

**APPROVAL OF CENTRALLY-RETAINED BUDGETS FOR SCHOOLS AND
CENTRAL SCHOOL SERVICES BLOCKS 2019-20**

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 the schools block in 2019-20

2. Recommendations

- 2.1 The Forum is asked to agree the 2019-20 central budgets listed in Table 1 in section 4.

3. Background

- 3.1 Non High Needs central budgets have to be agreed annually by the Schools Forum.

- 3.2 For 2018-19 the Forum agreed a number of central budgets in the central school services and schools blocks. These fall under the following headings:

- a) Admissions and Appeals
- b) Servicing of Schools Forums
- c) Former Retained Duties ESG
- d) Combined Services –School Family workers
- e) Payment of fees for pupils without SEN in Independent Schools
- f) Growth Fund for additional places and infant class size protection funding
- g) Falling Rolls Fund (Fund for small secondary schools in areas of demographic growth)
- h) Licenses arranged nationally by the DfE

- 3.3 The operation of the National Funding Formula results in central budgets being allocated across two blocks:

- I. Central school services block (CSSB)
- II. Schools Block

- 3.4 The CSSB includes ongoing responsibilities and the historical commitment for school family workers. The schools block includes both the Growth Fund and the Falling Rolls Fund as centrally retained budgets.
- 3.5 There is a common misperception that the schools block is in some sense “top-sliced” to meet the costs of centrally-provided services. This is not the case in Hertfordshire. All central services are funded from the central school services block, and/or from carry-forward, whilst the centrally-retained Growth Fund budget is held only pending allocation to schools and is an area for which there is a separately identified stream of DSG funding provided by DfE within the schools block.

4. Central Budgets Requested for Approval

- 4.1 The school family workers budget is funded from carry forward. As regards the other central services, Forum has in the past agreed that the cost of these services needs in total to equal the allocation by DfE of CSSB DSG. The level of DSG does not provide any resource for cost pressures, and indeed is less in cash terms than last year despite an increase in the underlying pupil numbers on which it is based. It is currently estimated that the CSSB budgets for ongoing functions shown below will exceed the CSSB DSG block by £37k. It will therefore be necessary to identify a saving, before the budgets are finalised in January. Pending that, it is proposed that, in general, central budgets are unchanged in 2019-20.
- 4.2 Adopting this approach, Table 1 below summarises the 2019-20 central budgets that the Forum is asked to agree for the CSSB and schools blocks. For comparison the 2018-19 budget figures for these items are also shown.

Table 1: Central School Services and School Blocks Centrally Retained Budgets

	2019-20 Budget Requested £000	2018- 2019 Budget £000	Change £000
CSSB Ongoing Functions			
1)Admissions and Appeals	1,986	1,986	0
2)Servicing of Schools Forum	30	30	0
3)Boarding Pathfinder	12	12	0
4)DfE arranged Licenses	947	927	20
5) Former ESG retained duties	2,798	2,798	0
CSSB Historical Commitment			
6) School Family Workers	891	891	0
Total CSSB	6,664	6,644	20

Schools Block				
7)Growth Fund	Additional Places	3,986	4,865	(879)
	Infant Class Size Protection	400	521	(121)
8) Falling Rolls Fund		1,500	1796	(296)
Total schools block		5,886	7,182	(1,296)
GRAND-TOTAL		12,550	13,826	(1,276)

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

4.4 **Admissions and Appeals** –Proposed Budget £1.986m

It is proposed to continue with the admissions and appeals budget at the same level as in 2018-19. Cost pressures and pressures resulting from rising pupil numbers will be absorbed by efficiencies within the service.

4.5 **Servicing of Schools Forum** -Proposed Budget £30k

This is the budget for support for the Schools Forum by County Council officers plus venue costs. (This budget was reduced by £10k in 2018-19 after an underspend was recorded).

4.6 **Payment of Fees to Independent Schools for Pupils without SEN – Boarding Pathfinder** - Proposed budget £12k

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. In recent years, the Lead Adviser to the Virtual School has been successful in securing significant reductions in fees and therefore the budget has been reduced accordingly.

4.7 **DfE Arranged Licenses** –Proposed Budget £947k

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 2019-20 and the central budget is requested to fund this license charge. The cost of DfE arranged licences in 2018-19 was £927k. However, some increase is expected in view of the increase in pupil numbers and inflationary pressures and therefore an additional £20k is requested.

4.8 **Former ESG retained duties**- Proposed Budget £2.798m

Whilst general duties ESG has been cut, the former retained duties ESG was transferred into the CSSB block. This funding is to fulfil responsibilities for all pupils regardless of whether they attend a maintained school or academy. The full allocation of this funding is required 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, oversight of elective home education, general landlord duties and a number of other services. This includes an item of £836,000 contribution to the costs of relevant services delivered by HfL, as previously agreed by Forum.

4.9 **Historical commitment–School Family Workers** – Proposed budget £891k

Historical commitments budgets can only continue to be held if they comply with DfE criteria (including the requirement that the budget cannot increase between years). A paper to the June 2018 Forum meeting (item 9) provided details of this budget, including demonstrating how the school family worker budget complies with DFE guidance. A link to the paper is below:

[item-9-evidence-to-support-historical-commitments](#)

4.10 **Growth Fund for Additional Places** – Proposed Budget £3.986m

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.

There is a forecast underspend of approximately £1m on the Growth Fund in 2018-19 and looking at the upcoming number of expansions, it is proposed that the Growth Fund budget for 2019-20 is reduced by £1m to reflect the underspend. (This is made up of a reduction of £879k on additional places funding and £121k on infant class size protection.)

However, the Forum is asked to note that for 2020-21 there are expected to be new schools opening through the presumption process, Start up and diseconomies funding for these schools will need to be met from the Growth Fund. Therefore an increase in the Growth Fund budget for this is likely to be requested in 2020-21.

4.11 **Growth Fund for Infant Class Size Protection** – Proposed Budget £400k

The Growth Fund also provides allocations to support schools in particular circumstances with delivering the infant class size (ICS) requirement. The budget has been reduced to reflect current spending.

4.12 **Falling Rolls Fund** – Proposed Budget £1.500m

Given that the Falling Rolls Fund is funded through carry-forward, it will need to cease to operate once the carry-forward has been exhausted. It now seems likely that there will be sufficient carry-forward to continue to operate the Falling Rolls Fund in 2020-21. However, schools currently in receipt of Falling Rolls funding have been advised that it is not a feature of the National Funding Formula and should a hard formula be announced will need to cease. To this end, the three main beneficiaries of the secondary fund have had their entitlement capped at £500k each and have been advised to

develop a transition plan as a progressive reduction in funding is likely for future years. This transition plan may require alternative legal and governance arrangements, which are likely to prove challenging for these schools given that their financial sustainability is precarious with numbers on roll less than 550.

Forum will be aware that the overall demographic trend in secondary is one of rapid growth. However, in general rapid growth is not being absorbed in these schools but by neighbouring schools that are already full and are electing to admit over Published Admission Number.

As their own admission authorities, academies and free schools are not required to consult on their Published Admission Number (PAN) where they propose either to increase or keep the same PAN. There has been a continuing trend in Hertfordshire for Academies at secondary phase to admit over PAN to increase income and mitigate real terms budget reductions. This is problematic from a school planning perspective given that the Local Authority has a duty to provide sufficient school places against a backdrop of fluctuating intakes. The reality is that these smaller schools are needed to ensure sufficient school places and cannot be closed as there is not capacity in neighbouring schools to absorb all pupils currently on-roll. All three of these schools have suffered from neighbouring schools admitting over PAN and taking pupils that would have otherwise been allocated to them.

Given the adverse impact that a rapid reduction in Falling Rolls funding would have on the finances of these schools, it is proposed to review allocations on an annual basis, based on levels of carry-forward whilst dialogue continues with these schools on transition planning.

There is a reduction in the Fund of £296k because it is expected fewer schools will be eligible in 2019-20. This is what we would expect given that rolls in secondary phase are now on the increase.

5. Conclusions and Recommendations:

The Forum is asked:

1. To agree for 2019-20 the central budgets listed in Table 1.