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**DE-DELEGATION OF FUNDING FOR SCHOOL IMPROVEMENT AND
RELATED SERVICES FOR 2020/21, 21/22 and 22/23**

Report of the Director of Children's Services

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1. Purpose

- 1.1 To update the Forum on plans in relation to school improvement and other services currently provided by HfL and the funding assumptions in relation to these.
- 1.2 To seek support from maintained schools' members for a proposal to consult maintained schools on the proposed "de-delegation" of funding to cover aspects of this work currently undertaken by HfL to support schools for the years 20/21, 21/22 and 22/23.

2. Summary

- 2.1 The paper seeks support from Schools Forum to consult on the proposal to de-delegate £25.50 per pupil to fund core educational services delivered by Herts for Learning, on behalf of HCC, to maintained schools. It also asks for approval of the relevant central budget.
- 2.2 The principle of this proposal is for a three year deal for 2020/21, 21/22 and 22/23, with an expectation that the 2019/20 level of services will continue to be provided for the following three years. The sums sought are for the agreed de-delegation for 2019/20 (£25) updated by 50p/2% for inflation, in the context of schools budgets which are expected to increase annually by 4-5% on average.
- 2.3 These proposals have been agreed in consultation with schools' representatives.
- 2.4 The specifics of these are set out in section 6.

3. Recommendations

3.1 Forum is recommended to agree:

- (i) **(all members voting)**; the funding assumptions and package set out in para 6.1 in relation to services provided by HfL for 2019/20.

and in consequence that:

- (ii) **(all members voting)**;

- (a) £853,000 of Central Services Block DSG is allocated to this purpose

- (b) £255,000 of Early Years DSG is retained centrally for this purpose

- (c) £291,000 of HLN DSG is allocated for this purpose

- (iii) **(all maintained mainstream school members voting, by phase)**; £20.50 per pupil is de-delegated by all maintained mainstream schools to support school improvement costs within the contract

- (iv) **(all maintained school, including special and ESC members voting)**; £5 per pupil/place is de-delegated/retained to support other costs within the HfL contract; and that each Special School and ESC pupil (place) is weighted for the purposes of this recommendation as equivalent to 5 mainstream pupils

3.2 Forum is also asked **(all members voting)** to agree in principle to support a similar funding package for 2021/22 and 2022/23 including increases annually linked to inflation, provided that school budgets on average increase at a faster rate.

4. Background

4.1 A new contract between Hertfordshire County Council and Herts for Learning for the provision of Herts for Learning Services and Support to Hertfordshire County Council commenced on 1st April 2019.

4.2 These activities are necessary for the Council, its Maintained Schools and Academies to continue to operate as successfully on behalf of local children as we have come to expect over many years. This support contributes to the excellent performance of Hertfordshire schools, which has seen progress and attainment levels well above national averages.

4.3 This contract is a rolling contract to cover the period April 2019 to March 2026, subject to annual review.

4.4 Schools Forum last year reconfirmed the decision made at Schools Forum in September 2017 that the total cost and funding arrangements for the first year of the new contract covering the financial year 2019-20 would be the same as for 2018-19.

- 4.5 We now need to agree a set of proposals going forward for how the School Improvement Contract will be financed over the next 3 years, and within that the basis for consultation with maintained schools, together with a decision from Forum on elements of central funding.
- 4.6 For sustainability and longer term planning purposes the proposal is that Schools Forum be asked to agree a funding package on a three year basis in principle, with a firm decision in relation to 2020/21. A final decision will need to be made on an annual basis for 2021/22 and 2022/23 as part of the budget setting for those years. Part of the principle decision which we are seeking at this stage is that the required funding streams will be uprated with inflation both next year and subsequently, provided that average school budgets per pupil continue to increase more rapidly than inflation. However, it is important to note that this uplift will be less than that in schools budgets as a whole.
- 4.7 The likelihood is that the de-delegation total funding pot will reduce over the period of the new contract as a result of more schools becoming academies. In consequence we expect to need to revisit the funding envelope on an annual basis and if the funding reduces significantly also revisit the content of the contract. Of course, the funding framework for schools as a whole may also change.

5. Contents of report

The School Improvement Contract between HCC and HfL

- 5.1 The core contract covers a range of services, for maintained schools in particular, but also activity which supports all schools.
- 5.2 De-delegated funding supports school improvement and other services specific to maintained schools. Funding from centrally-retained DSG supports a range of wider activities including in relation to SEND, the interface with RSC, DfE and Ofsted, response to DfE consultations, Ofsted complaints, new policy initiatives and local priorities, such as “closing the gap.”

Funding available from de-delegation

- 5.3 As set out in detail in Section 6, funding for the School Improvement Contract is paid for using a combination of central schools’ services budget and de-delegated funds together with Early Years DSG and High Level Needs DSG.
- 5.4 For financial year 2019/20 we have worked on the basis of 94,852 pupils in maintained schools. De-delegated income is almost exactly in line with what we forecast. For the future we would expect to lose around 3,000 pupils per year from the maintained sector in each of the next 3 years. This is equivalent of approximately one secondary school per year and 5*2fe primary. The loss of income for the contract would therefore be £75k in 20/21, rising to £150k then to £225k.

- 5.5 To the extent that conversions reduce expected income then HCC and HfL will need over time to seek equivalent reductions in contract costs.
- 5.6 HfL continually look for different ways of finding economies and at different ways of working so that they can still deliver the same level of service. However, it is worth noting that under the current Ofsted framework the introduction of the category of, in effect, “vulnerable Good” schools has increased workload supporting this substantial number in advance of re-inspection. The recent announcement of regular inspection of Outstanding schools will also generate additional work as evidence elsewhere suggests considerable risks of gradings dropping.

Impact of delivery of Herts for Learning Services

- 5.7 Herts for Learning, for the School Improvement purposes of the contract, works most extensively with the maintained schools’ sector. However, HfL work also impacts on academy schools. Key performance indicators for the overall performance of Hertfordshire schools, such as Ofsted outcomes, do not distinguish between the different school types.
- 5.8 However, they are still extremely useful and provide Hertfordshire County Council and Herts for Learning the opportunity to analyse performance and reflect upon and unpick which areas of the overall education sector are working well and which are not with the aim of addressing areas which aren’t working as well.
- 5.9 There are two strategic priorities for the Core Contract. These are to:
- A) Increase the number of good and outstanding schools and settings
 - B) Increase the pace of closing the gap for disadvantaged and vulnerable groups, whilst maintaining current high levels of attainment
- 5.10 The core contract has specific deliverables. But in order to meet the strategic priorities of the improvement plan the traded work that HfL carry out is also important. The core contract alone cannot impact sufficiently on % good/outstanding schools or closing attainment gaps.
- 5.11 In terms of what has been achieved during the academic year 2018-19 please see the following (please note that this list is not exhaustive:

Primary

- Attainment remains high at the end of KS1 and KS2 in Reading, Writing and Maths.
- Phonics results show a 4-year upwards trend with the county remaining above national and stat neighbours.
- % of good or outstanding schools remain above national and statistical neighbours
- Where TLA support has focused specifically on year 6 outcomes and been funded through de-delegation:
 - Writing +19.6 ppt
 - Maths +9.7ppt

- Maintained schools that received funded support from HIPs and TLAs improved by +6.8ppts on their 2017 scores at expected standard in RWM combined.

What next

- Plans for focusing on progress scores in writing and maths which are below national, particularly for middle schools. These include ensuring HIP and TLA visits focus on increasing progress in specific subjects and across the curriculum, training delivered by assessment and TLA teams focus on year 1, 2 and 6 teachers so that they are fully on board with expectations and for middle schools liaising closely with secondary colleagues to ensure provision offers correct level of challenge.
- Addressing the gap between disadvantaged pupils and non-disadvantaged as this has increased. This will be done through HIP visits continuing to have a focus on PP gaps, TLA visits focusing on this and specific projects.

Secondary

- Increase in all KS4 attainment outcomes:
- % achieving 4+ E & M (13th highest LA)
- % achieving 5+ E & M (17th highest LA)
- Attainment 8 score (16th highest LA)
- Increase in KS4 Progress 8 (25th highest LA)

What next

- Ensure that all work in schools focuses on high expectations of all and improve progress and outcomes for disadvantaged pupils.
- Ensure that support, including brokered partnerships, overcomes barriers that schools face
- Challenge and support maintained schools where there appears to be a decline in standards

Vulnerable groups

- Increase in all CLA outcomes at KS2, 4 and 5.
- % of special schools and ESCs rated good or outstanding still very high
- Progress and attainment of some BME, SEND and GRT groups

What next

- ensure support, including brokered partnerships overcomes the barriers schools face
- ensure robust QA of HIP intervention
- ensure all means of intervention are pursued to support KTS special schools identified as being in danger of decline
- improve attainment of lowest 20% at EY/reduce gap between lowest 20% and their peers
- reduce gaps between PP and non-PP pupils at all key stages – audit barriers, share expectations and best research and strategies with heads, share good practice via Great Expectations programme and train HIPs/SEAs to support and challenge school leaders

- improve tracking of progress and outcomes of BME, SEND and GRT groups

Performance Management of the current HCC/HfL School Improvement Contract

- 5.12 There is a well-established and robust contract management process in place including Key Performance Indicators, regular monitoring meetings and feedback to assess the performance of HfL and the achievement of improvement outcomes. Forum earlier this year asked for further information on this and how we assure quality and value for money. The key contract management processes include the following:

Strategic Development Group

- 5.13 Strategic overview of existing and the development of future services is done through the Strategic Development Group which comprises senior personnel from the Council and HfL. The SDG determines a pattern of meetings to ensure coordination and development of services to support schools and ensure statutory services and requirements continue to be met and are continually improved. The agreed cycle of meetings is as follows:

END OF AUTUMN TERM (JOINT ANNUAL PERFORMANCE REVIEW MEETING)	END OF SPRING TERM (STRATEGIC DEVELOPMENT GROUP)	END OF SUMMER TERM (STRATEGIC DEVELOPMENT GROUP)
FOCUS	FOCUS	FOCUS
<ul style="list-style-type: none"> ▪ Review of Standards and Performance against Core Contract SLA and target setting ▪ Review of SIS 	<ul style="list-style-type: none"> ▪ Value for Money 	<ul style="list-style-type: none"> ▪ Review of special projects and implications of changes in national policy ▪ Review of services in the contract not covered at the JAPR meeting ▪ Any contractual amendments

Joint Annual Performance Review meeting

- 5.14 The Council commissions a review of standards in the Autumn Term of each contracted year to include all educational phases. HfL provides a detailed open-book commentary and analysis of performance of the previous academic year thus demonstrating critical self-evaluation and knowledge of school standards and attainment, including the attainment and progress of underachieving groups. As part of the Joint Annual Performance Review Meeting, HfL provides a full analysis of performance against the Management Reporting and the SLA.
- 5.15 The outcome of the Autumn Joint Annual Performance Review meeting ensures that collectively the LA and HfL meet, challenge and adapt national and local performance indicators to ensure the partnership continues to

achieve against the Management Reporting and the work and activity of HfL continues to be aligned to LA priorities.

Schools Forum School Improvement Contract Group

- 5.16 In addition, a Schools Forum sub-group for the School Improvement Contract has been established with representatives from the secondary, primary and special maintained sectors. This group meets on an annual basis to receive a presentation from HfL on their performance in terms of the contract over the last academic year. The last meeting of this group was in January. This provides an opportunity for the Head representatives to ask questions and to provide challenge, where appropriate. This group has also met to discuss proposals for de-delegation.

Accountability to other stakeholders

- 5.17 A joint HCC/HfL verbal update is made to Members in November of the Early View data. An annual report on Standards and Quality in Hertfordshire schools is presented in February to the Schools Forum and then the Education, Libraries and Localism Cabinet Panel. This includes results of the end of Key Stage National Assessments and examination results (provisional set and final set).
- 5.18 The Annual Director of Children's Services Peer Challenge also provides a means of performance managing HfL. Each of the 11 local authorities in the Eastern Region submits a Self-Assessment every year covering all aspects of Children's Services. The document is then reviewed in full by one other director from the region who then provides feedback both verbally and written.

Ofsted and Senior HMI Education meetings

- 5.19 A termly conversation takes place between Ofsted and the Regional School's Commissioner.

Value for money

- 5.20 An important issue for both HCC and schools is the value for money of the proposals set out above. The proposed £25 per pupil, plus 2% inflation, follows on from two years in which charges were frozen in cash terms. The current proposal for a 50p/2% increase compares with an expected 5% increase in school's budgets on average. Although general inflation in the country is expected to be c2% next year, HfL costs are likely to increase more rapidly due to the degree of linkage to costs/salaries in the schools sector. As a consequence of this together with the improved financial settlement for schools we are now proposing a 50p increase in delegation after some years of flat cash. A 2% increase still requires continuing pressure for savings. It would be proposed to apply a similar inflationary increase in 2021/22 and 2022/23.
- 5.21 HfL has so far protected the quality of the services that are commissioned through the core contract, despite annual real terms' reductions in the

funding of the contract and the fact that the overall funding coming from de-delegation reduced as more schools become academies. It should be noted also that by buying a large package of services through the core contract, schools collectively achieve greater value for money and quality than would be the case in a more fragmented system. This is in part due to the economies of scale that HfL is consequently able to achieve.

- 5.22 Valuable context can also be provided from the perspectives of the costs of the proposal by reference to the costs of alternative arrangements in Multi-Academy trusts – the MAT top-slice as opposed to the Local Authority top-slice described above in relation to services specifically for maintained schools.

Multi-Academy Trust Top-Slice

- 5.23 Whilst we recognise that there is not a direct comparison to a MAT top slice, for which other services may well be provided, it is worth noting that Academies would typically pay significantly more for the provision of central services.

	1FE Primary	2FE Primary	5FE Secondary
Average budget	£823,249	£1,366,413	£4,478,523
Average Pupil Numbers (PAN)	202	355	847
MAT cost (Average 'top slice' of 5%)	£41,162	£68,321	£223,926
De-delegation, £25 per pupil total	£5,050	£8,875	£21,175

- 5.24 Even when the cost of central services, (e.g. HR, DBS checks, data management, payroll etc), are added in the savings are still significant. By way of illustration, a recent research project commissioned by the LGA covering 216 MATs identified that the average salary of a MAT Chief Executive cost an average per-pupil of £26.81.

Consultation process

- 5.25 Subject to the agreement of Forum we would expect to undertake a consultation process, much as we did in 2017. De-delegation material would be emailed out to schools directly and there would be an on-line survey for Headteachers and Chairs of Governors to complete. The on-line survey would be placed on the Hertfordshire Grid for Learning.
- 5.26 The Schools Forum Sub-Group for the School Improvement Contract has met on two separate occasions during the summer term to discuss the proposals for de-delegation. They have provided invaluable advice and comment on both the content of the consultation material and process, and the detail of the consultation material and the process has now been agreed and is appended.
- 5.27 The key questions would be firstly round support for the proposed level of de-delegation for 2020/21; and secondly for the principle of the same arrangement for the two following years.

- 5.28 Whether or not there would be any need for a further meeting of the schools' representatives' group would be decided in the light of the consultation outcome.

6 Specific proposals and financial implications

- 6.1 Set out below is the financial package agreed to meet the costs of the HfL contract for 2019/20, together with the proposal for 2020/21.

£000's	2019/20	2020/21
Central Services Block DSG	836	853
Early Years DSG	250	255
High Level Needs DSG	285	291
De-delegated funding	2375	2346
HCC funding	300	306
TOTAL	4046	4051

- 6.2 In 2019/20 £20 per pupil was de-delegated by all maintained schools to support school improvement costs within the contract. £5 per pupil/place was de-delegated/retained to support other costs within the HfL contract which include, for example governance, HR and finance support; and each Special School and ESC pupil (place) is weighted as equivalent to 5 mainstream pupils.
- 6.3 This year's proposal increases all funding elements by 2% to reflect in part likely inflation in HfL's costs. For services funded from de-delegation, the total cost will rise from £25 per pupil to £25.50, but the income impact will be slightly more than offset by an anticipated fall in the number of pupils to whom de-delegation applies. The overall cash budget remains therefore unchanged.

7. Conclusion

- 7.1 Forum is recommended to support the proposals set out in this report and the recommendations listed in Section 3.