

# **SOUTHWARK CHILDREN'S SERVICES**

## **SCHOOLS FORUM**

Members are requested to attend a meeting to be held via [Video Conference Link](#)

**Thursday 9<sup>th</sup> July 2020 2.00pm - 3.30pm**

David Cross, Clerk

Email: [xdavidcross@yahoo.co.uk](mailto:xdavidcross@yahoo.co.uk)

**All documents distributed in advance will be taken as read**  
***And questions should be submitted in advance***

### **AGENDA**

#### **ITEM**

1. Apologies for Absence and whether quorate (5 minutes)
- 1.1 Welcome to Trevor Cunningham, Maintained Primary Schools Governor Rep (Cobourg School)
2. Declaration of interests – the Education (Schools Government) Regulations 1989 (as amended) oblige members with a pecuniary interest in a contract or other matter to disclose the fact, to withdraw from the meeting when it is being discussed and not vote on it.
3. Minutes of the Meeting of 14th May 2020 - Accuracy **Page 2** (5 minutes)
4. Matters Arising not on the Agenda
  - a) DSG Outturn 2019-20 - Approval by External Audit
  - b) Mechanism for Allocating £1.4m to assist schools with falling rolls
  - c) SILS and Virtual Schools Reviews
  - d) Letter to SOS regarding COVID19 costs incurred by schools
5. Dedicated Schools Grant - 2020-21 - Budget Monitor **Page 8** (10 minutes)
6. Maintained School Balances 2019-20 -Budget Control Mechanism **Page 12** (30 minutes)
7. High Needs Group - Resource Bases **Page 15** (15 minutes)
8. Early Years Funding - Summer Term 2020 **Page 19** (15 minutes)
9. Scheme for Financing Schools - deferred by the Local Authority - **deferred no papers**
10. A.O.B. Any items must be with the Clerk by Noon 6<sup>th</sup> July 2020 (5 minutes)
11. Dates of Further Meetings for 2020/21: Provisionally set for;  
1st October 2020 , 10th December 2020, 14th January 2021,  
11th March 2021, 13th May 2021, 8th July 2021

## **MINUTES OF THE MEETING**

**Wednesday 14<sup>th</sup> May 2020**

1. **Attendance and Apologies:** - See Annex A - The Chair welcomed Tim Jones the Departmental Finance Manager for the Local Authority (LA).
2. **Quorum:** The Clerk confirmed that the meeting was quorate - Note that the meeting was conducted via Zoom meeting technology.
3. **Declaration of Interests**

Members were asked to declare any pecuniary or other interests they might have that were greater than the interests of other members of the Schools Forum in any matter on the agenda for discussion. None were declared.
4. **Minutes of the Meeting of 15<sup>th</sup> January 2020**
  - 4.1 These were agreed for accuracy
  - 4.2 There were no Matters Arising
5. **Dedicated Schools Grant- 2019-20 Outturn**
  - 5.1 A report setting out the outturn for the 2019-20 Dedicated Schools Grant had been previously circulated.
  - 5.2 The in-year deficit outturn was £7m and when added to the previous carry forward from 2018-19 of minus £11.5m gave an overall deficit of £18.5m, a rise of £0.5m to the previous forecast, which is still subject to external audit. This position was noted and the Schools Forum agreed that this deficit would be carried forward to 2020-21.
  - 5.3 In addition the financial position at outturn of the de-delegated budgets, an underspend of £0.1m, was also noted.
6. **School Balances 2019-20**
  - 6.1 The report, previously circulated, provided the annual update of the maintained schools revenue balances as at 31 March 2020.
  - 6.2 The overall cumulative total of the revenue balances has fallen from £12.7m as at 31 March 2019 to £10.9m as at 31 March 2020 with 24 schools in deficit as at 31 March 2020 (19 were in deficit as at 31 March 2019).
  - 6.3 Dave Richards reported that the Local Authority has in its Scheme for Financing Schools controls on surplus revenue balances using thresholds of 5% for secondary

schools and 8% for other schools. When a school exceeds this threshold, they have to include in their budget return to the Local Authority details on how they will use the carry forward. This return is due on the 31 May 2020.

- 6.4 As part of the Council's controls the Schools Finance Team (SFT) will then have further dialogue with those schools that have exceeded the threshold regarding their balances and the purpose for which they are held. This will be analysed and reported to the July's Schools Forum. Following a question, the LA reported that to date no excess balances had been removed from a school. This mechanism does not apply to academies. The Director reported that it was often the same schools with the same reasons each year for having excess surpluses.
- 6.5 In addition to the statutory roles of the council to set school budgets, collect and collate the revenue and capital annual outturn figures, for consolidation in the council's balance sheet, it has a duty to review and monitor the financial 'health' of maintained schools in terms of their budget pressures and ability to manage day to day cash flow.
- 6.6 For the same time period the number of schools in deficit had risen from 20 to 24. The end of year financial position showed the strain that schools finances are under and the Schools Financial Value and Audit Reports show contrasting views on the financial monitoring and governance in the school. The financial position is likely to worsen over the new few years and the financial position will come under even more close scrutiny.
- 6.7 It was agreed that the current LA group that reviews schools in financial deficits should extend its remit and look at those with excess balances as well, and that it becomes a sub-group of the Schools Forum and clerked as such.

## **7. The Dedicated Schools Grant - 2020-21**

- 7.1 This report, previously circulated, set out the proposed 2020-21 budget for the Schools Block including the centrally retained and de-delegated budgets. The meeting of the Schools Forum on the 15 January 2020 agreed to transfer £4.8m from the Schools Block to the High Needs block. In order to do this the Local Authority had to seek the permission of the Secretary of State for Education. The Schools Forum also set the Minimum Funding Guarantee (MFG) at 1.05%
- 7.2 The Secretary of State responded on the 13 February rejecting the transfer of £4.6m but as the national regulations state he noted that 0.5% of the school's block can be transferred without his approval. This amounts to £1.3m leaving a balance of £3.3m.
- 7.3 The Local Authority then wrote to the Secretary of State asking for him to re-consider his decision pending any other action.
- 7.4 The Secretary of State in reconsidering his decision has agreed that a transfer of £3.2m can now take place leaving a shortfall of £1.4m from the originally proposed transfer of £4.6m. This reduction does mean that there is now a shortfall in funding of the high needs block. The original budget plan with the full school block transfer of £4.6m brought the High Needs block back into a neutral financial position. As it now stands it is showing an in-year deficit of £1.4m.

- 7.5 This will be referred to the High Needs Sub Group for consideration.
- 7.6 As a consequence the Schools Block still has the £1.4m yet to be allocated within that block. As previously reported many schools are facing reduced rolls, mainly primary and the Schools Forum asked that the LA explore how these funds can be used to assist such schools by amending the criteria for allocating such monies.
- 7.6 It was also noted that the maintained Nursery schools had agreed to keep the formula for distributing the Nursery Supplementary funding unchanged for 2020-21. The formula allocates the funding on the basis of pupil numbers, EAL, NNDR along with a lump sum.
- 7.7 The funding allocation to individual schools for 2020-21 was noted.

## **8. High Needs Block - 2020-21 - progress on Savings**

- 8.1 The meeting received a previously circulated report that gave an update on the deficit in the DSG High Needs Block and the latest recovery plan to bring the DSG into balance. The outcome of the block transfer from the Schools Block to the High Needs Block had already been discussed as part of the previous item.
- 8.2 There are still considerable savings scheduled to be achieved in 2020-21 and at this stage of the year and the current situation with Covid-19, it seems unlikely that any new savings can be agreed although it is being considered whether the next year's savings can be brought forward.
- 8.3 The Director highlighted that the LA consulted with schools that had Autism Resource Bases with a view to looking at the impact of reducing the autism top-up funding from £14,430 to £11,930. As a consequence, the LA is looking at the options available from the outcome of the consultation.
- 8.4 There are two further reviews planned relating to SILS and virtual schools that will progress after the May half term.

## **9. School Finances: Impact of COVID-19**

- 9.1 This report, previously circulated to members, gave details of the impact of the current COVID-19 situation on schools' finances and outlined the government action and support to schools. The report identified the following issues as well as the possible options for schools to consider:
- Overall schools' funding
  - Exceptional costs associated with COVID-19 for the period March to July 2020
  - Early Years
  - Income from school services and facilities
  - Coronavirus Job Retention Scheme (CJRS or "furlough")
  - Public Procurement Note 02-20 - Supplier Relief due to COVID-19
  - Catering
  - Staffing: reorganisations and TUPE transfers – delayed as a result of COVID-19
  - Special Educational Needs and Disability (SEND)
  - Laptops for disadvantaged children
  - Other expenditure

- Support for schools

- 9.2 Of particular concern was the summer term funding for the PVI Early Years settings which would have normally been based on the summer term pupil census but as this will no longer be taking place then the LA has to determine the main per pupil driver for funding purposes.
- 9.3 The options available are a) to use the higher of summer 2019 or spring term 2020 numbers, or b) to use an average increase for all open settings. The LA took the Schools Forum through the current funding and identified that the key point of time was when the summer term adjustments are made from estimated to actual with many PVIs closed and that the summer term is the term where there are the most pupils in attendance.
- 9.4 If Option A was used it would cost an additional £390k which would have to be found from within the Early Years Block. If Option B was used that would in fact reduce funding to the PVIs by £539k and so many would not be viable and may have to close.
- 9.5 With Option B - evidence was provided of those settings that were open and remained open and those that were closed with many (at time of writing the report) that were not re-opening.
- 9.6 On the face of it Option A looked the safest option but it was acknowledged that there is still the unknown of the autumn term which usually has the smallest number of children attending the settings - The Director said that it would not be possible to protect every PVI setting especially as there is currently over provision of places.
- 9.7 The Schools Forum suggested that the LA might look at a hybrid version of the two options that was cost neutral but supported settings through this period.
- 9.8 The next issue that the LA raised was the loss of income by schools from after school clubs, breakfast clubs and lettings - £5.2m. The first two would broadly mean a reduction in spend as the clubs are not operating so perhaps balancing the loss of income, especially where no discreet staff on the payroll that solely worked in those clubs.
- 9.9 Regarding lettings, often the income obtained from lettings exceeded the actual costs and so provided additional funds that supported the core curriculum of the schools. There also appeared to be a mix of outcomes regarding cancelled residential visits, sometimes monies were refunded by the residential providers and travel companies, sometimes not, with parents expecting refunds for visits that the schools had been required to cancel.
- 9.10 The Director raised the issue that a number of schools in the borough were the subject of falling primary rolls and so were planning restructures to reduce staffing and these restructures have now had to be delayed and so causing the schools to go into deficit or increase further their deficit which impacts on the teaching and learning.
- 9.9 Mike Antoniou, an Academy member, said that his academy chain is revisiting its budgets and will be making representations about these issues and the Schools Forum

asked the LA to also make their own representations as well as provide Mike Antoniou with any information from the further analysis the LA is doing.

- 9.10 The LA will also provide this information, along with what an individual school can claim reimbursement for, to the Schools Forum clerk so that a letter may be drafted on behalf of the Schools Forum to the Secretary of State for Education.
- 9.11 It was still unclear regarding what can and cannot be reclaimed as an additional cost related to catering, vouchers and providing food parcels so the LA advised schools to keep detailed records of their spend and also the charges from their usual caterer provider.
- 9.12 With regard to the provision by the government to schools of additional laptops, the Director stated that it was a complex process but it was hoped maintained schools would receive their entitlement by the end of June. Academies were subject to a different process.
- 9.13 The Director asked that her thanks to schools goes on the record for them doing a fantastic job during what are very difficult times and in getting ready for increased opening from the 1<sup>st</sup> June 2020 although 75% of the borough's schools never actually fully closed. It was acknowledged that each school's individual Risk Assessment will show different issues and both staff and children will have to learn new ways - but the LA is there to assist where it can.
- 9.14 The Schools Forum passed on their thanks to the Director for the support the LA and her teams are giving to schools.

## **10 Dates of Future Meetings**

The date of the next meeting - 9<sup>th</sup> July was noted.

**The meeting closed at 15.30**

### **Annex A SCHOOLS FORUM ATTENDANCE SHEET 14<sup>th</sup> May 2020**

#### **VOTING MEMBERS**

<b>NAME</b>	<b>CONSTITUENCY</b>	<b>PRESENT</b>
Janice Babb	Primary School Headteacher	Yes
Susannah Bellingham	Primary School Headteacher	Yes
Pia Longman	Primary School Headteacher	Yes
Vacant	Primary School Headteacher	
Vacant	Primary School Governor	
Vacant	Primary School Governor	
Rebecca Sherwood	Nursery School Headteacher	Yes
Teresa Neary	Special School Headteacher	Yes
Nicola Howard	Early Years – Private/Voluntary and Independent Settings	Yes
Steve Morrison	Academy	Yes
Vacant	Academy (Primary)	
Mike Antoniou	Academy	Yes
Simon Eccles	Special School Academy	Yes
Yomi Adewoye	Pupil Referral Units	Yes

Sister Anne-Marie Niblock	Secondary School Headteacher	Yes
Vacant	FE SEN	Awaiting nomination
Catherine May	Diocesan Boards	Yes
Betty Joseph	Trade Unions	Yes

Senior Officers in Attendance

Nina Dohel	Yes
Tim Jones	Yes
Dave Richards	Yes
Yvonne Ely	Apologies
Terry Segarty	Yes
David Cross	Clerk

<b>Date:</b> <b>9 July 2020</b>	<b>Item</b> <b>5</b>	<b>Type of report: To Note</b>
<b>Report title:</b>	<b>2020-21 Dedicated Schools Grant Budget Monitoring and Financial Update.</b>	
<b>Author name and contact details:</b>	Tim Jones/ Dave Richards <a href="mailto:Tim.Jones@southwark.gov.uk">Tim.Jones@southwark.gov.uk</a> <a href="mailto:Dave.Richards@southwark.gov.uk">Dave.Richards@southwark.gov.uk</a>	
<b>Officer to present the report:</b>	Tim Jones / Dave Richards	

### Executive Summary

This report sets out as at the 30<sup>th</sup> June 2020, the latest in-year budget monitoring for the 2020-21 Dedicated Schools Grant (DSG) and provides an update to members on the latest school finance announcements.

### Schools Forum Actions

That the Schools Forum note the 2020-21 DSG end of year financial forecast position

#### 1. Overall Position

- 1.1 This is an early look at the budget monitoring and the information contained in this report needs to be viewed with extreme caution given that many of the budgets are demand and participation led.
- 1.2 The overall position of the budget monitor is summarised in the table below.

	<b>DSG Allocation 2020-21 £m</b>	<b>Over/ (Underspend) £m</b>
Schools Block	129,690	0
Central services block	1,692	0
High Needs Block	48,014	2,300
Early Years Block	26,800	0
<b>Total</b>	<b>206,196</b>	<b>2,300</b>
<b>Deficit carry forward from 2018-19</b>		<b>18,525</b>
<b>Total deficit</b>		<b>20,825</b>

The 2020/21 DSG allocations are after deductions for academies recoupment and direct funding of high needs places by ESFA but before the Schools Block transfer.



These allocations will be revised by the ESFA during the year for changes in pupil numbers.

## 2 High Needs

- 2.1 The High Needs block remains the main DSG budget pressure . The current deficit recovery plan shows the end of year deficit growing to £19.6m, this assumes growth of 100 in placements at an average cost of £17k, a total of £1.7m. As this is a needs demand led budget this forecast is highly subjective and could change significantly during the year.
- 2.2 The Schools Forum supported Local Authority savings totalling £2.1m for this year. Of these savings £1.3m is secure. There are, however, two savings where the delivery will be delayed. The autism resource base saving of £375k is being considered later on this agenda but will not be fully delivered; there is also a saving of £500k that relates to the transition from the old EHCP's bandings to the new banding structure. Whilst work is under way on the transition, the current Covid-19 situation has delayed this and as a consequence the saving will, therefore, be delayed, although it is still expected to be delivered in the longer term.

Provisionally the forecast has been revised upwards to an in-year deficit of £2.3m.

## 3 Financial position on de-delegated budgets and growth fund

- 3.1 The summary position is shown in the table below:

2020-21	Budget £m	Forecast Outturn £m	Over/ (Underspends) £m
Schools in financial difficulty	0.5	0.5	0
Behaviour Support services	1.6	1.6	0
Maternity	0.8	0.7	(0.1)
Trade Unions	0.1	0.1	0
Growth Funds	0.1	0.1	0
Falling Rolls	1.5	1.5	0

- 3.2 As members will be aware of the current difficult financial position of schools which is expected to increase the number of applications that the schools in financial difficulty panel will receive. Although the current situation with Covid-19 has delayed a number of staffing restructures, it is expected they will still occur, just later than expected and the fund will still come under pressure. At the moment the financial forecast of the fund has been left at a balanced position. If the fund does overspend then this overspend will be carry forward to next year and it will be necessary to increase the amount of funds that are de-delegated from schools.
- 3.3 The maternity fund has over the few years traditionally overspent, however this trend has currently been reversed and the fund is currently underspending, a

small underspend has been allowed for. The number of maternity cases can vary each year and the number is highly difficult to accurately predict.

#### **4 Schools in financial difficulty panel and other funding panel.**

- 4.1 At the last meeting of the Schools Forum there were discussions surrounding the falling rolls fund, balance control mechanism and the strategic direction of school provision in the light of the financial constraints schools face. Officers are planning to merge these groups into one rather than have a number of separate groups requiring both significant input from both headteachers and officers. This will streamline the process. The Schools in Financial Difficulty Panel is scheduled to meet on the 15 July 2020, where a revised set of terms of reference will be considered. A report will be brought to the Schools Forum in October with the revised terms of reference to agree.

#### **5 Covid-19 - Catch up funding**

- 5.1 The Department for Education are setting aside a £1 billion Covid “catch-up” fund. This one-off grant to support pupils in state education recognises that all young people have lost time in education as a result of the Covid-19 pandemic.
- 5.2 Of this, £650 million will be shared across state primary and secondary schools over the 2020/21 academic year. Although at the moment it is not known exactly how it will be allocated.
- 5.3 Separately, a National Tutoring Programme, worth £350 million, will increase access to high-quality tuition for the most disadvantaged young people over the 2020/21 academic year.

#### **6 Existing Year 7 Catch Up Grant**

- 6.1 For a number of years, schools with secondary pupils have been in receipt of the Year 7 Catch Up Grant which funded additional support for year 7 pupils who did not achieve the expected standard at the end of key stage 2 (KS2) in reading or maths.
- 6.2 The DfE has ceased this grant with immediate effect; there will be no allocation in the 2020-21 financial year. Only three LA maintained Southwark schools benefit from this and together the funding amounts to £48k.

#### **7. Alternative Provision (AP) funding £7m**

- 7.1 Alternative Provision (AP) settings will receive a total of £7m post-16 transition funding. This is for one year and amounts to £650 per year 11 student. This funding injection will allow AP settings to offer mentoring, pastoral support and careers guidance to pupils in danger of becoming “not in education, employment or training” (NEET), after completing their GCSEs.
- 7.2 This is to reflect the time with their teachers that many young people missed as a result of Covid-19. The funding can be used to pay for transition coaches and mentors to provide one-to-one support for young people in making decisions about where to go after they finish their GCSEs, to help them stay in education or training in post-16 settings.

## **8. Consistent Financial Reporting**

- 8.1 This mandatory financial return provides details of each maintained schools' individual financial accounts at the end of the financial year, it is normally completed in July but was delayed by the Department of Education due to Covid19. It is now due by 11 September 2020. We will be contacting those schools for whom we need clarification of their data before the end of term.

<b>Date: 9 July 2020</b>	<b>Item 6</b>	<b>Type of report:</b> For discussion
<b>Report title:</b>	<b>Maintained School Balances and Budget Control Mechanism</b>	
<b>Author name:</b>	Tim Jones/ Dave Richards  Tim.Jones@southwark.gov.uk Dave.Richards@southwark.gov.uk	
<b>Officer to present the report:</b>	Tim Jones/ Dave Richards	

### Executive Summary

This report updates the Schools Forum with more detail of the Local Authority maintained schools balances as at 31<sup>st</sup> March 2020, in particular those that are in excess of the authority's Budget Control Mechanism threshold for identifying "excess" surplus balances.

### Schools Forum Actions

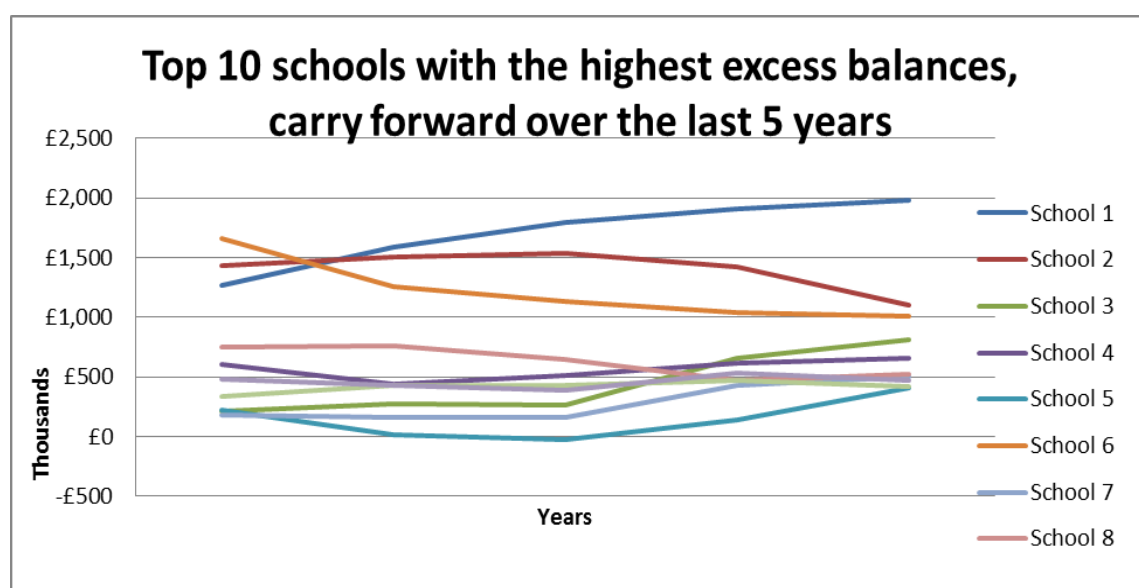
To note that, as at 31 March 2020, under the current balance control mechanism for schools:

- there are 36 schools who are deemed to have surplus balances  
and
- the cumulative total of those balances that are deemed surplus is £9.3m

### 1. Analysis

- 1.1 The year-end revenue balances held by schools showed a reduction of £1.8m from £12.7m to £10.9m.
- 1.2 There are now 24 schools that have a revenue deficit, which represents 32% of maintained schools. There were 43 (57%) schools that operated an in-year deficit in 2019-20. That is, they spent more than they received in 2019-20 and have supported their funding by using their previous years' carry forward. With pupil numbers falling, over time, this is not sustainable.
- 1.3 In contrast, there are a number of schools who have "excess" surplus balances. A balance is deemed a "surplus" if it exceeds 5% of their revenue income for secondary schools or 8% for other schools. There are 36 maintained schools (out of 76) who are deemed to have a surplus balance. The total of those balances above the 5% or 8% limit is £9.3m, with £6.3m concentrated in the highest 10 schools.

- 1.4 When a school exceeds this prescribed “threshold” they have to include in their budget return to the Local Authority details of how they will use the carry forward. Although the descriptions given often need detailed clarification to understand the full position.
- 1.5 The analysis of those reasons shows the main ones given for a school having an excess balance is that the school is saving up for a large capital project or projects, although it is not always clear that the actual plans are in place to carry out those plans. To determine this, an individual conversation with the school is needed to ascertain such information as the timeframe the works will be completed over, and then, requires follow up action at a later time as to when the project is complete. Indicative data is provided through looking at a history of the balances of the schools as this shows whether capital works are been undertaken.
- 1.6 To try and better understand the position, a sample of 10 schools was taken to hold initial discussions with regarding the plans those schools have for using their balances. With the current Covid-19 situation, not all the schools responded and those that did are a little unsure as to when the capital works will now be put in place. Although in a normal planning cycle you would expect that to minimise disruption to a school any major capital work would take place in the summer.
- 1.7 The comments from this sample are shown in Appendix A. The history of these school balances is shown below.



Left hand side of the graph is 2015/16 and the right hand side 2019/20 carry forward position

## 2. School Budget Update

- 2.1 We now have 73 out of the 76 maintained schools returns for 2019-20. These would indicate that by the end of this year over 40% of our schools (33 in total) would be in deficit and the total of this deficit would be £5.5m.

**Schools Forum**  
**9 July 2020**  
**Item 6**  
**Appendix A**

**Reasons provided by schools for excess balances at the end of the 2019-20**

School	2019-20	2020-21	Reason for balance
School 1	£371,818	£157,275	Spend is all on revenue, no capital works
School 2	£417,164	£166,243	£172k put to capital,
School 3	£814,272	£137,008	£275k for Building Maintenance and £386k for Bought in Professional Services
School 4	£518,367	£440,639	£441k has been put into contingency reserves and will reduce once capital works have been confirmed.
School 5	£1,977,351		Major building works, not been booked in year - waiting to hear from Southwark
School 6	£580,595	£231,836	Refurb of toilet blocks, may not go ahead - capital is current in small deficit
School 7	£1,097,296	£633,111	2 additional teachers, replacement of ICT over 3 years, window refurb (next year), also planning on fixing roof and playground refurb later (not this year)
School 8	£472,531	£270,247	Toilet refurb (cancelled due to Covid, trying to rearrange for autumn half term) and ICT upgrade ( being done now)
School 9	£658,830	£108,757	School have not sent information through
School 10	£1,006,782	£852,575	£313,322 unspent PP from last year, £280k for capital project

<b>Date:</b> 9 July 2020	<b>Item 7</b>	<b>Type of report:</b> For Consultation
<b>Report title:</b>	<b>High Needs Budget – Consultation on Resource Base Funding</b>	
<b>Author name and contact details:</b>	Tim Jones/ Dave Richards <a href="mailto:Tim.Jones@southwark.gov.uk">Tim.Jones@southwark.gov.uk</a> <a href="mailto:Dave.Richards@southwark.gov.uk">Dave.Richards@southwark.gov.uk</a>	
<b>Officer to present the report:</b>	Tim Jones / Dave Richards	

## Executive Summary

This report looks at the outcome of the Local Authority consultation on funding of the autism resource bases and how the proposed savings should be delivered.

## Schools Forum Actions

The Schools Forum is asked to give their view on the options for the future funding of autism resource basis

- a) Model 3 = 25% of the pupils are funded on the top up rate of £11,930 while 75% are funded at £14,430 with a saving of £45k, all new pupils will be funded at the lower rate.

or

- b) Model 4 = 50% of the pupils are funded on the top up rate of £11,930 while 50% are funded at £14,430 with a saving of £90k, all new pupils will be funded at the lower rate.

## 1. Background

The Schools Forum considered the Local Authority's revised deficit recovery plan on the 21 November 2019. This included the delivering a saving on resource bases of £375k.

## 2. Resource Base

The £375k saving anticipated for this year fell into two parts

- 2.1 Dyslexia unit : Following the external consultant's review of the Local Authority's provision for dyslexia and reshaping the schools, agreed to retain £70,000 for Strategic Leadership and Coordination including a contingency amount for complex and contentious cases. This represents a saving of £102,000 on the current position. This allows the

Local Authority to meet its requirement to provide a service to children with SpLD/dyslexia. From September 2020 this strategic leadership and coordination will be provided by Lyndhurst primary school for an interim period so that there is no break in service. A full consultation and commissioning exercise can take place from September 2020 when schools are more likely to be in a position to consider if they could run such a service.

- 2.2 Autism Bases : A consultation took place with the specific schools with autism bases during February 2020. The consultation looked at the impact of reducing the autism top-up funding rate from £14,430 to £11,930. The reduced level of top was proposed following the work of the high needs sub group looking at other London local authorities top-up rates relating to autism resource bases.
- 2.3 Following this consultation officers looked at a number of options and presented proposals to the High Needs Sub Group on the 18<sup>th</sup> June 2020.
- 2.4 The financial models considered both the original consultation proposal and a phased introduction. The original consultation on reducing the top-up rate from £14,430 to £11,930 showed a reduction of overall funding of £180k while the saving on a phased bases would take 7 years to implement.
- 2.5 The consultation focused on the needs of the children within the bases, it was apparent that those needs varied considerably. As a consequence, two further models were produced in line with the assessment of need. Some pupils need more support than others, some are integrated into NCY classes more than others, the difficulty is judging the appropriate support for each pupil, in itself, this brings an element of subjectivity.
- 2.6 One model (Model 3 as presented to the sub group and shown in Appendix A) looked at the financial impact on schools if 25% of the pupils moved to the new funding top up of £11,930, based on the judgement that they needed less support, while the remainder of the cohort were funded at the current top up of £14,430k.
- 2.7 The High Needs Sub Group favoured this option as the reduction for the Resource Base schools is manageable over the period the current children continue to attend the school. New reception children will not come into the base at the lower rate until September 2021 giving the schools time to make any staffing/environmental changes. The negative of this model is that the reduction in funding is minimal and will take a long time to realise the savings required putting further pressure on the High Needs Block recovery plan.
- 2.8 A second version (Model 4) looked at a 50:50 split of the top-up rates. Not surprisingly the two models changed the overall saving from the £180k to £45k and £90k respectively.



- 2.9 The main benefit of this model is that greater savings are achieved more quickly whilst still enabling each school to make a higher level of provision for the neediest children already in the schools. In the consultation meetings, Headteachers reported that a third to a half of their pupils could not manage without the current funding level of funding. The High Needs Task Group considered that following consultation this would be the harder model to implement but one that recognised the financial constraints that all schools are working under.
- 2.10 To generate the full saving over time when new pupils came into the bases these would be funded at the lower rate. This would sit alongside a strategic review of autism needs and provision across Southwark to ensure that it continued to be sustainable going forward in the medium term.
- 2.11 With the current situation on COVID-19 it would not be possible to implement any changes for the end of this summer term as originally planned. The earliest possible implementation would be for the start of the Spring Term, although under current circumstances that would be difficult and the sub-group recommended that any change be implemented from April 2021.
- 2.12 Whilst statutory responsibility for the decision rests with the Local Authority, the Local Authority would welcome the views of the full Schools Forum.

### **3 Other reviews**

- 3.1 Currently there are two reviews planned for SILS and the virtual schools, with the continuing difficulty with the Covid-19 situation these will now be considered in the Autumn Term.

# Financial Impact of changing the basis of the Autism Resource Base funding top up rate

Schools  
Forum  
9 July 2020  
Item 7  
Appendix A

Please note the figures below exclude the place led funding of £6,000

Model 1 - Change in Funding to new rate of funding of £11,930									
	Pupil No's	Current Rate	Full Year	Change to new rate of £11,930		Change in Funding		Percentage change in a full Year	
				From Jan	Full Year	From Jan	Full Year	On Top up	On All Funding
		£	£	£	£	£	£		
School 1	14	14,430	202,020	193,270	167,020	8,750	35,000	17%	12%
School 2	16	14,430	230,880	220,880	190,880	10,000	40,000	17%	12%
School 3	18	14,430	259,740	248,490	214,740	11,250	45,000	17%	12%
School 4	15	14,430	216,450	207,076	178,950	9,374	37,500	17%	12%
School 5	9	14,430	129,870	124,246	107,370	5,624	22,500	17%	12%
	72		1,038,960	993,962	858,960	44,998	180,000		

Model 2 - Change in funding rate to £11,930 for new pupils only									
	Pupil No's	Current Rate	Full Year	Change to new rate of £11,930		Change in Funding		Percentage change in a full Year	
				Year 1	Year 2	Year 1	Year 2	On Top up	On All Funding
		£	£	£	£	£	£		
School 1	14	14,430	202,020	199,103	194,103	2,917	7,917	4%	3%
School 2	16	14,430	230,880	229,422	226,922	1,458	3,958	2%	1%
School 3	18	14,430	259,740	255,365	249,323	4,375	10,417	4%	3%
School 4	15	14,430	216,450	213,533	208,533	2,917	7,917	4%	3%
School 5	9	14,430	129,870	128,412	125,912	1,458	3,958	3%	2%
	72		1,038,960	1,025,835	1,004,793	13,125	34,167		

<b>Date:</b> 9 July 2020	<b>Item 8</b>	<b>Type of report:</b> Consultation
<b>Report title:</b>	<b>Impact of COVID-19: Early Years Funding</b>	
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## 1. Executive Summary

This report sets out looks how early years settings will be funded for the Summer Term 2020 following the DfE's cancellation, due to COVID-19, of the summer term census

## 2. Recommendations

The Schools Forum is asked to support the Local Authority and agree that:

- 1) Maintained schools and Academies will be funded for the summer term 2020 by using the higher of summer 2019 or spring term 2020 numbers.
- 2) Private, Voluntary and independent (PVI) settings will be funded for the summer term by using the higher of summer 2019 or spring term 2020 numbers, however, if the settings numbers are higher on the 3 July 2020, they will be able to apply to be funded for the difference, i.e. the higher number.
- 3) Childminders will be funded on the basis of the spring term 2020 numbers, however, if the settings numbers are higher on the 3 July 2020, they will be able to apply to be funded for the difference, i.e. the higher number

## 3. Early Years Funding 2020-21

- 3.1 To help reduce the burden on educational and care settings during COVID-19, the DfE cancelled or paused all but the most essential data collections, services and requests to educational and care settings until the end of June 2020. This includes the School Census (summer 2020). Early Years providers are funded on this census and on a related headcount for PVI settings from the Early Years Block of the DSG.
- 3.2 The Secretary of State for Education confirmed in March 2020 that the DfE would 'continue to pay for all free early years entitlement places, even in the event that settings are closed on the advice of Public Health England, or children are not able to attend due to coronavirus, and they will not be asking local authorities to refund the grant they had paid.

- 3.3 In addition, local authorities have the option to remove this early years' funding (all in the Dedicated Schools Grant - DSG, from early years settings that are closed during the coronavirus (COVID-19) outbreak. They then can then redistribute it to other early year's providers in order to fund sufficient places for vulnerable children and children of critical workers, although the guidance below seems slightly wider in terms of sufficiency of places.
- 3.4 Under the guidance, local authorities should consider very carefully the impact of removal on the longer-term sustainability of that setting and the local childcare market. Consideration needs to be given to whether any reduction in early years DSG would put at risk the ability of the setting to meet ongoing operational costs even whilst closed, for example, paying rent, and what impact the amount of DSG being removed would have on the number of staff the setting might need to furlough under the Coronavirus Job Retention Scheme.
- 3.5 There are concerns, locally and nationally, that the economic impact of Covid-19 will affect the viability of many early years settings, in turn impacting on the ability of local authorities to meet their statutory duty to ensure that there is sufficient early education and childcare for children under 5s. A recent report published by the Sutton Trust found that a quarter of early years settings were concerned that they would not be operating in 12 months time (Sutton Trust, COVID-19 and Social Mobility Impact Brief: Early Years, July 2020).

#### **4. Impact of the cancelling the Early Years census (summer census)**

- 4.1 This census is used to fund private, voluntary and independent (PVI) settings as well as schools (mainstream and academy) for 2, 3 and 4 year olds.
- 4.2 The figures from the summer term census tend to be higher than the spring term, if the spring term census was used as a basis for the calculation of summer term the funding will be lower and would disadvantage settings. Offsetting this is that some settings are closed and will have reduced costs. Private, Voluntary and Independent (PVI) settings may also be benefiting from the business rate relief scheme.
- 4.3 The Local Authority is funded for early years by the Department for Education through the Dedicated Schools Grant on the basis of the January Census numbers. The impact of calculating the census does not impact on the income coming into the DSG. The way the numbers work is while the summer term numbers are higher than the January numbers, the autumn term numbers are lower.
- 4.4 For early years settings, either in the maintained or PVI sector, where funding for salaries is from non-public funding, the early years settings could consider furloughing their staff during this time.
- 4.5 Since the May Schools Forum the LA has seen more children back in settings, during that week of May there were around 1500 children of the 5500 that would normally be expected. The current position is of course fluid and we may see more return during the course of the term.

#### **5 Approaches to funding**

- 5.1 The Schools Forum considered two approaches to funding settings at its last meeting, one of which is for settings to be funded for summer term 2020 on the

basis of the summer term 2019 numbers, as the numbers of children attending are usually highest in this term. However, there may be some settings who have built up their numbers over last year, so to allow for that that we would build in a minimum funding guarantee of the numbers in the spring term 2020. Then, funding for summer term 2020 would be calculated for each setting based on the numbers attending in summer 2019 BUT where this amount is less than for Spring Term 2020, they would be funded at the higher rate (Spring Term 2020). This would mean that the funding for this summer term (2020) would be £390k higher than the summer term 2019.

## **6. Impact on funding received**

- 6.1 While Southwark is funded on January numbers and not impacted by the cancellation of the summer term census numbers, there is an impact if we fund schools on the summer 2019 numbers. Funding for the summer term came from the January 2019 census. The number in early years is declining and the funding for the summer term 2020 will come from the January 2020 return.
- 6.2 The reduction in funding for the summer term is estimated to be small, although we await confirmation of this, probably sometime in July, at the time of writing this report this data had not been received.
- 6.3 The exact position on the full financial year is difficult to gauge as it will be influenced by the numbers in settings in January 2021. The January 2020 census provides funding for the Autumn Term 2020 and Spring Term 2021
- 6.4 The way the funding is allocated to individual setting is that we passport out more funding than we receive in the Summer Term, whilst the opposite is true in the Autumn Term which is under allocated. The under and over allocations need to balance. The final position will not be known, with any clear certainty, until July 2021.
- 6.5 There is a cost with using the higher of the summer term 2019 numbers or the Spring Term 2020 numbers and therefore the question of affordability arises. Part of the funding formula for settings relates to deprivation as this is allocated on the basis of the "Income Deprivation Affecting Children Index or as it is more commonly known the IDACI". For this year the IDACI has been updated, this does not happen annually and was last updated in 2015. The new IDACI data shows a fall in the level of deprivation, which allows sufficient funding to meet the above.

## **7 Impact at an individual provider level**

- 7.1 Whilst we can look at the overall funding and its impact it is important to drill into the individual providers, it is important to find the right balance so as not to underfund some but not to overfund others. This is complex.
- 7.2 Schools are well established and, in comparison with other settings, do not fluctuate in their opening or closure and have over the years a common trend or pattern of rising numbers during the year. Generally, the preferred approach works well for these settings.
- 7.3 Private, Voluntary and Independent Settings, like schools, follow the trend of rising numbers during the academic year although there are more fluctuations and variations. The settings numbers seem to be more fluid. This is reflected

when looking at the higher of the summer term numbers for all settings, where of the £390k increase in cost, 90% (£354k) relates to PVIs, whereas the funding allocated to PVI's, only represents 60% of the total funding. This may also be partly due to children changing setting more often.

- 7.4 The consequence of this approach is that one child may be funded in one setting (in the summer term numbers) but move to another setting (in the spring term) and so be funded twice.
- 7.5 A significant number of establishments were analysed, using a desk top exercise to check whether any establishment would be particularly advantaged or disadvantaged by this method. Broadly it seemed not to be the case, although there are exceptions with Childminders, which is discussed further below.

## **8. Childminders**

- 8.1 Childminders general only have a few children, although two settings are significantly different with a dozen children. The numbers do vary term to term and do not follow the trend of increasing during the academic year. In terms of total funding though, the amount allocated is small, with £119k paid out to 41 providers, using the higher of the summer or the spring would result in a payment of £180k. It would appear that some settings may have a particular advantage with this approach as they have few children. It is recommended that for childminders their initial funding be based on the spring numbers but if their numbers are actual higher in the summer term 2020 at a date set of the 3 July 2020 then they will be funded for those extra children.
- 8.2 Taking the PVI sector it could be the case that some of the smaller settings, like childminders, may also have this issue in that they have more children currently in the setting than the higher of the Summer 2019 or Spring 2020 numbers. With this in mind it is also recommended that PVIs should, if this is the case, be funded at the 3 July 2020.

## **9 Risks and conclusion**

- 9.1 There is of course a risk with this recommended approach in that funding to the LA is based on the numbers in January 2021 and not known for certainty until July 2021. This is always the case although the current situation with Covid-19 will mean more uncertainty.
- 9.2 It is not known what the position with providers will be and how many children will be present in September 2020. Although the January position is more critical for the overall funding to the LA, there may be more stability in the numbers then, as we may have returned to a more normal situation. Of course, any second wave of Covid-19 infections would prolong the impact.
- 9.3 The recommendation above provides some clarity for providers and on present information, is affordable. However, events could again overtake us and if January 2021 numbers do not show a recovery and if these numbers were to be used to calculate our DSG, then there would be pressure on the DSG. If that was the case then a possible scenario would be to adjust the funding rates going forward.