

Item 8

Surrey Schools Forum

8 December 20 22

For decision

Lead officer: David Green

Maintained schools’ budget deductions (“Central services levy ”) for 2023/24

The local authority (LA) has a number of responsibilities for maintained schools which until September 2017 were funded by Education Services Grant (ESG)(General Duties). This grant was also paid directly by the ESFA to academies as these responsibilities transfer to academies or Multi Academy Trusts (MAT).

Following the withdrawal of ESG, DfE regulations were amended to permit LAs to recover these costs by budget deduction from their maintained schools. The deduction must be a sum per pupil (or a sum per place for maintained special schools and pupil referral units) and must apply to all sectors. It is known in Surrey as the central services levy, and which covers only maintained primary and secondary schools. The deduction ceases as schools convert to academy status and then pass to the academies. Most Multi Academy Trusts (MATs) recover similar costs via a top-slice on individual academies within their trust.

Maintained school representatives on the Schools Forum have the right of approval of the levy. The local authority has the right of appeal to the Secretary of State if the Forum refuses.

Annexes A and B show the functions for which the LA is permitted to levy maintained schools. Annex C shows the proposed deductions for 2023/24 compared to the initial proposals for 2022/23.

The central services levy deduction cannot apply to maintained nursery schools.

The proposed deduction has been divided into three components:

- £35.98 for services other than school improvement. This is the same rate as in 2022/23). However, following a review of these services, we may need to ask for a small increase in the per pupil rate deduction in future years;
- £6.50 contribution to the cost of statutory school improvement. DfE will be withdrawing the Monitoring and Brokering Grant from the end of this financial year (2022/23), having reduced it by 50% from

Annex A LA Responsibilities to Maintained Schools within the scope of the central services levy (except school improvement)

Financial monitoring and administration

Payment of funding tranches to maintained schools

responsibilities for monitoring of key stage tests in maintained primary schools and other education settings

Support for new and experienced Year 2 and Year 6 teachers so that they understand STA requirements.

Quality assurance procedures are in place and data submitted to the DfE is accurate and consistent with national standards.

Statutory guidance and DfE updates are disseminated and shared with schools

ICT (data collection and analysis)

Facilitating data transfer including data storage. Management & assistance with statutory data

Ensuring schools are complying with statutory health & safety obligations where the LA is the ultimate employer and supporting all maintained schools, as partners in education

Providing web site, helpdesk, briefings to heads and email support ensuring up to date advice and intervention

Three year inspection programme

Basic Need Capital & asset management

General landlord duties for all maintained schools; responsibilities under School Premises Regulations 2012 to ensure school buildings have appropriate facilities, the ability to sustain appropriate loads, safe escape routes, water, lighting, heating & ventilation to required standards. Management of asbestos risks.

Redundancy costs in maintained schools

Costs of redundancies (teaching and support staff) in Surrey maintained schools.

Other

Provision of information on maintained schools to or at request of government departments

Investigation and resolution of complaints relating to maintained schools.

Overheads relating to the above services and ensuring payments are made in respect of taxation, national insurance and pension contributions.

Annex C Table of Budgets for statutory LA services to be funded from the central services levy

	2022/23 Levy reported to Schools Forum 7 Dec 2021 /Jan 2022 (£000s)	2023/24 Estimated levy (£000s)
Statutory/regulatory duties		
Finance	292	251
Governance	60	60
HR	179	215
Monitoring national curriculum assessment	94	94
ICT (mainly data collection)		
Teachers pensions admin	229	229
Facilities management (incl trees)	105	87
Schools risk management (part -not all DSG funded)	203	203
Asset management		
Basic need capital projects, asset management, site surveys, commissioning etc		
Property schools basic need	385	520
New redundancy costs in maintained schools	470	470
Total required (except school improvement)	2,011	2129
Reduction to find		-257

Schools extending age range (such as infant schools expanding to primary, or wholly primary schools extending to secondary) will incur a further cost to the growth fund, although schools receive this funding as part of their main formula budget share, rather than separately.

In its recent consultation on moving to a hard (or direct) national funding formula, DfE made clear that it expects to continue to fund schools in future years, although specific details have not been made available, no timescale was given, and DfE has not proposed any changes in 2023/24.

Current growing schools' budget

The current state of the growing schools' budget for 2022/23 is shown in the table below. Updated estimates both for 2022/23 and 2023/24 will be provided at the meeting (subject to the availability of full October 2022 census data) and also at the January meeting if necessary, although, as ever, there will be much uncertainty for 2023/24 until place allocations for September 2023 are known.

Table: Growing schools' budget 2021/22-2023/24	2021/22 outturn	2022/23 Jan 2022	2022/23 Latest est	2023/24 Initial est
	£000s	£000s	£000s	£000s
New bulge classes/permanent PAN increases primary	709	628	TBC	TBC
Resources for new primary classes	88	72	TBC	TBC
Protected vacancies in existing bulge classes	928	518	TBC	TBC
Missing year groups (diseconomies of scale)	73	81	TBC	73
Secondary schools exceeding/raising PAN	1,732	2,183	TBC	TBC
Others (possible commitments)		298		TBC
Prior year vacancy adjustments				
Contingency				
Pre opening costs of wholly new schools				TBC
Total estimated cost	3,530	4,094	TBC	TBC
Budget available	4,095	4,341	TBC	TBC
The available budget is calculated as shown below				
Estimated DfE growth allocation	4,716	4,891	TBC	TBC
Less cost of average pupil number growth	621	550		

For the avoidance of doubt, this pre opening funding would not apply to free schools directly to the DfE to open new free schools. The DfE makes an allocation to these schools to cover pre-opening costs.

Funding rate for additional pupils in bulge classes or additional pupils due to an increase in PAN

It is proposed that the 2023/24 funding rate for eligible schools continues to be the average pupil led funding for that school (including minimum per pupil funding, minimum funding guarantee and ceiling, where applicable), less de-delegation and central services levy for maintained schools and a small adjustment for academies. This means that the funding which a school receives for growth is much the same whether it is provided as growth funding outside the formula, or by using average pupil numbers within the formula. The funding rates are proposed to increase compared to 2022/23 due to the assimilation of schools supplementary grant.

Funding rates for vacancies in eligible primary classes

We are proposing that the funding rate for existing vacancies should change to reflect the proposed changes in basic entitlement funding and in the levels of de-delegation and central services levy deductions. The same principles would be used as in previous years:

90% of net basic entitlement rate for vacancies in classes opened in or after September 2019 and agreed after January 2019

100% of net basic entitlement rate for other eligible infant vacancies and 95% for other eligible junior vacancies.

We expect the cost of funding vacancies to continue to fall as the increased pupil numbers move from primary (in which vacancies in some new classes are funded) to secondary (in which they are not).

Recommendation

That the Forum:

- * notes current estimates for growing schools funding for 2022/23;
- * agrees the proposed criteria for growing schools funding for 2023/24 (summarised above and described in Annex A, note in particular proposed changes);
- * agrees the provisional growth funding for 2023/24;
- * supports the proposed methods for the use of average pupil numbers for schools changing age range

- * agrees the proposals for advance funding of pre opening costs of wholly new primary schools.

Growing schools funding affects the future funding of individual schools and potentially the value of mainstream formula factors. Therefore, officers recommend that only representatives of maintained schools, academies and PVI early years providers (who are allowed to vote on mainstream formula funding issues) should be allowed to vote on this item.

Annex A: Details of proposed growing schools criteria for 2023/24: existing mainstream schools

1 Additional classes opening in September 2023 (both primary and secondary)

Where the LA has requested (or supports) a school to open an additional class above its PAN or exceed PAN by ten or more (or an increase in PAN of ten or more is supported by the LA), actual pupils admitted above the highest of

The PAN

the number of pupils in the leaving year group,

the PAN ruling at the date the leaving group was admitted

would be funded at the average pupil led funding rate for the school (including share of minimum funding guarantee or ceiling deduction and/or minimum per pupil level funding, if any) x 7/12 for the part year. Thus the extra pupils would be funded at 7/12 of the rate which they would have received had they been on roll in October 2022. For maintained schools, funding would be net of any de-delegated amounts and central services levy. The original allocation would be based on an estimate and would be corrected to actual pupil numbers at the end of the year. (This would include any additional classes whether bulge classes or increased PAN - but would exclude additional classes due to an extension of age range, which must be funded through use of average pupil numbers in the main formula, see above). In some circumstances vacancies may attract funding, but at a lower level than actual pupils (see below).

Additional funding would not be allocated to schools exceeding PAN on appeal or admitting excepted infant pupils, or to schools adding additional classes which were not supported by the LA or otherwise exceeding PAN without the support of the LA.

For an academy, the minimum funding guarantee and ceiling would be calculated from the LA formula, which may sometimes give a different result to a calculation based on the general annual grant allocation.

The LA is still considering a few situations where a school may exceed a PAN which has only recently been reduced, and issues where a school needs to exceed PAN after October census date.

Where exceptionally a new school could not admit at its official PAN for the year now leaving, because of accommodation limitations, the agreed (lower) effective PAN for that year will be used instead of the official PAN. (Proposed change)

2 Resources allocations for new classes (primary sector only)

£8,000 per new class is allocated for classroom resources. For the avoidance of doubt this only applies where a school is asked to provide additional places such that the number of classes is increased. Additional resources funding is not provided for small

increases in PAN. This applies to bulge classes and to permanent expansions (whether increases in PAN or extensions of age range).

A further £8,000 for resources will normally be allocated where an existing year 2 bulge class moves into year 3.

Where one bulge class leaves in July and another is admitted in September, no additional resources funding will be allocated.

Where a school is expanded permanently, the resources allocation given will be based on the number of additional classes created, excluding any bulge classes which have already received resources allocations.

Resources allocations are provided whether the additional classes are funded through growing schools fund or through use of average pupil numbers.

Where a school expands by half a class a year (eg PAN 45 to PAN 60, or infant school expanding to PAN 15 primary school), resources funding will be allocated in alternate years only.

3 Funding for protected vacancies in bulge classes or following permanent expansion (primary sector only)

Where a primary school is asked to increase PAN, or exceed PAN temporarily, in any year group by ten or more, vacancies in the relevant year group may attract funding. Where due, vacancy funding will be calculated up to the next multiple of 30 for each year group (except where old or new PAN implies vertical grouping). For schools with PAN=15, vacancies will be calculated against year groups of 15.

5 Infant or junior school expanding to become primary school
£4,000 to be provided for supply cover/other support for a key stage lead for the new key stage, for curriculum preparation, in the term before year 3 (former infant school) or year R (former junior school) is admitted.

6 Primary schools where a reduction of less than 30 in PAN is required as part of an expansion of age range
Where schools needs to maintain vacancies temporarily as a result of a reduction of less than 30 in PAN as part of an extension of age range leading to overall growth in the school rate for that age range. So, for example, a school reducing PAN from 70 to 60 may have to run three infant classes for the last year group of 70, and would attract vacancy funding for the 20 places in those three classes which it would not be allowed to fill.

Annex B Growing schools requiring funding on estimated pupil numbers in 2023/24

School	New year group
Hatchlands Primary School	5
Westvale Park Primary Academy	3
St Peter and St Paul CE Infant School	4
Heathside Walton	8

