



HILLINGDON
LONDON

Consultation Paper – January 2017

Transferred Responsibilities - Education Services Grant and School Improvement Services Arrangements 2017/18

Target audience:	Headteachers	Governing Bodies
	Senior Managers	Finance Officers
	Teachers Professional Associations	Early years providers
	14-19 Representatives	Schools Forum

Deadline for responses: 13 January 2017

Queries on this consultation paper should be directed to:

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Formal responses on the attached feedback form should be sent to:

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By: midnight on 13 January 2017



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1. Introduction & Background

- 1.1 The schools funding settlement for 2017/18 was announced by the Secretary of State for Education on 20 December 2016. This has provided more clarity on the proposed transfer of responsibilities to the Dedicated Schools Grant (DSG) in 2017/8, for those services previously funded through the Education Services Grant (ESG), which formed part of the Council's overall budget. The guidance issued also provides clarity on how School Improvement Services are to be funded in 2017/18.
- 1.2 This consultation paper sets out the proposed funding arrangements for 2017/18 relating to the changes in funding of services for those included in the ESG and the School Improvement Service.
- 1.3 The local authority is required to consult with Schools Forum and all relevant stakeholders, where there is an amendment to how funds are to be distributed across the DSG which may impact on the school funding formula
- 1.4 This consultation paper provides detail on the following which is being consulted on:
 - The proposed funding arrangements for the transfer of retained responsibilities to the Dedicated Schools Grant (DSG) in 2017/8, for those services previously funded through the Education Services Grant (ESG), to be effective for 2017/18
 - The proposed funding arrangements for those services funded through the ESG for general duties, to be effective from September 2017
 - The proposed funding arrangements for the funding of School Improvement Services
- 1.5 This paper is being circulated widely to encourage engagement with all relevant stakeholders, in order to assist Schools Forum in making a final decision on the use of the Dedicated Schools Grant (DSG) funding prior to submitting the required details to the Department for Education (DfE), which has been set as 20 January 2017, who will advise on the suitability of the proposed funding formulas.
- 1.6 The aims of the paper are to set out the main proposals for distributing and administering the available resources in the DSG and to provide an overall perspective of Hillingdon's financial position.
- 1.7 The overall level of funding for the retained ESG transferred services has been based on the 2016/17 baseline, which is equivalent to £15 per pupil and totals £740,000. The level of funding for general duties has been based on an assessment of the resources employed covering each relevant function. The funding of the School Improvement service has been based on a range of assumptions, reflecting the proposed funding arrangements as set out in the Department for Education's statement on 20 December 2016.
- 1.8 This paper sets out the determination of the services that are identified as being retained functions and general duty functions within the ESG, and the mechanisms that will be used to fund a School Improvement Service.

- 1.9 2017/18 should be seen as a one-year funding period only, as the DfE launched Phase 2 of its' consultation on the implementation of a National Funding Formula on the 14 December 2016. The impact of this will be shared with all relevant stakeholders and discussed with the Schools Forum over the coming months. Therefore, any decisions made around the 2017/18 settlement must be appropriately considered and balanced against issues of affordability and sustainability in the medium to longer term.
- 1.10 Stakeholders are welcome to comment on any aspect of the proposals, or may wish to contribute to a sector specific response.
- 1.11 It is appreciated that the release of this paper allows only one week for consultation with stakeholders. In order to manage this, a briefing session was held with all schools on 5 January 2017 to run through the proposed changes. Schools Forum will review the responses at its' meeting on 18 January 2017, as the signed off and completed funding pro-forma must be submitted to the DfE by 20 January 2017. This means that responses will be required to be returned by midnight on 13 January 2017.

2. Transfer of Responsibilities - Education Services Grant Retained Duties

- 2.1 In the 2015 Spending Review, the DfE announced that ESG funding would cease in 2017/18 and that for those services defined as retained duties previously funded through the ESG, the funding and responsibility would be transferred into the DSG.
- 2.2 In November 2016, the DfE updated the Schools Revenue Funding 2017 to 2018 Operational Guide, which provided the definition of those services deemed to be retained duties. It however, did not provide clarity on the level of funding that would be transferred into the DSG.
- 2.3 The funding settlement released on 20 December, confirmed that the baseline for 2017/18 included a sum of £740k for retained duties, and as such, it is this figure that will be used as part of this consultation.
- 2.4 The following table sets out those services and/or functions that are defined as retained duties within the technical guidance, including the assessed budget for each:

Service	Budget £	Proposed Proportion	Charge to DSG £
Statutory and Regulatory Duties			
Director of Children's Services	210,800	5%	10,540
Planning for the Education Service	131,200	20%	26,240
Revenue Budget Preparation Administration of Grants Monitoring of DSG Determination of Schools Funding Formula	540,300	29%	154,280
Standing Advisory Committees for Religious Education (SACRE)	4,900	100%	4,900
Total Statutory and Regulatory Duties	887,200		195,960
Education Welfare - Attendance and Exclusions Team	505,600	95%	480,320
Asset Management - Management of the capital programme	318,300	23%	74,320
Total Retained Duties	1,711,100	44%	750,600

- 2.5 The proportions applied to each service are based on a best estimate of the time spent on delivering services and providing support to the Education Service. The budgets reflect direct costs only, including salary costs and supplies and services, where relevant. For transparency, a brief description of each service and what is included is set out below:

- Director of Children's Services - This reflects the cost of the Corporate Director of Adults, Children & Young Peoples Services
- Planning for the Education Service - This includes the cost of the Head of Business Performance, Policy and Standards

- Revenue Budget Preparation, etc - This reflects the cost of the Finance Manager Social Care (25%), the Lead Finance Business Partner for Schools (90%), the Assistant Finance Business Partner responsible for maintaining and updating the School Funding Formula (60%) and a number of Assistant Finance Business Partners responsible for supporting Early Years, Centrally Retained and High Needs services (in total 9%)
- SACRE - This reflects the total cost of the service
- Education Welfare - This includes 95% of the total cost of the Attendance and Exclusions Team, which includes 1 fte Participation Officer, 10 fte Participation Workers and 2 fte Tracking Officers. This would then result in the current Service Level Agreement arrangement with Academy schools ceasing as the function would be fully funded by the Centrally Retained DSG
- Asset Management - This includes the cost of the capital finance team who are responsible for developing, monitoring and supporting the capital programme, which for schools and education accounts for 37% of the total capital programme budget.

2.6 Question 1 - Stakeholders are asked to give views on the proposed apportionment of the retained duties as defined by the DfE, taking into account the £740k that is included in the 2017/18 baseline.

3. Funding Arrangements for Education Services Grant General Duties

- 3.1 In the first stage of the National Funding Formula consultation, the DfE confirmed that they would provide transitional funding for local authorities for the period 1 April 2017 to 31 August 2017 to cover the cost of general duty functions. The DfE also confirmed that it would 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.
- 3.2 The guidance states that local authorities need to agree the amount of funding that will be retained with all maintained schools. The mechanism for this will be through de-delegation and will only relate to maintained schools (academy schools will not be affected by this proposal as they already have been provided with the funds through the old ESG arrangements to pay for these services). For 2017/18, this will relate to the period 1 September 2017 to 31 March 2018.
- 3.3 The following table sets out those services and/or functions that are defined as general duties, including the assessed budget for each:

	Budget £	Proposed Proportion	De-delegate £	Cost Per Pupil £
Statutory and Regulatory Duties				
Procurement Advice				
Maintained Schools Finance Support				
Maintaining Scheme for Financing Schools				
Internal Audit	50,000	100%	50,000	2.47
Pensions support and administration	31,200	75%	23,400	1.16
Health and Safety	40,500	100%	40,500	2.00
Appointment of Governors	53,600	100%	53,600	2.65
Total Statutory and Regulatory Duties	175,300		167,500	
Education Welfare - Inspection of Attendance Register	505,600	5%	25,280	1.25
Asset Management - General Landlord Duties	116,100	5%	5,805	0.29
Music Tuition				
Cost of Redundancy				
Premature Retirement	1,073,000			
KS1 and KS2 Assessment Moderation	12,300	100%	12,300	0.61
Total General Duties	1,882,300		210,885	

- 3.4 The proportions applied to each service are based on a best estimate of the time spent on delivering services and providing support to the Education Service. The budgets reflect direct costs only, including salary costs and supplies and services, where relevant. In a number of cases services are already offered as a Service Level Agreement or are already included within the DSG Centrally Retained Budget. For transparency, a brief description of each service and what is included is set out below:

- Procurement Advice - The DSG Centrally Retained budget already includes funding for 2 fte posts
- Maintained Schools Finance Support - A long standing Service Level Agreement is in place for maintained schools to purchase this support from the local authority

- Maintaining Scheme for Financing Schools - The time required to undertake this task is minimal and therefore does not include a budget
- Internal Audit - This reflects the cost of 1 fte Internal Audit Officer that would be required to undertake a range of audit functions across maintained schools
- Pensions Support and Administration - This reflects the cost of 1 fte post responsible for the maintenance and reconciliation of Teachers Pensions payments and the payment of deductions to the Teachers Pensions Agency
- Health and Safety - This reflects the cost of 1 fte post responsible for providing Health and Safety support for schools. The service also offers fifteen hours of strategic health and safety advice to Foundation, Voluntary Aided and Academy schools for a one-off fee of £750.
- Appointment of Governors - It has been assumed that this relates to the cost of the Governor Support service function that the Council currently purchases outside of the arrangements that schools have with the Governor Support service
- Inspection of Attendance Register - It has been assumed that this is a minimal task and relates to only 5% of the cost of the Attendance and Exclusions Team
- Asset Management General Landlord Duties - This relates to the cost of the Head of Estates and Tenancy Management
- Music Tuition - Schools already have the choice to buy Music Tuition
- Cost of Redundancy - The Council has a process in place to consider requests for the reimbursement of school redundancy costs. However, schools may wish to consider de-delegating resources to provide a Centrally Retained Fund, which maintained schools could access in the event that redundancies may apply
- Premature Retirement - This relates to the ongoing cost of historic decisions that were made to retire teachers early, which is significant
- Key Stage 1 and 2 Assessment Moderation - The current practice is that the Council undertakes this responsibility for all schools including academies. It is proposed that for 2017/18, academy schools will be charged for this service

3.5 The consultation is seeking views on each relevant service on whether maintained schools would consider de-delegating funding to continue with the provision of the relevant service. As the Council will receive transitional funding, the total amount required will be based on 7 twelfths of the total budgeted cost. The table above sets out the relevant per pupil funding rate that would apply for each function per annum. Set out below are the consultation questions for each service.

3.6 Question 2 - Maintained Schools are asked to give views on the proposal to de-delegate £2.47 per pupil to provide an Internal Audit function for schools.

3.7 Question 3 - Maintained Schools are asked to give views on the proposal to de-delegate £1.16 per pupil to provide a Teachers Pension Administration function for schools.

3.8 Question 4 - Maintained Schools are asked to give views on the proposal to de-delegate £2.00 per pupil to provide a Health and Safety function for schools.

3.9 Question 5 - Maintained Schools are asked to give views on the proposal to de-delegate £2.65 per pupil to provide a Governor Support Service function for schools.

- 3.10 Question 6 - Maintained Schools are asked to give views on the proposal to de-delegate £1.25 per pupil to provide an Inspection of Attendance Register function for schools.**
- 3.11 Question 7 - Maintained Schools are asked to give views on the proposal to de-delegate £0.29 per pupil to provide a General Landlord Duty function for schools.**
- 3.12 Question 8 - Maintained Schools are asked to give views on the proposal to de-delegate funding to provide a School Redundancy Fund, where the options are zero, £100k (£4.94 per pupil) or £200k (£9.88 per pupil)**
- 3.13 Question 9 - Maintained Schools are asked to give views on the proposal to de-delegate £0.61 per pupil to provide a KS1 and KS2 Assessment Moderation function for schools.**

4. Funding Arrangements for School Improvement Services

- 4.1 The DfE have now confirmed the funding arrangements that they are putting in place for School Improvement Services, which could be funded from one or more of 4 funding streams, which include the following:
- i) Funding will be provided to local authorities for the period 1 April 2017 to 31 August 2017 as part of the transition arrangements relating to the cessation of the ESG from 1 September 2017.
 - ii) Local authorities will receive £1,800 per maintained school for the period 1 September 2017 to 31 March 2018, through the School Improvement Monitoring and Brokering Grant. For Hillingdon, it is estimated that this will equate to approximately £97k in 2017/18, increasing to approximately £167k in 2018/19
 - iii) The DfE are providing additional funding of £140 million through the Strategic School Improvement Fund. This will be for academies and maintained schools and will be used to ensure that resources are targeted at the schools most in need of support. However, it is not clear how this fund will be allocated
 - iv) The DfE are allowing local authorities to seek agreement from maintained schools to de-delegate funding
- 4.2 The current budgeted cost of the School Improvement Service is £344k, the total funding provided through transitional funding and the School Improvement Monitoring and Brokering Grant will be £167k, which leaves a shortfall of £177k. It is proposed that in order to maintain a Hillingdon School Improvement Service, that maintained schools are asked to agree to de-delegate funding, which would equate to £8.77 per pupil per annum (pro rata for 2017/18 based on the period from 1 September 2017 to 31 March 2018).
- 4.3 **Question 10 - Maintained Schools are asked to give views on the proposal to de-delegate £8.77 per pupil to maintain the current School Improvement service function for schools.**