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Report title:	Dedicated Schools Grant 2015-16: Schools Block – Centrally retained budgets	
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Executive Summary

This report considers the proposals for centrally retaining budgets and their funding from the Dedicated Schools Grant (DSG) schools block in 2015-16 which are based on the same approach as in previous years.

Schools Forum Actions

The Schools Forum is asked to formally consider the options set out in section 4.0, and to:

- Agree by phase to de-delegate funding, as outlined in 4.1;
- Agree the Retained budgets by line, as outlined in 4.2.

1.0 Background

- 1.1 The Department for Education (DfE) announced in July 2014 the 2015-16 school funding arrangements including the arrangements for centrally retained budgets. These arrangements are the same as for 2014-15.
- 1.2 As in previous years, the schools block funding can only be held centrally for certain services as specified by the DfE and where Schools Forum agree to:
- de-delegate funding, by phase;
 - centrally retain funding before allocating the formula.
- 1.3 The School Funding regulations outline the details of the exceptions where funding can be centrally held from the schools block, where Schools Forum agreement is required and any limitations applicable. Funding can be centrally retained in the form of either:
- De-delegated services – section 2.0;
 - Centrally retained services – section 3.0.
- 1.4 When considering the proposals for 2015-16, the LA is not proposing any changes to the 2014-15 arrangements, which were based on the following national principles:
- Maximise the amount of funding that is passed on to schools to allow school leaders greater choice on how to spend their budgets;
 - Budgets are only de-delegated or retained where this provides better value for money, pools risk or relates to statutory functions of the LA;
 - Ensure equivalent treatment for both academies and maintained schools.
- 1.5 The LA is required to submit to the Education Funding Agency (EFA) the provisional 2015-16 authority pro-forma by 31 October 2014. The pro-forma outlines the details of the local funding formula, including the agreed de-delegated budgets.

1.6 This report provides details of the requirements for de-delegated and centrally retained budgets, 2014-15 arrangements in Southwark and proposals for 2015-16.

2.0 De-delegated Services

2.1 This funding is initially allocated to all schools, as part of the Southwark school funding formula. Maintained primary and secondary schools can agree, through the Schools Forum, to de-delegate or “return” this funding to the Local Authority to be held centrally. De-delegation is not applicable to academies, special schools, nurseries nor PRU’s.

2.2 The Schools Forum agreed to de-delegate funding for the following services in 2014-15:

- Contingencies (including schools in financial difficulty);
- Behaviour support services;
- Free school meals eligibility checking (primary schools only);
- Licences/subscriptions;
- Staff costs for supply cover (maternity and trade union only).

2.3 Details of the 2014-15 de-delegation budgets and rates are included as appendix A.

2.4 There are no changes proposed to the de-delegation rates in 2015-16. A summary of the proposed rates for 2015-16 is outlined below in table 1, with further details on each of the budgets provided in Appendix B. The actual budget available in 2015-16 will however change based on the October 2014 census data.

Table 1 – proposed 2015-16 de-delegated rates

Budget	Basis*	Proposed 2015-16 Primary School Rate	Proposed 2015-16 Secondary School Rate	Estimated 2015-16 Budget**	Appendix B reference
Contingencies (including schools in financial difficulties and deficits of closing schools)	AWPU	£36.37	£36.37	£786,501	(a)
Behaviour support services	FSM Ever 6	£57.40	£13.51	£531,317	(b)
Behaviour support services – Summerhouse	FSM Ever 6	£103.21	£0	£932,717	(b)
Free school meals eligibility (primary schools only)	FSM Ever 6	£18.94	£0	£171,162	(c)
Licences/subscriptions	AWPU	£1.06	£1.06	£22,923	(d)
Staff costs supply cover (maternity scheme)	AWPU	£30.95	£30.95	£669,294	(e)
Staff costs supply cover (trade union)	AWPU	£3.59	£3.59	£77,634	(f)

Total Estimated de-delegated budget	£3,191,547	
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**Funding is de-delegated on the basis of a formula factor i.e. an amount per pupil or FSM ever 6 pupil*

***Estimated based on October 2013 pupil data excluding schools that converted to academy status in 2013-14*

2.5 The Schools Forum are required to formally agree de-delegated budgets annually, with members for primary maintained schools and secondary maintained schools required to decide separately for each phase. The decision applies to all maintained schools within that phase. A summary of the decisions is provided in section 4.

2.6 Academies are not able to de-delegate funding. Funding for de-delegated services is allocated to academies as part of the schools funding formula and they are able to make their own arrangements for these services. Academies may choose to purchase services from the LA, where they are offered.

3.0 Centrally retained services

3.1 Funding can be centrally retained for some services with agreement from Schools Forum. The services allowed are set nationally by the DfE with a number of these subject to a limitation of no new commitments nor increases in expenditure from 2014-15.

3.2 The Schools Forum agreed to centrally retain funding for the following services in 2014-15:

- Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy (Growth fund);
- Places in independent schools for non-SEN pupils (e.g. secure accommodation).
- Admissions*;
- Servicing of the schools forum*
- Capital expenditure funded from revenue**;

*subject to limitation of no increases in expenditure allowed from 2014-15

**subject to limitation of no new commitments or increases in expenditure from 2014-15.

3.3 There were a number of historical centrally held combined budgets that have now been delegated to schools.

3.4 The proposed 2015-16 centrally retained budgets are outlined in Table 2.

Table 2 – proposed 2015-16 centrally retained budgets

Budget	Proposed 2015-16 budget	Comments	Reference in Appendix C
Growth fund	£700,000	LA proposes to continue to top-slice funding of £700,000 for the 2015-16 growth fund, based on the same rate and number of additional classes as in 2014-15. Further details of proposed expansion classes will be provided at future Schools Forum meetings.	<i>This is covered in item 8 on the agenda</i>
Places in independent schools for non-SEN	£293,879	LA proposes to continue to top-slice the schools budget to contribute towards the educational costs of looked after children that Southwark is responsible for.	(a)

pupils			
Admissions	£672,562	LA proposes to continue to retain funding of £596,798 in 2015-16; this is a statutory LA responsibility and therefore funding cannot be delegated to schools to carry out this function.	(b)
Servicing of Schools Forum	£15,000	LA proposes to continue to retain funding of £15,000 in 2015-16 to cover the costs of servicing the Schools Forum operation including clerking and venue hire.	(c)
Capital expenditure funded from revenue	£250,000	The Schools Forum agreed to retain funding to contribute to the costs associated with the Southwark Schools for the future programme. The overall investment is £200m of capital with delivery costs of circa £10m. The LA proposes to continue to retain funding of £250,000 in 2015-16.	(d)
Total	£1,931,441		

3.5 Recoupment academies contribute to budgets for centrally retained services as this funding is top-sliced from the Southwark Dedicated Schools Grant funding.

4.0 Schools Forum Actions

4.1 Schools Forum is asked to vote by phase to agree to the de-delegation of the following services:

Service	Voting phase	Primary Rate	Secondary Rate	Basis
Contingencies (including schools in financial difficulties and deficits of closing schools)	Primary	£36.37		AWPU
	Secondary		£36.37	
Behaviour support services (Including Summerhouse and contribution to Early Help Service)	Primary	£57.40		FSM Ever 6
	Primary (Summerhouse)	£103.21		
	Secondary		£13.51	
Free school meals eligibility (primary schools only)	Primary	£18.94		FSM Ever 6
Licences/subscriptions	Primary	£1.06		AWPU
	Secondary		£1.06	
Staff costs supply cover (maternity scheme)	Primary	£30.95		AWPU
	Secondary		£30.95	
Staff costs supply	Primary	£3.59		AWPU

cover (trade union)	Secondary		£3.59	
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4.2 The Schools Forum is asked to agree that the following budgets are centrally retained before allocating funding through the formula:

Service	Proposed 2015-16 Budget
Growth fund	Item 8 on the agenda
Places in independent schools for non-SEN pupils	£285,345
Admissions	£596,798
Servicing of Schools Forum	£15,000
Capital expenditure funded from revenue	£250,000

Appendix A
2014-15 De-delegated budgets

Budget	Basis	2014-15 Primary School Rate	2014-15 Secondary School Rate	2014-15 Budget*
Contingencies (including schools in financial difficulties and deficits of closing schools)	AWPU	£36.37	£36.37	£803,049
Behaviour support services (Including Summerhouse and Early Help Service)	FSM Ever 6	£160.61	£13.51	£1,502,393
Free school meals eligibility (primary schools only)	FSM Ever 6	£18.94	£0	£175,685
Licences/subscriptions	AWPU	£1.06	£1.06	£23,404
Staff costs supply cover (maternity and trade union)	AWPU	£34.54	£34.54	£762,643

**Based on October 2013 pupil data*

Appendix B Details of proposed de-delegated budgets

a) Contingencies (including schools in financial difficulties and deficits of closing schools) - Estimated 2015-16 budget £786,501

2014-15 arrangement

The Schools Forum agreed to de-delegate funding for Primary and Secondary schools in 2014-15 to provide support to schools in financial difficulty.

The budget in 2014-15, combined funding for:

- Schools in financial difficulty;
- Schools audit programme;
- Schools intervention fund.

The total expenditure in 2014-15 was reported at July 2014 Schools Forum.

2015-16 proposal

The LA proposes to continue to de-delegate funding to support schools in financial difficulties, based on the 2014-15 rate per pupil.

A breakdown of the estimated budget is:

- Schools in financial difficulty - £515k;
- Schools audit programme - £39k;
- Schools intervention fund - £233k

Schools in difficulty panel process

Funding is currently de-delegated to enable the LA to provide support for maintained schools in financial difficulty.

Maintained schools are able to make an application for additional support to the Schools in Difficulty Panel if one or all of the following criteria can be met:

- A school moves into deficit, has a robust Deficit Recovery Plan and a new Head teacher is appointed and the deficit is more than 2.0% of the total funds available to the school
- A school moves into deficit, has a robust Deficit Recovery Plan and the deficit is more than 2.5% of the total funds available to the school
- Reorganisation of the school's staffing is required to address school improvement priorities, and/or in order for the school to remain in, or get back into, a balanced budget position
- A school within 1.5km of a major regeneration project in Southwark experiences a roll reduction that requires additional support

When applying for support, the school will be required to provide to the panel:

- A detailed analysis of the issues impacting on the school;
- Details of the estimated one-off and ongoing costs associated with the reorganisation for each post potentially affected including any potential pension costs;
- Provide details of the potential savings that are expected to result from the reorganisation;
- 3 year budget plan including a detailed staffing budget for new and old structures.

In addition, the LA's Schools Finance will conduct a review of the school's financial position which will be provided to the Panel when considering providing support.

Redundancy costs are expected to be met from the school's own budget in the following circumstances:

- If a school has decided to offer more generous terms than the authority's policy;
- If a school is otherwise acting outside the LA policy;
- Where the school is making staffing reductions which the LA does not believe are necessary to either set a balanced budget or meet the conditions of an agreed deficit arrangement;
- Where staffing reductions arise from a deficit caused by factors within the schools control;
- Where the school has excess surplus balances and no agreed plan to use these;
- Where a school has refused to engage with the LA's redeployment policy;
- Approval in principle of the reorganisation has not been sought from the panel in advance of the reorganisation.

It should be noted that while there may be one-off redundancy costs associated with a reorganisation, there is also a future ongoing saving which would benefit the school's budget. If a reorganisation is being considered for financial reasons, the school should conduct a cost/benefit analysis to ensure that appropriate savings are achieved from the reorganisation to justify the costs and the changes ensure value for money.

In addition, schools are able to seek support towards the costs of ill health retirements. Any agreed contribution is determined using a formulaic approach based on the schools budget share funding.

School allocations are reported at year end as part of the DSG end of year budget reporting process.

School audit

This budget funds the school audit programme, ensure that all schools in Southwark are audited once every three years (a reduction of 44% of the 2011-12 budget). The Schools Forum receive an annual report on the outcomes of the audit. This provides assurances to schools, governing bodies and the Local Authority on the financial controls in place in schools.

School intervention

Funding used to support individual "schools of concern" with school improvement support. School allocations are reported at year end as part of the DSG end of year budget reporting process.

b) Behaviour support services – Estimated 2015-16 budget £1,464,034

2014-15 arrangement

The Schools Forum agreed to de-delegate funding for Primary and Secondary schools in 2014-15 for behaviour support services.

The budget in 2014-15, consisted of:

- Contribution to early help service (Educational welfare, Educational psychology, family support and early years early intervention);
- Critical incident support
- Summerhouse (primary schools only)

2015-16 proposal

The LA proposes to continue to de-delegate funding for behaviour support services, based on the 2014-15 rate per pupil.

Contribution to early help service (including critical incident support)

The Schools Forum agreed to de-delegate funding for Primary and Secondary schools in 2014-15 to contribute to the Early Help Service. The total Early Help locality team budget is £5.5m, which is funded from a combination of mainly council core budgets and the Dedicated Schools Grant contributions from the schools block and early years or high needs block.

The Early Help Service works with children, young people and families who are experiencing difficulties. The team provides a service for children who need extra help with their learning, social, emotional, behavioural, developmental and attendance needs. Services provided include:

- Education welfare (attendance and truancy);
- Educational psychology;
- Family Support;
- Early years early intervention;
- Behavioural and mental health advice.

In addition, the Critical Incidents Support service now also operates via the Early Help Team. This was previously a £75,000 combined budget or historical budget item. The Critical Incidents Support Service supports schools in dealing with a critical incident. Examples of critical incidents which may affect schools include for example, the death of a pupil(s) or member(s) of staff or a serious accident involving pupils and school personnel on or off school premises.

Summerhouse

The Schools Forum agreed to de-delegate funding for Summerhouse as part of the Behaviour Support Service.

Summerhouse has 24 FTE places but most children attend on a sessional basis, as agreed with their school. Summerhouse offers a continuum of support which covers:

- Advice to mainstream schools experiencing difficulties in managing challenging behaviours
- Consultations for teaching staff, senior managers and head teachers
- In-school observations by Summerhouse staff
- In-school training delivered by Summerhouse staff
- Work alongside colleagues in mainstream to model best practice
- Contribution to the SEN formal assessment process.
- Advice for parents and parenting programmes
- Support for Year 6 transition
- Behaviour management and de-escalation training
- Invitations to staff from mainstream schools, specialist provisions and students throughout the year who wish to observe and experience how positive behaviour management is used effectively at Summerhouse, so that they might apply it in their own setting.
- Outreach support, where Summerhouse staff working directly with identified children in school alongside school staff
- Support for managed moves to prevent permanent exclusion

- Part-time pupil placements at Summerhouse (up to 4 days) including transport costs

c) Free school meals eligibility – Estimated 2015-16 budget £171,162

2014-15 arrangement

The Schools Forum agreed to de-delegate funding for Primary Schools only to fund the costs of the team that confirms eligibility for free school meals. This includes checking eligibility, processing the forms and communicating with parents. The team also collates forms for pupils not eligible for free school meals as part of the Southwark Free Healthy School Meal Programme.

2015-16 proposal

The LA proposes to continue to de-delegate funding for free school meals eligibility, based on the 2014-15 rate per pupil.

d) Licences/subscriptions – Estimated 2015-16 budget £22,923

2014-15 arrangements

The Schools Forum agreed to de-delegate funding for Primary and Secondary schools in 2014-15 for licences.

There are three different arrangements currently in place in relation to licences:

- National copyright licences arrangement – a single national licence managed by the DfE for all state-funded schools in England
- Southwark arrangement – funding is de-delegated with licences managed by Southwark for all maintained schools
- Individual school arrangement – schools responsible for any additional licences required

The licences currently funded as part of the Southwark de-delegated funding arrangements are:

- The Educational Recording Agency – ERA licence
- Centre for Education and Finance management – PRS for music licence
- Centre for Education and Finance management – Phonographic Performance Limited (PPL) licence

2015-16 arrangements

The LA proposes to continue to de-delegate funding for licences, based on the 2014-15 rate per pupil.

e) Staff costs supply cover (maternity) – Estimated 2015-16 budget £669,294

2014-15 arrangement

The Schools Forum agreed to de-delegate funding for the Southwark maternity scheme. Under the Southwark maternity scheme, schools can claim funds where a qualifying member of staff takes maternity or adoption leave.

2015-16 proposals

The LA proposes to continue to de-delegate funding for the maternity scheme, based on the 2014-15 rate per pupil.

e) Staff costs supply cover (trade union) - Estimated 2015-16 budget £77,634

2014-15 arrangement

The Schools Forum agreed to de-delegate funding for staff costs supply cover to reimburse schools for trade union duties. In addition, academies are able to agree to contribute to the cost of trade union facility time. Where academies have decided to make their own arrangements, they are responsible for organising their own trade union facilities arrangements.

2015-16 proposals

The LA proposes to continue to de-delegate funding for trade union reimbursements, based on the 2014-15 rate per pupil.

Trade Union Arrangements

A summary of the current trade union arrangements is provided in the table below:

School/Academy	Union	Days
Goose Green	NUT	1.5
Globe	NUT	2.5
Kingsdale	NASUWT	2
TBC	ALT	0.5
Total		6.5

Appendix C
Centrally retained budgets**a) Places in independent schools for non-SEN pupils**2014-15 arrangement

The dedicated schools grant contributes £293,879 towards the education elements of looked after children in residential settings. Note, the DSG also contributes towards the costs of children with SEN in residential settings educational element within the high needs block.

2015-16 proposal

The LA proposes to continue to top slice the schools budget to contribute towards the educational cost of looked after children that Southwark is responsible for.

b) Admissions2014-15 arrangement

The Schools Forum agreed to retain funding to fund the LA's statutory functions in relation to the administration of admissions of pupils to schools. The funding is used to cover the staffing costs of the admissions team in relation to admissions and appeals.

The retained budget in 2014-15 was £672,562.

2014-15 proposal

The LA proposes to continue to retain funding of £672,562 in 2015-16; this is a statutory LA responsibility and therefore funding cannot be delegated to schools to carry out this function.

c) Servicing of Schools Forum2014-15 arrangement

The Schools Forum agreed to retain funding to cover the costs of servicing the Schools Forum operation including clerking and venue hire.

2015-16 proposal

The LA proposes to continue to retain funding of £15,000 in 2015-16.

d) Capital expenditure funded from revenue2014-15 arrangement

The Schools Forum agreed to retain funding to contribute to the costs associated with the Southwark Schools for the Future programme which rebuilds or refurbishes secondary schools and secondary alternative provision. The overall investment is £200m of capital and the delivery costs are circa £10m. The retained budget contributes towards these costs annually.

2015-16 proposal

The LA proposes to continue to retain funding of £250,000 in 2014-15.