing of maintained schools
- appointment of governors and payment of governor expenses
- HR duties

3.13 These activities for maintained schools total around 10% of the de-delegated activities and therefore it is proposed to centrally retain £1 per pupil for maintained mainstream schools.

3.14 In line with 4.5 in Item 9, we are not at this stage requesting funding from Special Schools or ESCs pending further work on an appropriate figure and consultation on it.

3.15 Financial Model

The financial model can therefore be refined as follows:

Current contract value		£4,139,731
Funding 2017 / 18		
	5 x months at current contract value	£1,724,000
	17/18 Contribution of retained DSG	£553,527
	School Improvement De-delegation at £9 / pupil	£946,476
	Centrally Retained General ESG Duties at £1/pupil	£105,164
Subtotal		£3,329,167
Additional funding streams:		
	EY DSG funding	£250,000
	Primary intervention de-delegation	£320,000
Subtotal		£570,000
TOTAL FUNDING		£3,899,167
Gap - efficiencies required (7-month period)		-£240,564
<i>NB: full year equivalent of savings is £412k</i>		