

Report to: Schools Forum

Date: 20th October 2022

Report of: Xiao-ming Hu, Finance Manager

Title: De-Delegated Budgets Proposal for 2023/24

Status: For Discussion

1. Purpose of the Report

This report covers prescribed activities/commitments that are required to be delegated through the mainstream Reception to Year 11 formula, but for which the LA can propose de-delegation for LA maintained primary and secondary schools only. For 2023/24 the LA is to propose the continuation of three existing de-delegation areas of commitments and a new commitment School Improvement Service which is provided by BEP (Birmingham Education Partnership).

2. De-Delegation areas

The three existing areas are:

- **Contingencies:** to fund residual costs arising from the opening/closing of schools, deficits of discontinued schools, schools in financial difficulties, and other expenditure where the circumstances were unforeseen.
- **Facilities Time:** this enables the costs of releasing city-wide union representatives to be shared between schools, so that they do not fall disproportionately on the staffing of a small number of schools with these representatives.
- **Behavioural Support Services:** this is part of helping to sustain inclusion. The budget will allow resourcing of short-term programmes and preventative type work via the City of Birmingham School to continue while alternative models are developed for future years.

We propose to increase the unit rate by 1.9% as per National Funding Formula increase per pupil based on the rate in 2022/23, however academisation and pupil number changes will lead to a reduction in overall de-delegation.

The LA seeks response from Forum members representing maintained primary and secondary schools only, to agree to continue the above three areas for de-delegation for 2023/24 and the increase of 1.9% (see Appendix 1 table).

Proposal for a new de-delegation area: School Improvement Service

On 11th January 2022, the ESFA confirmed the removal of School Improvement Monitoring and Brokering Grant in financial year 2023/2024. **Provision will be included in the School and Early Years Finance Regulations 2022 (England) to instead allow local authorities to deduct funding for their core school improvement activities from maintained schools.**

On 1 September 2021, BEP was awarded the Birmingham City Council's (BCC) School Improvement Contract to extend over the next seven years with (with a break clause at year three and five subject to satisfactory performance and budgetary availability) for the maximum annual value of £1.080m. Currently the BEP contract is funded by CSSB (Central School Services Block) historic commitment funding. However, this funding is subject to a 20% reduction each year which equates to £0.277m in 2023-24.

There are a number of options which need to be carefully considered as follows:

1. Delegation from maintained mainstream primary and secondary schools to fund the shortfall of £0.277m, which requires £4.00 per pupil in 2023-24 rising to an estimated £13.16 in 2027-28. Appendix 2 shows the effect of the 5 years until the BEP contract ends.
2. The total cost of the DfE cuts to the CSSB from 2023-24 to 2027-28 is £3.20m – DSG reserves could be used to meet the funding gap. However, consideration needs to be given to whether such a significant use of reserves would be better used to prevent a deficit arising in the high needs block.
3. BEP could be asked to absorb the loss of funding and implement a charging mechanism so that schools using the school improvement contract increasingly meet the cost of contract shortfall. BEP's views will be presented to forum members at the next meeting.
4. There may be further options that mix and match a variety of the above.

Schools Forum is asked for views on the options above and to agree that the consultation with schools is agreed with the chair of Schools Forum so that an informed consultation can be issued after October half term.

Other background

De-delegation is not an option for Nursery Schools, Special Schools, PRUs or Academies. Their proportion of the budget is already delegated.

It is to be noted that for each proposed area for de-delegation, it is for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be provided centrally. The decision would apply to all maintained mainstream schools in that phase and result in the funding for these services being removed from the formula before school budgets are issued. There could be different decisions made for each phase.

Other possible items which can be de-delegated include:

- Free School Meals eligibility
- Insurance
- Licences / Subscriptions
- Staff costs – supply cover excluding facility time
- Support to underperforming ethnic minority groups and bilingual learners
- Museum and library services

Schools Forum representatives for the relevant phases have previously decided not to de-delegate these aspects, therefore figures have not been provided.

Schools Forum is asked to approve the consultation on whether agree to the 1.9% increase as per National Funding Formula increase per pupil based on the rate in 2022/23 (see table in Appendix showing the phase that each de-delegation area relates to)

Appendix 1: De-Delegation Items Proposal for 2023/24 based on 2022/23, and new proposal for 2023-24

De-Delegation Item	NOR 2022/23	£ Unit Rate 2022/23	£ 2022/23 Amount	NOR forecast 2023/24 @Sept2022	£ Unit Rate 2023/24	£ 2023/24 Forecast @Sept2022
Contingencies-Primary	57,204	14.95	855,192	56,077	15.23	854,011
Contingencies-Secondary	14,599	14.95	218,256	14,801	15.23	225,408
Staff costs supply cover - Primary	57,204	4.24	242,543	56,077	4.32	242,490
Staff costs supply cover - Secondary	14,599	3.48	50,805	14,801	3.55	52,507
Behaviour support services- Primary	57,204	4.7	268,856	56,077	4.79	268,387
School Improvement Services-Primary				56,077	4.00	224,308
School Improvement Services-Secondary				14,801	4.00	59,204
Total			1,635,359			1,926,315

NOR – Number on roll

Appendix 2:

CSSB Block Historic Commitments, funding gaps and De-Delegation requirement in the next 5 years until BEP contract ends:

Budget Area - Part 1 Historic Commitments	£m 2022/23	£m 2023/24	£m 2024/25	£m 2025/26	£m 2026/27	£m 2027/28
School Improvement BEP Contract	1.000	1.000	1.000	1.000	1.000	1.000
Funding Gap each year		0.277	0.499	0.677	0.819	0.933

	Forecast NOR	£ 2023/24	£ 2024/25	£ 2025/26	£ 2026/27	£ 2027/28
De-Delegation rate per pupil to fund the funding gap	70,878	3.91	7.04	9.55	11.55	13.16