

## Item 8. Centrally Retained Expenditure

<b>Date:</b>	<b>Item 8</b>	<b>Type of report:</b>
<b>12 December 2024</b>		Decision
<b>Report title:</b>	DSG 2025-26 Centrally Retained Budgets (incorporating the Central Expenditure Review Findings)	
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### PURPOSE OF THE REPORT

1. This report provides the recommended budgets for the 2025-26 Central School Services Block and Schools Block top slice alongside centrally retained budget rates for de-delegated funding and education functions from the Schools Block. The recommendations that follow are based on the findings of the Central Expenditure Review which are also outlined in the report.

### RECOMMENDED ACTION FOR SCHOOLS FORUM

That the Schools Forum:

2. Note the findings of the Central Expenditure Review; and
3. Approve the individual Central Schools Service Block allocations, in **Table 1** (para 37), for:
  - (a) Admissions
  - (b) Independent schools fees
  - (c) Schools forum; and
  - (d) The total contribution to ongoing responsibilities for all schools  
(*Voting: all members*)
4. Approve the top-slice to the Schools Block in **Table 2** (para 46) for the:
  - (a) Growth Fund; and
  - (b) Falling Rolls Fund  
(*Voting: all members*)

5. Approve the de-delegated services rates individually detailed in **Table 3** (para 55) for:
  - (a) School Improvement (primary schools only)
  - (b) Behaviour support services – Summerhouse (primary schools only)
  - (c) Free school meals eligibility (primary schools only)
  - (d) Contingency;
  - (e) Staff costs supply cover (maternity scheme)
  - (f) Staff costs supply cover (trade union)

*(Voting: maintained primary and secondary school members, by phase)*
  
6. Maintained Special Schools and Maintained Nursery Schools are asked to confirm whether they will buy into the following de-delegated services at the rates listed in para 68 and para 80:
  - (a) Contingency; and
  - (b) Staff costs supply cover (Maternity Scheme)

*(Voting: maintained special and nursery school members, by phase)*
  
7. Approve the education functions for maintained schools rate from the Schools Block detailed in **Table 5** (para 87).
 

*(Voting: maintained primary, secondary, special school and PRU members)*

## **BACKGROUND INFORMATION**

8. Local Authorities (LAs) are statutorily responsible for the provision of various education services to schools, which may depend on the school being maintained or an academy.
9. Statutory education services are funded by the DSG and LA core budgets (i.e. General Fund). LAs can also provide additional discretionary or traded education services where they determine it is appropriate to do so.
10. The DSG currently comprises four separate funding blocks: Central School Services Block (CSSB); Schools Block (SB); Early Years Block (EYB) and High Needs Block (HNB). Each block is calculated differently and is subject to specific regulations to determine eligible central expenditure.
11. A review of all education services provided to schools (maintained and academies), whether statutory or discretionary, currently funded by various elements of the DSG was undertaken to determine whether the DSG is, and remains, the appropriate source of funding. In addition, where the specific budgetary allocations do not strictly comply with the current education funding regulatory framework, which includes [The School and Early Years Finance and Childcare \(Provision of Information About Young Children\) \(Amendment\) \(England\) Regulations 2024](#) (the regulations) and the [Schools Operational](#)

[Guide: 2024 to 2025](#), there may need to be a realignment of the various DSG blocks.

## KEY ISSUES FOR CONSIDERATION

### Findings - central expenditure review

12. In addition to the underlying principles of ensuring compliance with the education funding regulatory framework described above and achieving cost neutrality, as far as possible, the review adopted the following principles to ensure an effective and sustainable funding system for statutory and discretionary services which determined the ultimate findings and recommended amendments to centrally retained and de-delegated budgets:
  - financial sustainability; and
  - resources allocated fairly.
13. The review also identified functions for maintained schools, funded or not by DSG, where the LA has residual legal responsibilities both as a property owner and an employer. The findings include an assessment of the further action and associated funding required to ensure that the council's legal responsibilities are met, where compliance has not or cannot reasonably be achieved through tasks delegated to the governing bodies of maintained schools.
14. Please note that all findings, described below, have been taken into account within the recommended allocations for each of the individual DSG funding blocks as outlined from paragraph 33 of this report.

#### Education funding regulatory framework compliance

15. Since 2018-19, allocations to Schools HR and Governor Support Services have been included in the funding for statutory and regulatory services from the CSSB. This block provides funding for statutory duties retained for all schools (maintained schools and academies) formerly funded through the Education Services Grant (ESG) under Part 3 of the regulations. It is acknowledged when the initial decision was made to allocate CSSB funding to these services most schools were still maintained by the LA, which is no longer applicable. LA statutory HR and governor duties are only provided to maintained schools and it follows that any continuing DSG funding for these services must come from the centrally retained items of the SB in compliance with Part 7 of the regulations.
16. Similarly, funding for maintained schools' Internal Audit functions (carried out by BDO on behalf of the LA) has been de-delegated from maintained primary and secondary schools since 2018-19. However, maintained schools' internal audit tasks are a statutory function related to the LA's chief finance officer's responsibilities and it also follows that any continuing DSG funding for these services must come from the centrally retained items of the SB.
17. Finally, centrally retained items of the SB for LA statutory education functions are for all maintained schools (except for maintained nursery schools). In the past a per pupil element has only been levied against mainstream maintained schools whereas it should also be levied against maintained special schools

and the PRU, on either a per pupil or place rate as the latter two types of schools are also in receipt of those services.

#### Financial sustainability

18. To ensure that any changes to the proposed top slice, de-delegated and /or centrally retained items, in either amount or classification, are sustainable, the LA has sought to minimise funding turbulence for services currently funded in whole or part from the DSG.
19. In addition to the autumn budget, the government will undertake a spending review in the spring of 2025 where it is thought that multi-year budgets will be under consideration and has accepted the need to fundamentally reform the SEND system, including working with the Treasury on a solution for council deficits relating to the DSG.
20. Manifesto commitments of the new government include an expert-led curriculum review, developing new Regional Improvement Teams to enhance school-to-school support and spread best practice and requiring all schools to cooperate with their LA on school admissions, SEND inclusion and place planning.
21. Together with the long promised implementation of the National Funding Formula anticipated by 2027-28, all the above has the potential to reshape LA support to all schools, both maintained and academies, and the regulations that govern which duties can be funded by the individual DSG blocks or must be met from the council's core funding.
22. Therefore, a prudent approach has been taken in respect of some services to ensure that any changes are likely to endure in the long term, particularly in respect of School Improvement; Early Years and SEND provision.
23. Similarly, considering the above fiscal and education policy outlook, the LA has considered the need and ability of individual services to respond in the short term to any changes in funding balanced with ensuring that continued service delivery can be achieved within the resources allocated.
24. There are services that are currently undergoing a review or subject to service automation pilots that may require re-structuring of available funding streams in the future. Specifically, Summerhouse and Free School Meal eligibility auto-identification.
25. Time will be required to assess the impact of the reviews and success of the current pilot and it is not intended to alter funding in the short term which may undermine the effectiveness of the review/s and future service delivery.

#### Resources allocated fairly

26. As an alternative to DSG funding, LAs may decide to fund some administrative functions out the council's core funding (the general fund) which is the primary revenue account that contains the day-to-day income and expenses for service provision. The core funding available to services is, ultimately, a decision of the council's elected members and in making that decision, they and the LA must ensure the council provides value for money, or best value, in all its services.
27. Since the implementation of the previous government's 'austerity' policy in 2010 and in more recent years, councils have faced cost and demand pressures which have outstripped overall inflation. This has placed pressure on councils'

ability to do everything they would like to do and focussed service planning on efficiency in providing services whilst obtaining the appropriate service outcome for all its services.

28. A LA must appropriate its entire DSG to their schools budget - that is, the LA's maintained schools budget is funded in entirety by the DSG and may be supplemented by the council's general fund (core funding). When it comes to education services, that has resulted in determining that the most efficient use of core funding is for the effective delivery of functions that support all pupils that are either residents of or attend schools in the borough.
29. There are some services provided, currently funded by de-delegation from the DSG for maintained schools, which are provided free of charge to academies (Family Early Help). Conversely, there are services funded by the council's core funding that are only available to maintained schools (Schools HR and Governor Support).
30. This inconsistency will be eliminated either in the short term, where adequate funding for continued delivery is ensured, or over the medium term if the services are unable to guarantee effectiveness if funding was withdrawn.

#### DSG blocks affected

31. Finally, for 2025-26, the above principles have only been applied to the CSSB and SB centrally retained expenditure (including SB top slice and de-delegation) to determine the revised allocations presented in this report.
32. No changes from the previous financial year allocations are proposed for centrally retained expenditure from the EYB and HNB. The former because the current allocations are within the 95% hold back rules and the council's early years' central support services are currently under review whilst the latter's central expenditure was reviewed as part of the Safety Value Agreement with the Department for Education (DfE). Further, it is prudent to maintain the HNB current allocations prior to the outcomes of the proposed banding review.

### **Centrally retained expenditure proposals**

#### **Central Schools Services Block**

33. The CSSB was created in 2018-19, bringing together centrally retained budgets transferred from the schools block and funding for statutory duties retained for all schools (maintained schools and academies) formerly funded through the Education Services Grant (ESG).
34. The funding a LA receives is made up of two elements: a lump sum element for historical commitments; and funding through a national formula for ongoing responsibilities, such as admissions and former ESG services. Southwark council does not receive an allocation for historical commitments.
35. The on-going responsibilities funding is calculated on a per pupil basis and the final CSSB allocation will not be confirmed until 16 December 2024. The 2025-26 CSSB estimate, based on the May census and with no uplift in the per pupil rate, is £1.805m.

36. Each year, the LA must propose how much is spent on the prescribed functions funded by the CSSB. The prescribed functions are set out in Schedule 2, Parts 1 to 3 of the regulations.
37. **Table 1** summarises the LA proposed allocations, with an explanation of the individual items following.

**Table 1: CSSB**

<b>Budget</b>	<b>2024-25 Budget</b>	<b>Year on Year Change</b>	<b>2025-26 Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
DfE licenses & subscriptions	246	41	287
Admissions	475	6	481
Independent school fees (non-SEN pupils)	294	- 182	112
Servicing of schools forum	7	8	15
LA duties for all schools			
Education welfare	195	65	260
Asset management	102	- 28	74
Statutory & regulatory duties	355	51	406
Additional statutory duties for all schools	248	- 78	170
<b>Total</b>	<b>1,922</b>	<b>-117</b>	<b>1,805</b>

38. Licences - The DfE manages copyright licenses for state-funded primary and secondary schools in England and deducts the actual cost from each LA's CSSB allocation. These licenses cover a wide range of copyright needs, including text and images; printed music; radio and television; and film. The proposed allocation reflects the current year cost, and the final allocation will be adjusted to the actual amount charged by the DfE for 2025-26.
39. Admissions - Councils are responsible for co-ordinating all school admissions in their areas during the normal rounds at the start of primary and secondary school. The small increase brings the proposed allocation into alignment with the current budget.
40. Independent school fees – the LA proposes to continue to contribute towards the educational costs of looked after children in residential placements. During 2024-25, two looked after children were placed in schools not maintained by the LA with an approximate value of £115k for the education element of the placement. The needs of this cohort are very high, and placements are usually in residential settings outside the borough (Kent and Essex) specifically chosen to support the social, emotional and behavioural needs of the children.
41. Schools forum - The LA proposes to increase this budget to support the enhanced clerking specification implemented following the Schools Forum Governance Review. The larger budget is also available to the forum to

commission its own reports from services that benefit from schools block delegation to share the impact of that investment and inform constructive discussion and views on the continuation of that funding.

42. Retained duties includes functions for all schools. The amount allocated to these functions has not changed since the inception of the CSSB in 2018-19 and most of the increases reflect the additional costs in delivering these functions. The functions are categorised under the following areas:
- Education welfare –covers the cost of the LA’s responsibilities in relation to the exclusion of pupils from schools and school attendance, including the new responsibilities under the Working Together to Improve School Attendance statutory guidance.
  - Asset management – includes expenditure on the management of the LA’s capital programme and general landlord duties for all education buildings owned by the council.
  - Statutory and regulatory duties – includes expenditure on the Director of Children’s Services, education service planning, SACRE, employment of children, revenue budget preparation, formulation and review of the local funding formula .
43. The Schools Forum makes the decision and line by line approval is required for: independent schools’ fees; schools forum; admissions; and the total contribution to ongoing responsibilities that LAs hold for all schools. Schools Forum approval for the budgeted level of funding for licences is not required.
44. In the event of a dispute, the Schools Forum would need to consider the areas within the defined legislation where the LA needed to refocus its attention and the DfE will adjudicate.

**Schools Block – top slice**

45. The SB is ring-fenced to mainstream schools which can be top sliced for growth, falling rolls fund and any block transfer from the SB before determining the schools funding formula (with the agreement of the Schools Forum). The top-sliced fund is open to both maintained and academy schools.
46. **Table 2** summarises the LA proposed allocations, with an explanation of the individual items following.

**Table 2: SB Top slice**

Budget	2024-25 Budget	Year on Year Change	2025-26 Budget
	£’000	£’000	£’000
Growth fund	50	5	55
Falling rolls fund	300	-245	55
Transfer to HNB	1,200	-	1,200
<b>Total</b>	<b>1,550</b>	<b>-240</b>	<b>1,310</b>

47. Growth fund - this fund is managed by the Schools Financial Support Panel (SFSP), which comprises three head teachers and is supported by LA officers. It is used to contribute to the cost of bulge classes (a one-off class), which do

not permanently expand all year groups. Bulge classes are only funded when need has been identified and agreed with the LA. It is proposed to continue to increase this to £55k (as funding for one full class) as an emergency provision in the event of a school closure where extra capacity may be required in another school.

48. Falling rolls fund - this fund is also managed by the SFSP. The criteria are set by national regulations with some limited scope to adjust them locally and supports those schools who rolls are falling now but expected to rise in the coming three to five years. Its purpose is to protect against a school having to make staff redundant only to have to re-employ staff several years later.
49. With school rolls falling across Southwark it may be assumed that there is no need for this fund as there will be no increase in rolls. However the fund will operate on an individual school basis and with the Keeping Education Strong Strategy (the strategy for future proofing primary schools and protecting the quality of education in Southwark), there are may be some schools who will see rolls rise and consequently qualify for funding.
50. The current level of the fund is £300k and, in accordance with the set distribution rules, it is proposed to reduce this to £55k for 2025-26. This reduction in funding will be redistributed to all schools via the funding formula.
51. Schools Forum approval (all members) is required for each element of the proposed top slice. Please note, the SB transfer to HNB of £1.2m was agreed at the September Schools Forum.

#### **Schools Block – de-delegation**

52. Once the formula has been determined, the LA may propose to de-delegate funding to support non statutory services for primary and secondary schools; and the former general duties element of the ESG that funded LA responsibilities for their maintained schools.
53. ‘De-delegated’ non-statutory services are for maintained primary and secondary (mainstream) schools only. The funding for de-delegated services must first be allocated through the local schools funding formula but can be passed back, or ‘de-delegated’, from those mainstream schools. This means that LAs will provide services centrally for those schools as this may be more efficient or practical than schools delivering such services themselves. Schedule 2, Part 6 of the regulations govern the nature of expenditure that can be supported this way.
54. De-delegation does not apply to special schools, nursery schools, or PRUs.
55. **Table 3** summarises the proposed rates and basis of de-delegated funding and **Table 4** provides the LA estimated allocations (as final pupil numbers are not yet known), with an explanation of the individual items following.

#### **Table 3: SB De-delegation Rates and Basis of Funding**



Budget	Basis	2024-25		2025-26	
		Primary School Rate £	Secondary School Rate £	Primary School Rate £	Secondary School Rate £
Behaviour support services – Early Help	FSM Ever 6	42	N/A	NIL	N/A
School improvement (Primary only)	Per School	7,344	N/A	7,344	N/A
School improvement	AWPU	14	N/A	14	N/A
Contingency	AWPU	39	39	37	37
Behaviour support Services – Summerhouse	FSM Ever 6	247	N/A	250	N/A
Free school meals eligibility (Primary Only)	FSM Ever 6	10	N/A	7	N/A
Staff costs supply (Maternity Scheme)	AWPU	28	28	27	27
Staff costs supply (Trade Union)	AWPU	4	4	4	4

**Table 4: SB (provisional) de-delegated services budgets for maintained primary and secondary schools**

Budget	2024-25 Budget	2024-25 Revised Budget*	Year on Year Change	2025-26 Budget
	£'000	£'000	£'000	£'000
Behaviour support services – Early Help	219	219	-219	-
School improvement (Primary only)	375	370	-	370
School improvement	210	187	-	187
Contingency	583	573	-30	543
Behaviour support Services – Summerhouse	1,283	1,282	16	1,298
Free school meals eligibility (Primary Only)	51	51	-16	35
Staff costs supply (Maternity Scheme)	413	406	-6	400
Staff costs supply (Trade Union)	60	60	-	60
<b>Total</b>	<b>3,194</b>	<b>3,148</b>	<b>- 255</b>	<b>2,893</b>

\*adjusted for final pupil numbers

The principles adhered to in drawing up this proposal has been to:

- (i) Allocate resources fairly; and
- (ii) Require individual services to manage any funding reductions brought about by falling pupil numbers and / or schools converting to academy status.

56. There are of course alternatives and reductions may be sought from service budgets, however this would come with anticipated reduction of expenditure and service delivery. Other de-delegated services could be reduced such as the

Contingency or further reductions to the maternity scheme, but this in turn would reduce the level of these funds passed back to schools.

57. Line by line approval for de-delegated services is required from maintained primary and secondary schools school Schools Forum members only, by phase. If services are supported by the council's general fund, this does not require Schools Forum approval.
58. Early help behaviour support service – in previous years, the Family Early Help Service has relied on de-delegated resources from maintained primary schools to enable access to early help and support for families and, more recently, it has emerged that academy schools are receiving the same service for no charge. In line with the principle that the council's core funding should be used to support all schools, the LA will provide core funding to ensure continued service delivery and family support (at no cost to maintained schools) and no longer proposes to request de-delegation for this service thus releasing **£219k back to maintained primary schools**.
59. School improvement: the council provides both statutory and discretionary school improvement services to maintained schools with multiple funding streams supporting the functions.
60. Generally, the statutory school improvement activities form part of a continuum of wider school improvement activity and, in the case of a LA with high performing schools, instances of exercising intervention powers are rare. Therefore, core activity is predominantly focussed on early challenge and support in cases of potential underperformance.
61. With the removal of the School Improvement Monitoring and Brokerage (SIMB) grant in 2023-24, additional funding from maintained primary schools was de-delegated to supplement the funding that was already returned to the LA for discretionary school improvement functions (this latter element had been a traded service for all schools for several years until 2020-21).
62. To compensate for the loss of grant, Southwark's Schools Forum approved an increase in maintained primary schools de-delegation by £1,500 and a further £2,544 per school in 2022-23 and 2023-24, respectively, to the current level of £7,344 per school (2024-25 funding: £370k).
63. Additional de-delegated funding (at a per pupil rate), formerly known as the 'Intervention Fund' is used to support individual maintained primary schools causing concern with specific school improvement activities (2024-25 funding: £187k).
64. The council also provides core funding of £500k from its general fund to support school improvement activity for all maintained schools and early years' settings (with latter element funded from the Early Years Block of the DSG).
65. There is no proposal to alter the current funding arrangements until there is more certainty regarding the organisational design of the service.
66. Contingency – includes funding for schools in financial difficulty which is allocated by the SFSP. The panel sits at regular intervals and schools submit applications for funding when considering re-organisations within their school to help cover redundancy costs.

67. In previous years, this allocation also covered a contribution to the council's Internal Audit service but as stated in paragraph 20, this is a LA statutory function for maintained schools and a revised allocation for the LA's internal audit function has been included in the centrally retained items of the SB (see further explanation below, at paragraph 86).
68. Special schools and nursery schools can buy into this fund at rates per pupil of £178 and £68, a small reduction to reflect the Internal Audit reduction (2024-25 rates: £190 and £72, respectively) and these schools are requested to confirm they will continue to buy into this service at this rate.
69. Summerhouse behaviour support services – offers social, emotional, and mental health intervention for primary pupils at risk of permanent exclusion from Southwark mainstream primary schools. Interventions are tailored specifically to the individual pupil by specialist staff who have proven expertise and skills in this area.
70. In recent years Summerhouse has responded to the significantly increased number of referrals for children with challenging behaviours in their mainstream schools and currently has over a third diagnosed autism spectrum disorder (ASD) children on roll, which could increase further if all those waiting for assessment are subsequently diagnosed with ASD.
71. The service is directly responsible for the reduced number of primary fixed term exclusions and eliminating the need for primary permanent exclusions within the borough.
72. It is proposed to increase the current funding rate by the small amount of £3 to £250 (per FSM6 pupil – that is any pupil who has been eligible for free school meals in a census over the last 6 years) and the service will manage any overall funding reductions brought about by falling pupil numbers and / or a reduction in pupils as maintained schools have converted to academy status.
73. Summerhouse has a robust SLA in place with academies who choose to use the services offered and they are charged on a per-pupil basis for this (i.e. they are charged for actual usage).
74. It is expected that Summerhouse will be included in a wider review of Alternative Provision and options considered for the funding model for this service in the future.
75. Free school meals eligibility – the Free School Meals (FSM) service provides confirmation of family's eligibility for free school meals using the Central Government (DWP) Benefit Hub for 51 maintained schools through de-delegation and a further eight on a traded service basis. The proposed reduction reflects the traded income received by the service.
76. As this service is provided by the LA and linked to the Census, school claims are not subjected to audits by the DfE, neither do they need to manage investigations with the DWP when eligibility queries arise – this is all included in the service.
77. Recently, the LA has commenced a FSM auto-enrolment pilot where FSM eligibility will be determined through consolidation of relevant data that the council already has access to and eligible children are automatically opted in to the scheme. The pilot commenced in March 2024 and once improved

outcomes are confirmed, a re-assessment of the funding allocation required for this function will be undertaken (anticipated in 2026-27).

78. Maternity leave supply cover – this insurance scheme enables a school to claim back some of the cost for replacing staff on maternity, adoption paternity and shared parental leave. A very small reduction to the current funding is proposed .
79. The pay-out rate is currently set at 70% and payments are made for the following categories of staff, where they are classroom based:
  - Deputy Head (with timetabled classroom responsibilities)
  - Classroom Teachers
  - Special schools’ support assistants
  - Learning Support Assistants for specific statemented pupils only
  - Nursery nurses
80. Special schools and Nursery schools can buy into this fund at rates per pupil of £96 and £14 (a small reduction from the 2024-25 rates: £97 and £15, respectively) and these schools are requested to confirm they will continue to buy into this service at this rate.
81. Trade unions duties supply cover – this funding is used to compensate those maintained schools that have trade union representatives on their staff to enable the release of these staff members by providing temporary cover, for an agreed period of time, to attend to trade union duties that they carry out on behalf of teaching staff of all maintained schools. Its aim is to facilitate, improve and provide a constructive framework for consultation and industrial relations with the council and within individual schools.
82. When this de-delegation was introduced in 2012, it was confirmed that trade union representatives for maintained schools’ support staff were part of the Council’s overall Trade Union facilities time for non-teaching staff.

### **Schools Block – education functions**

83. Whilst the CSSB contains the funding previously allocated through the retained duties of the ESG for the responsibilities held by LAs for all schools, LAs hold additional responsibilities for their maintained schools, which were also formerly funded from the ESG. LAs can fund these services from maintained primary, secondary, and special school budget shares<sup>1</sup>. Schedule 2, Part 7 of the regulations govern the nature of expenditure that can be supported this way
84. The 2024-25 rate of £16.43 has virtually remained unchanged since 2017-18 (£16.33). It is proposed to increase this rate in 2025-26 to £26.27 per pupil, in maintained primary, secondary and special schools and the PRU, with an indicative budget of £407k (based on May 2024 pupil numbers).
85. The increase includes the movement of funding for Schools HR and Governor Support from the CSSB representing the elements of the statutory functions

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<sup>1</sup> Centrally retained expenditure for maintained nursery schools is determined under the Early Years Block

provided to maintained schools which supplements the income received for discretionary services provided to schools under Service Level Agreements.

86. It also includes funding for the Internal Audit function which is undertaken by an external provider. This is different to the audit of the external accounts that is undertaken on an annual basis. This budget funds the school internal audit programme, to meet the duty to ensure that all maintained schools in Southwark are audited once every three years. This provides assurances to schools, governing bodies and the LA on the financial controls in place in schools. The Schools Forum receives an annual report on the outcomes of the audits.
87. **Table 5** summarises the LA proposed allocations.

**Table 5: SB Education functions for maintained schools**

Budget	2024-25 Budget	Year on Year Change	2025-26 Budget
	£'000	£'000	£'000
Central support services	129	-19	111
Statutory & regulatory duties	60	186	246
Monitoring national curriculum assessment	4	-0	4
Asset Management	5	-5	-
Education welfare	48	-1	47
<b>Total</b>	<b>246</b>	<b>161</b>	<b>407</b>

88. The LA recognises this is a significant increase from previous years and, as explained above, the additional contribution mainly covers the statutory duties of the LA in respect of Schools HR and Governor Support. The movement of these services into the SB is to confirm statutory compliance, as referenced in paragraph 15, as well as meeting the principle of resources being allocated fairly – as explained below.
89. From next financial year, the LA will provide core funding for Family Early Help (FEH) service (previously de-delegated) to ensure all pupils have access to this service, regardless of being in a maintained school or an academy. Conversely, the LA was supporting Schools HR and Governor Support with core funding whereas those services were only being provided to maintained schools.
90. The LA has also committed to achieving cost neutrality, as far as possible, in implementing the findings of the central expenditure review and **Tables 6 and 7**, below illustrate the net movement to maintained schools budget shares of the proposed changes in funding streams.
- 91.

**Table 6: Movement in funding for SB education functions for maintained schools**

Budget	2024-25 Budget	Year on Year Change	2025-26 Budget
	£'000	£'000	£'000
Total SB Education Functions	246,366	161,083	407,449
Pupil Numbers	14,995	518	15,513
<b>Per Pupil</b>	<b>16.43</b>	<b>9.84</b>	<b>26.27</b>

Maintained School Phase	2024-25		2025-26		
	Pupil Numbers	Budget	Pupil Numbers*	Budget	Increase
Primary	13,580	223,119	13,626	357,887	134,768
Secondary	1,415	23,248	1,424	37,401	14,153
Special	-	-	366	9,613	9,613
PRU	-	-	97	2,548	2,548
<b>Totals</b>	<b>14,995</b>	<b>246,368</b>	<b>15,513</b>	<b>407,449</b>	<b>161,081</b>

\*May 2024

**Table 7: Net movement in overall SBS contribution for maintained schools**

Maintained School Phase	Ed Function Increase	Reduction in DD		Net Movement in overall SBS contribution	
		FEH	IA		
Primary	134,768	-219,215	-27,396	-111,844	reduction
Secondary	14,153	-	-2,863	11,290	increase
Special	9,613	-	-	9,613	increase
PRU	2,548	-	-	2,548	increase
<b>Totals</b>	<b>161,081</b>	<b>-219,215</b>	<b>-30,259</b>	<b>- 88,393</b>	

92. Approval is required from maintained school Schools Forum members (only) for the contribution to ongoing responsibilities that LAs hold for maintained schools. If services are supported by the council's general fund, this does not require Schools Forum approval

#### **LA legal responsibilities**

93. As stated previously, the review identified functions for maintained schools, where the LA has residual legal responsibilities where compliance has not or cannot reasonably be achieved through tasks delegated to the governing bodies of maintained schools. The responsibilities fall to the LA both as an owner of property and as an employer and not rectifying this poses a significant risk to the LA in terms of safety of staff and pupils in addition to ensuring employment rights are met.
94. In its role as landlord for community schools, a LA must ensure buildings have appropriate facilities and are safe and as an employer, it has a general health and safety duty for employees and others who may be affected (i.e. pupils and visitors) and to provide a workplace pension.

95. To make sure that the regulatory duties of schools and the LA are met, a programme of assurance that essential checks and risk assessments are undertaken regarding asset management and health and safety and this will be funded by the council over the coming year, prior to developing a more comprehensive offer for schools. This is addition to core funding provided to manage the LA's pension responsibilities on behalf of maintained schools.

### **School Support Functions**

96. Finally, during the review it was identified that maintained schools procure external providers for many of the functions delegated to their governing bodies, including financial services, HR, Payroll, Health and Safety etc.
97. Anecdotally, many of these providers are not 'school specific' and offer a generic service to schools which may, inadvertently, put the ability of the LA to meet their statutory functions, at risk.
98. To mitigate this risk, the LA is considering the development of a brokerage role to work collaboratively with maintained schools (potentially via a sub group of the Schools Forum) to enable them to access best value and market tested suppliers across a wide range of service categories.

### **Alternatives to DSG funding**

99. If the central services currently supported by any block of the DSG were no longer eligible for funding in compliance with the regulations, the LA may have to either cease some services or move to traded services to fund. In addition, existing buyback charges may have to increase to compensate.
100. The alternative would be the core council funding from the general fund, although given well documented local government funding pressures - affordability would be a significant challenge.

## **CONCLUSION**

That the Schools Forum:

101. Note the findings of the Central Expenditure Review; and
102. Approve the individual Central Schools Service Block allocations
103. Approve the top-slice to the Schools Block
104. Approve the de-delegated services rates
105. Confirm Maintained Special Schools and Maintained Nursery Schools will buy into specific de-delegated services
106. Approve the education functions for maintained schools rate from the Schools Block