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## Education and Skills

### SCHOOLS' FORUM

29 September 2016

#### Funding Streams for Education Functions

#### 1. Recommendation

- 1.1 That the Schools Forum notes the information on the funding streams as context for the National Funding Formula changes.

#### 2. Background

- 2.1 As noted at previous Forum meetings, the local authority (LA) is working with the Forum to undertake a review of Dedicated Schools Grant (DSG) funding. The Forum requires information on all the funding streams relating to education functions in order to provide some context to the review.
- 2.2 The report identifies the funding streams and discusses the functions that are delivered using the funding.
- 2.3 There is a distinction between DSG and the other funding streams that the Council receives for its statutory responsibilities. DSG is a ring fenced grant and the functions it can be used for are tightly prescribed in regulations. The Education Services Grant is not ring fenced, and like Council Tax and other government grants that fund the remainder of the education budget, the Council has discretion over the way in which it spends the funding and the level of service it delivers, as long as it complies with its statutory minimum responsibilities.

#### 3. Information

- 3.1 The following table provides a breakdown of the main funding streams received by the LA. It includes the separate blocks within the DSG. The NQT allocation is described as a non- block allocation but since this is delegated to schools it should be regarded as a Schools Block item.

Dedicated Schools Grant	Original £m	Adj £m	EFA £m	Revised £m	Budgeted Spend £m	Difference £m
Schools Block	176.681	0.555		177.236	177.242	0.06
Early Years Block	9.021			9.021	9.021	0.00
High Needs Block	30.615	-0.555	-2.666	27.394	28.133	0.739
NQT Induction	0.056			0.056	0.056	0.00
Early Years Pupil Premium	0.219			0.219	0.219	0.00
2 year old funding	2.331			2.331	2.331	0.00
<b>Total</b>	<b>218.923</b>	<b>0</b>	<b>-2.666</b>	<b>216.257</b>	<b>217.002</b>	<b>0.744</b>
Education Services Grant	3.231			3.231	3.231	0.00

3.2 The Early Years allocation is provisional, since the funding for 2,3 and 4 year olds is finalised during the year based on updated census data for January 2016 ( for Summer term 2016) and January 2017 (for Autumn 2015 and Spring 2017).

3.3 As members will be aware the oversight of the DSG falls between the LA and the Schools Forum. Below is reminder of the sections relating to expenditure in the DfE guidance on Schools Forum powers and responsibilities:

	Function	Local Authority	Schools Forum
1	Formula change (including redistributions)	Proposes and decides	Must be consulted
2	Contracts	Proposes	Gives a view
3	Financial issues relating to arrangements for: <ul style="list-style-type: none"> <li>• Pupils with SEN</li> <li>• Use of PRU's and EOTAS</li> <li>• Early Years provision</li> <li>• Administration of central government grants</li> </ul>	Consults annually	Gives a view and informs governing bodies of all consultations carried out in lines 1,2 and 3
4	Minimum Funding Guarantee	Proposes any exclusions from MFG for application to DfE	Gives a view
5	De-delegation for mainstream schools	Proposes	Gives a view
6 & 7	Central spend on specified services	Proposes	Decides for each line
8	Carry forward deficit on central expenditure to next year to be funded from schools budget	Proposes	Decides

9	Scheme for Financing schools	Proposes and consults GB and Head of every school.	Approves
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3.5 The LA has full responsibility for deciding on how the non-schools budget is spent. This is partly funded from Education Services Grant and partly from Council resources ( a mix of government grant and Council Tax income).

#### 4. Schools Budget Expenditure

4.1 The Section 251 return provides clear information on the key headings of expenditure that are funded from the DSG. The Schools and Early Years Finance Regulations provide a more detailed list of functions. Not all of these are relevant to Northumberland; they depend on local decisions

4.2 The following headings come within the Schools Block:

- Individual Schools Budgets (delegated budgets)
- Contingencies
- Behaviour support services
- Support to underperforming ethnic groups and bilingual learners
- Free school meal eligibility checks
- Insurance
- Museum and library service
- Licenses/subscriptions
- Staff costs – supply cover (jury service, reserve forces members etc)
- Staff costs – supply cover for trade union facility time
- Contribution to combined budgets (central expenditure agreed by Forum)
- School admissions
- Servicing of schools forum
- Termination of employment costs where there are savings to the schools budget and costs approved by the Schools Forum
- Falling Rolls Fund
- Pupil Growth Fund and Infant Class Size funding
- Capital Expenditure from Revenue (CERA)
- Prudential Borrowing costs where loans previously taken out
- Fees to Independent Schools for pupils without SEN
- Equal pay/back pay – centrally retained provision for meeting the cost of settlements
- SEN transport – only where expenditure is offset by savings to the schools budget (e.g pupils returning to local area from Independent Special Schools) and approved by Schools Forum
- Exceptions agreed by the Secretary of State
- Copyright licences negotiated nationally for all publicly funded schools
- Other specific grants whether devolved to schools or not (not Pupil premium)

4.3 The following headings are classified as Early years expenditure:

- Free entitlement for 2,3 and 4 year olds
- Central expenditure on children under 5

4.4 The following headings are High Needs Block items:

- Place-led funding for specialist places in special units/resource bases, special schools and PRU/alternative provision
- Top up funding for specialist places as above
- Funding for pupils at non-maintained special schools (top ups) and independent schools (full costs)
- Additional high needs targeted funding for mainstream schools e.g whose notional SEN budget is insufficient to met the additional support costs of pupils with SEN
- SEN support services provided directly or commissioned by the LA
- Hospital education services
- Other alternative provision services provided directly or commissioned by the LA
- Support for inclusion, e.g central expenditure to support collaboration bwtween schools for inclusion of children with SEN in mainstream activities and devolved expenditure for outreach services
- Special schools and PRUs in financial difficulty
- PFI/BSF costs at special schools and AP/PRUs where funded outside Place Plus funding arrangements
- Direct payments to parents of children with an EHCP including transport
- Carbon reduction commitment purchased allowance for PRUs

## 5. Education Services Grant

5.1 The Education Services Grant is provided to local authorities in relation to LA maintained schools, and to academies for the additional responsibilities that transfer to them from the LA. It is a non-ring fenced grant, meaning that the recipients can decide how it is spent; there is no obligation to prove that expenditure has been incurred precisely on the functions for which it is given.

5.2 The rates of the grant for 2016/17 are:

- £77 per mainstream pupil
- £288.75 per PRU place
- £327.25 per special school place
- £18 per pupil for all state funded schools

5.3 The functions for which Education Services is provided fall into two categories: those performed on behalf of maintained schools (i.e. excluding academies and free schools) and those performed on behalf of all publicly funded schools. The overarching legislation is found in sections 13,13A, and 14 of the Education Act 1996, which require local authorities to:

- Ensure that efficient primary, secondary and further education is available to meet the needs of their population
- Ensure that their education functions are exercised with a view to promoting high standards ensuring fair access to opportunity for education and learning, and promote the fulfilment of learning potential
- Secure that sufficient schools for providing primary and secondary education are available for their area.

5.4 The LA responsibilities covered by the Education Services Grant and SLA's are set out in the headings below. The headings covered are:

- School Improvement

- Statutory and regulatory duties. N.B headings such as finance, information and HR are not to be confused with the support services funding already delegated to schools – the statutory and regulatory duties relate to functions performed for LA services.
- Education Welfare Service
- Central Pupil Support services – e.g. clothing grants, music services, outdoor education etc
- Asset Management
- Premature retirement/redundancy costs
- Therapies and other health-related services
- Monitoring national curriculum assessment

## **6. Other Non-Schools Budget Items**

6.1 Services classified as education and community services which are not covered by the Education Services Grant, but funded from Council Tax and general government grants an SLA's are:

- Education Psychology Service
- SEN administration, assessment, coordination and monitoring of SEN provision – including identification and assessment of children with SEN and disability and the making, maintaining and reviewing of Education Health and Care Plans
- Independent advice and support services (parent partnership) guidance and information, and provision of mediation services/dispute resolution
- Home to school transport ( pre and post 16) for SEN and PRU provision according to local policy
- Home to school transport ( pre and post 16) for mainstream provision according to local policy
- Planning and managing the supply of school places
- Young people's learning and development e.g. direct provision on apprenticeships/entry to employment, NEETs work, education business links etc
- Adult and community learning
- Pension costs relating to historic commitments/residual liability
- Joint use arrangements relating to education other than for school premises
- Insurance relating to education other than for school premises
- Other specific grants whether devolved to school or not (not childcare)