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SOUTHWARK CHILDREN'S SERVICES

SCHOOLS FORUM

Members are requested to attend a meeting to be held remotely via [Zoom](#)

Thursday 17 June 2021 2.00pm - 3.30pm

David Cross, Clerk
Email: xdavidcross@yahoo.co.uk

All documents distributed in advance will be taken as read

AGENDA

ITEM

1. Apologies for Absence and whether quorate (5 minutes)
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 11 March 2021 - Accuracy (5 minutes)
4. Matters Arising not on the Agenda
 - a) LA consulting Maintained Special Schools as to whether they wish to participate in the Contingency Fund - The Maintained Special School rep was asked to go back to her constituency and get a unanimous decision that would apply to all.
5. Dedicated Schools Grant- 2020-21 - Outturn (10 minutes)
6. School Balances 2020-21 (15 minutes)
7. Dedicated Schools Grant - 2021-22 (15 minutes)
8. Schools Forum Future Plans no papers - discussion (10 minutes)
9. A.O.B. Any items must be with the Clerk by Noon 10th June 2021 (5 minutes)
10. Dates of Further Meetings for 2021/22: Yet to be determined

THE SOUTHWARK SCHOOLS FORUM

<i>MINUTES OF THE MEETING</i>

Thursday 11th March 2021
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1. **Attendance and Apologies:** - See Annex A -
 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 14th January 2021**
 - 4.1 These, after amendment to paragraphs 5.2 and 6.4, were agreed for accuracy.
 - 4.2 Matters Arising:
 - a) Mechanism for allocating £1.4m to assist schools with falling rolls - The LA reported that this will be brought back to the summer meeting with the proposed methodology to distribute to schools.
 - b) Report back on LA consulting Maintained Special Schools as to whether they wish to participate in the Contingency Fund - The maintained special school rep said that her colleagues were not unanimous and some were investigating commercial insurance. It was noted that for de-delegated services and contingencies all schools were either in or out of the service. The Maintained Special School rep was asked to go back to her contingency and get a unanimous decision that would apply to all.
 5. **Dedicated Schools Grant- 2020-21 Budget Monitor**
 - 5.1 This previously circulated report provided the Schools Forum with a financial update on the 2020-21 Dedicated Schools Grant (DSG) as at January 2021.
 - 5.2 The High Needs block remains the main DSG budget pressure. The current deficit recovery plan shows the end-of-year deficit growing to £21.7m, assuming growth in placements of 100 at an average cost of £17k, a total of £1.7m. However, the current growth in numbers is exceeding this forecast with placements approaching 250. It is currently expected that, with the situation surrounding COVID-19, this will increase.
 - 5.3 The high needs national funding formula provides funding to local authorities for children and young people in England with special educational needs and disabilities (SEND) or who require alternative provision (AP). The Department for Education (DFE) issued a consultation on the 10th February 2021 which closes on the 24 March 2021.
 - 5.4 This consultation will form the first stage of the high needs review. This review will consider how the high needs support can be improved in order to achieve the highest quality support for

these children and young people. The proposals are for a small number of changes to the national funding formula that the DFE will use to allocate high needs funding to local authorities in the 2022-23 financial year. They are also seeking views on some of the long-term changes to the formula that could be considered in future.

- 5.5 The DFE are consulting around the use of the high needs historical spend factor within the national calculations. They are seeking views as to whether they should change from using the current budget for 2017-18 to the actual spend and also whether the significance of the factor should be increased. The LA is supportive of this and will respond likewise.
- 5.6 The Secretary of state has agreed the school block transfer of £3.1m as discussed and agreed at the meeting of the Schools Forum on the 14 January 2021.
- 5.7 An appendix to the report showed a comparison of Southwark's schools financial position with other London Authorities and is for information. It does this on the basis of looking at the schools carry forward balances since 2014-15 and shows the significant difficulties schools in Southwark face and the information will feed into the review of schools provision.
- 5.8 It was noted that over the past years funding to Southwark had dropped due to a fall in pupil rolls, although the actual level of funding per pupil was still one of the highest in England.
- 5.9 The concerns around Early Years funding and the summer 2021 census were noted.
- 5.10 Following a question the LA confirmed that, as previously reported, it had looked at 10 schools with high balances and was monitoring their spend. Also, the LA confirmed that the LA has previously clawed back balances from one school.

6. National Funding Formula (NFF)

- 6.1 This report considered the implementation of the Government's schools national funding formula and the power point slides that gave the detail of the mechanics of the formula and how it compares with Southwark's own funding formula.
- 6.2 The overall impact of the NFF is expected to be a reduction in funding of around 14% which will probably be cushioned by the use of a national minimum funding guarantee (MFG).
- 6.3 However, the transition has been delayed, meaning the cash for 2021-22 will continue to be allocated to Local Authorities who can then set their own local formula with the agreement of school forums to then distribute the cash to schools. This is termed a "Soft" National Funding Formula, partly because the formula factors that a Local Authority can use are limited to specific ones and the data used must be that provided by the Department for Education. The flexibility for Local Authorities through the Schools Forum agreement is the rates of funding that can be attached to each factor. This allows the Local Authority to address local needs and priorities, albeit with limited scope.
- 6.4 The Government will use the 'Hard' national formula to determine all of individual schools' funding. It is a question of when and how those schools that will lose funding can be protected.
- 6.5 The argument for a new funding formula had never been about all schools receiving the same amount of funding. It has been about redressing the balance between the best funded and the lowest. Southwark is the 3rd best funded authority currently in the country.

- 6.6 It is believed that the Government will have to introduce primary legislation to move to a hard formula and this will probably require at least two public consultations. The timetable is at best unclear, although it is thought that the first consultation will be late spring 2021, with a potential start date of 2023-24 or 2024-25. If the hard NFF is implemented, many areas will see significant shifts and disruption in the distribution of funding between both local authorities and schools within local authorities.
- 6.7 It is difficult to say exactly when the hard national funding formula will be implemented but it is likely to be over the next two to four years. Whilst it will probably have a negative impact on our funding, there is the need to develop an approach that minimises the disruption for schools' funding.
- 6.8 The LA confirmed, following a question, that the source of the figures used was the DFE, and the Schools Forum believes that the problems created by the NFF can only be addressed by more funding coming into the baseline.
- 6.5 The remainder of the report was noted by the Schools Forum.

7. Local Authority Statutory Scheme for Financing Schools

- 7.1 This report requested, following a recent consultation with schools, the Schools Forum to approve the updated Southwark Scheme for Financing Schools. This does not apply to academies and the PVI sector.
- 7.2 Under the School Standards and Framework Act 1998, Local Authorities (LA) are required to draw up a scheme for financing schools (The Scheme). This scheme sets out the financial relationship between the LA and the maintained schools which it funds. It contains requirements relating to financial management and associated issues, which are binding on both the LA and on the schools.
- 7.3 The changes are in the main those required by the DFE, however, the Schools Forum had two concerns. Firstly, the deletion of the LA Capital/Revenue split of costs which identify the separate responsibilities of governors and "landlords" in voluntary aided schools. This should be re-instated.
- 7.4 Secondly, the requirement to do a 3-year budget plan - when the LA does not provide schools with per pupil rates for future years.
- 7.5 It was noted that schools are permitted to use the BACS System for payments and that budget training is open to school headteachers.

8. Date of Next Meeting

It was agreed that there would be only one meeting in the summer term and that would be

17th June 2021 - 1400 to 1530.

VIA ZOOM

Members should delete the 13th May 2021 and 8th July 2021 dates in their calendars

**Annex A
SCHOOLS FORUM ATTENDANCE SHEET**

11th March 2021

VOTING MEMBERS

NAME	CONSTITUENCY	PRESENT
Janice Babb	Primary School Headteacher	Yes
Susannah Bellingham	Primary School Headteacher	Apologies
Pia Longman	Primary School Headteacher	No
Vacant	Primary School Headteacher Community	
Trevor Cunningham	Primary School Governor	Yes
Vacant	Primary School Governor VA	
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
Nick Tildsley	Academy (Primary)	Yes
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 from LA
Catherine May	Diocesan Boards	Yes
Betty Joseph	Trade Unions	Yes

Senior Officers in Attendance

Nina Dohel	Yes
Tim Jones	Yes
Dave Richards	Yes with colleagues
Yvonne Ely	Yes
Jenny Brennan	No
Kevin Morris	Yes
David Cross	Clerk

Date: 17 June 2021	Item 5	Type of report: For decision
Report title:	Dedicated Schools Grant Outturn 2021-22	
Author name and contact details:	Dave Richards Dave.richards@southwark.gov.uk	
Officer to present the report:	Dave Richards	

Executive Summary

This report sets out the outturn of the Dedicated Schools Grant (DSG) for 2020-21 which includes the carry forward to 2021-22.

Schools Forum Actions

The Schools Forum is asked to:

- Note that the Dedicated Schools Grant was in a deficit £20.6m at the end of 2020-21 financial year which included the deficit carry forward of £18.5m from 2019-20.
- Agree that that the deficit will be carried forward to 2021-22.
- Note the position is provisional subject to external audit opinion.
- That the position on maternity is noted and will be reviewed next year.

1. Dedicated Schools Grant 2020/21

- 1.1 Members will recall that the Local Authority reported to the January Schools Forum that the forecast for the Dedicated Schools Grant (DSG) was showing a likely end of year deficit of £21.7m, as detailed below

	DSG Allocation 2020-21 £000s	Predicted Over/ (Underspend) £000s
Schools Block	120,627	0
Central services block	1,692	0
High Needs Block	48,097	3,200
Early Years Block	26,645	0
Total	197,061	3,200
Deficit carry forward from 2019-20		18,525
Final Outturn position Deficit		2,100
Total deficit to be carry forward		20,625

The final position was an overspend of £2.1m in comparison with the £3.2m predicted in the above table. This figure though is still subject to external audit.

- 1.3 The key movements between the January forecast and the outturn position relate to the high needs budget which ended being overspent by £2.1m, lower than expected. This was mainly due to a large underspend on the Alternative Provision budget of £700k. A cautious approach had been taken during the year partly due to COVID-19 and the likely numbers of children that would be needed to be supported as well the impact of new online tuition. The growth in pupils with Education, Health, Care Plans (EHCPs) was not as great as the original forecast built into the budget monitoring statement, and this brought the cost of the placements down.
- 1.4 Under the current regulations the Schools Forum has a responsibility to decide whether to agree to the carry forward of a deficit on central expenditure to the next year to be funded from the schools budget.

2.1 Financial position on de-delegated budgets and Growth Fund

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	1.1	0.6
Behaviour Support services	1.6	1.6	0

2020-21	Budget £m	Forecast Outturn £m	Over/ (Underspends) £m
Maternity	0.8	0.4	(0.4)
Trade Unions	0.1	0.1	0
Growth Funds	0.1	0.1	0
Falling Rolls*	1.5	0.2	(1.3)

2.2 Schools in financial difficulty

The overspend of £0.6m relates to the capital cost of redundancies, which will be recovered from schools during the next financial year.

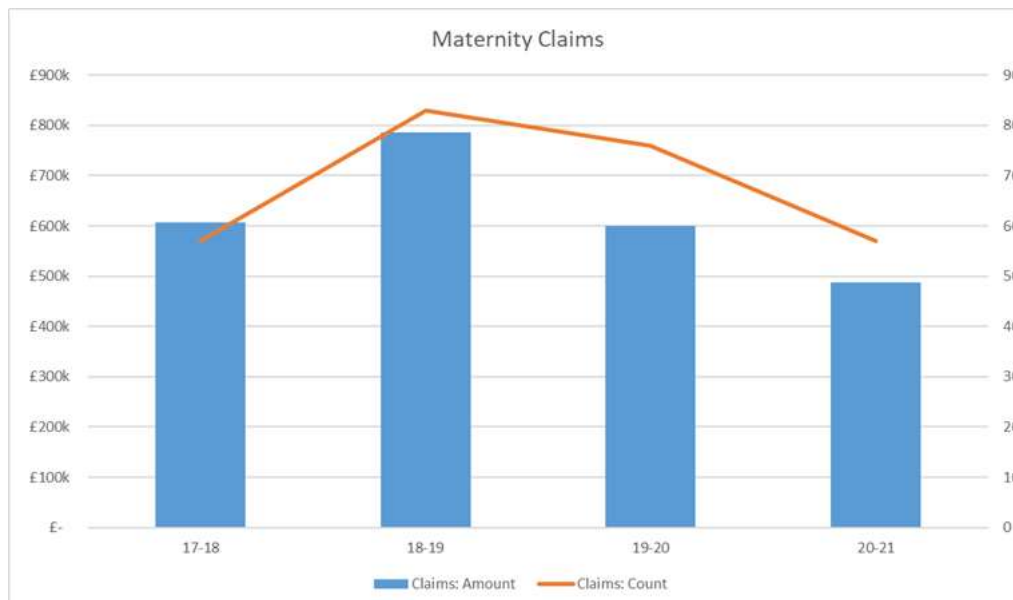
2.3 Maternity

This balance has been carried forward for the Schools Forum to determine their approach. Maternity is somewhat difficult to predict, some years it can be high and other years low. Over the past two years the number of incidences of maternity has declined. Prior to this they were on the rise and one of the ways to balance the budget was to reduce the contribution rate the fund pays out. Currently the funds pays out 70% of the cost.

There are a number of options going forward:

Ref	Option	
A)	Return the balance to schools	
B)	Increases the contribution rate going forward	
C)	Both the above - Return the balance to school and Increases the contribution rate going forward	
D)	A 'wait and see' policy could be adopted to see if the number of cases increases this year	

The trend in payments and the number of cases are shown in this graph:



The impact of COVID-19 may be impacting on these figures and the downward trend may not continue. It is recommended to the Schools Forum to wait another year before reviewing the fund.

2.4 Falling Rolls Funds

There was a balance at the end of the year of £1.4m and this has been carried forward to 2021-22. There are however a number of demands on the fund. Members will be aware that we are strategically reviewing our schools provision. One school is closing at the end of the academic year. The pupils will be attending other schools and we now have a number of schools where it may be necessary to provide support. This will be dependent on individual circumstances. Of course, under the funding system no funding will be provided to these schools until April 2020 as schools budgets are calculated on a lagged basis. With the scale of the financial difficulties schools are facing it would seem unwise to distribute the funding at this stage.

3. Conclusion

The outturn position contained no real surprises although the reduced overspend on the high needs blocks is welcome. The DSG is still under significant financial pressure which cannot continue. The spend on the High Needs Block needs to be addressed through a recovery plan, otherwise it will destabilise both Schools' and the Councils' finances. It is important that the new recovery plan agreed in January 2021 is carefully monitored during the year.

Date: 17 June 2021	Item 6	Type of report: For discussion
Report title:	Maintained School Balances 2020-21	
Author name:	Dave Richards, Senior Finance Manager	
Officer to present the report:	Dave Richards, Senior Finance Manager	

Executive Summary

This report provides the annual update of the maintained school balances as at 31 March 2021.

Schools Forum Actions

To note:

- the schools' cumulative revenue balances have increased from £10.9m as at 31 March 2020 to £13.8m as at 31 March 2021.
- there are 18 schools in deficit as at 31 March 2021 (24 were in deficit as at 31 March 2020)

1. Total School Revenue Balances at the end of 31 March 2021

- 1.1 The year-end revenue balances held by schools show an increase of £2.9m from £10.9m to £13.8m.
- 1.2 There are now 18 schools that have a revenue deficit, which represents 24% of our schools. There were 25 (33%) schools that operated an in-year deficit in 2020/21. That is, they spent more than they received in 2020-21. They have supported their funding by using their previous years' carry forward. With the pupil numbers falling there is only a limited time that this can continue.

The Table below shows the total revenue balances by sector at the end of the 2020/21 financial year. Appendix A also provides the capital balances.

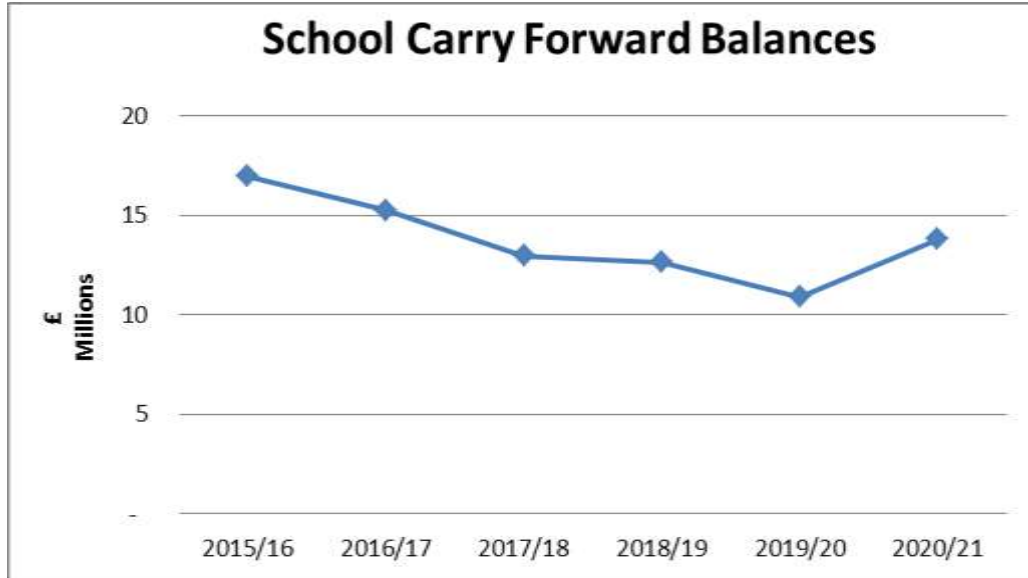
**Table 1: Schools' Cumulative Revenue Balances at 31 March 2021
(- is a deficit)**

Phase	Number of Schools	2020/21 Cumulative Revenue Balances	Average Cumulative Revenue Balance	Lowest Cumulative Revenue Balance (including deficits)	Highest Cumulative Revenue positive Balance
Nursery	5	99,872	19,974	-135,666	399,485
Primary	59	8,781,751	148,843	-582,904	1,986,729
Secondary	3	1,646,928	548,976	195,009	1,063,604
Special	8	3,284,043	410,505	137,737	857,581
Total	75	13,812,594			

Note - Special Schools includes Hospital Schools and the Pupil Referral Unit. The Table excludes balances held by academies and free schools.

- 1.3 A comparison of the total revenue held by schools over the past four years is provided in the table below.

Table 2: Five Year Trend Analysis of Revenue Balances update



- 1.4 Appendix A contains a list showing each school’s revenue balances.

2. Controls on Surplus Revenue Balances

- 2.1 The Schools Forum has supported the Local Authority’s controls on surplus revenue balances using thresholds of 5% for secondary schools and 8% for other schools. A breakdown of the number of schools holding revenue balances in excess of the threshold by phase is outlined in the table below:

Table 3: Schools in Excess of Agreed Threshold

Phase	2020-21 No. of schools	2019-20 No. of schools	2018-19 No. of schools
Nursery	1	1	2
Primary	23	26	19
Secondary	2	2	2
Special	8	7	6
Total	34	36	29

- 2.2 When a school exceeds the threshold, they have to include in their budget return to the Local Authority details of how they will use the carry forward. This return is due on the 31 May 2021.
- 2.3 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 September Schools Forum.

3. Schools with deficit balances

- 3.1 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.
- 3.2 The schools with deficit balances at the year end of 31st March for the past 3 years are shown below:

Table 4: - Trend Analysis of Deficit Balances

Schools Phase	Number In Deficit 2020-21	Number In Deficit 2019-20	Number In Deficit 2018-19
Nursery	3	3	2
Primary	15	20	15
Secondary	0	0	1
Special	0	1	1
Total	18	24	19

- 3.3 The list includes 3 schools which have moved into deficit this year. There are 9 schools which have moved out of deficit. The Schools Finance Team are actively working with the schools to ensure they all have licensed budget recovery plans in place.
- 3.4 The table above is calculated using the total revenue balances for schools, including any community focussed extended services balances. The previous years' data has been amended from that previously reported to show a like-for-like comparison and to remove schools that have subsequently become academies.

4. Change in carry forward

- 4.1 The analysis of the increase in carry forwards shows the overall spending in schools has significantly decreased in the following areas:

	£m	%
Learning resources	1.5	-28.0%
Catering supplies	1.2	-17.0%
Agency supply teaching staff	2.7	-42.2%

The following expenditure increased:

	£m	%	
Cleaning and caretaking	0.4	15.8%	
ICT learning resources	0.4	20.3%	

Income from lettings and facilities fell by £2.1m (43%) but this was matched by extra income through government support for COVID-19 of £2.0m

Dialogue with colleagues across London shows there are similar patterns of increasing carry forwards in other London Boroughs, although a full analysis is not yet available.

5 Overall Financial Position

- 5.1 The council is looking at a range of ways to reduce the surplus capacity across the primary school estate. We have brought in additional capacity in the areas of finance and places planning to help develop a long- term strategy we can share with school leaders and stakeholders.
- 5.2 An officer/elected member group has also been convened that will help refresh council commitment and approach to supporting schools. There is also discussion with school leaders, governors, chairs of primary heads on how best to capture their views and ideas and share information.
- 5.3 Managing capacity will necessitate further capping of Published Admission Numbers (PANS). We are part way through the closure of one primary school but wish to avoid any further permanent school closures. The LA has identified the planning areas of most concern and are already in discussion with the schools most seriously, significantly and immediately affected.

6 Conclusion

While the increase in the carry forward is good news the overall reduction in pupil numbers shows schools' financial positions are still likely to deteriorate in the long term. The increase in the carry forward this year does buy us a little time to put in place the necessary re-organisations to manage the situation.

Appendix A – Schools Closing Revenue Balance at 31 March 2021

Nursery Schools

Sequential School Number	Closing revenue balance at 31 March 2020	Closing revenue balance at 31 March 2021	Balance Control Mechanism Percentage	Capital Balances as 31 March 2021
1	£344,958	£399,485	38%	£9,190
2	(£16,485)	£14,682	2%	£30,977
3	£30,769	(£54,573)	-6%	£34,559
4	(£92,402)	(£124,057)	-8%	£73,326
5	(£162,933)	(£135,666)	-17%	£42,379
Nursery Schools	£103,907	£99,872	1%	£190,431

Primary Schools

Sequential School Number	Closing revenue balance at 31 March 2020	Closing revenue balance at 31 March 2021	Balance Control Mechanism Percentage	Capital Balances as 31 March 2021
6	£1,977,351	£1,986,729	91%	£21,819
7	£1,097,296	£891,293	32%	£0
8	£518,367	£816,488	28%	£0
9	£404,346	£636,647	30%	£0
10	£417,165	£532,007	25%	£0
11	£472,531	£489,681	13%	£0
12	£658,830	£481,687	22%	£0
13	£371,818	£462,749	21%	£11,629
14	£358,671	£390,229	28%	£0
15	£193,249	£343,343	11%	£0
16	£304,134	£319,811	9%	£6,430
17	£91,818	£319,407	8%	£43,853
18	£152,941	£315,801	9%	£0
19	£180,585	£308,100	12%	£55,391
20	£273,970	£288,160	19%	£4,577
21	£296,097	£270,020	9%	£46,711
22	£268,563	£264,053	18%	£0
23	£169,369	£250,179	7%	£9,013
24	£166,951	£185,801	12%	£0
25	(£115,128)	£171,823	4%	£367
26	£271,538	£171,424	7%	£62,306
27	£15,585	£161,842	6%	£14,408
28	£204,057	£154,694	6%	£0
29	£53,741	£152,229	19%	£0
30	(£34,864)	£132,065	5%	£74,017
31	£35,911	£130,805	9%	£10,379
32	£23,057	£128,457	9%	£0
33	£144,054	£122,179	10%	£0

34	£137,364	£121,508	8%	£0
35	(£8,435)	£95,348	9%	£54,398
36	£72,692	£94,768	7%	£0
37	£26,036	£94,084	6%	£1,408
38	(£78,808)	£90,523	3%	£7,165
39	£58,754	£87,565	4%	£0
40	(£112,088)	£84,805	3%	£0
41	£44,187	£65,232	12%	£544,243
42	(£19,436)	£61,089	6%	£16,086
43	£93,466	£55,362	4%	£0
44	£19,237	£54,132	4%	£26,228
45	£94,750	£49,512	4%	£5,943
46	£58,258	£22,769	1%	£13,717
47	£78,371	£10,355	0%	£59,943
48	(£18,260)	£9,435	0%	£0
49	£5,491	£600	0%	£7,559
50	£6,310	(£8,162)	0%	£0
51	£25,200	(£15,227)	-1%	£0
52	(£88,112)	(£63,330)	-6%	£0
53	(£163,812)	(£66,635)	-5%	£26,815
54	(£227,761)	(£86,980)	-7%	£0
55	(£94,943)	(£126,285)	-6%	£0
56	(£112,713)	(£128,330)	-8%	£17,990
57	(£229,226)	(£144,674)	-9%	£15,824
58	(£156,472)	(£152,763)	-6%	£0
59	(£188,502)	(£227,159)	-21%	£0
60	(£283,250)	(£283,378)	-12%	£80,010
61	(£429,661)	(£292,352)	-17%	£28,720
62	(£268,678)	(£397,556)	-14%	£48,122
63	(£443,545)	(£517,304)	-42%	£13,470
64	(£19,023)	(£582,904)	-23%	£49,970
Primary Schools	£6,749,394	£8,781,751	7%	£1,378,513

Secondary Schools

Sequential School Number	Closing revenue balance at 31 March 2020	Closing revenue balance at 31 March 2021	Balance Control Mechanism Percentage	Capital Balances as 31 March 2021
65	£1,006,783	£1,063,604	13%	£0
66	£421,297	£388,316	7%	£53,857
67	£30,492	£195,009	3%	£95,082
Secondary Schools	£1,458,572	£1,646,928	8%	£148,939

Special Schools

Sequential School Number	Closing revenue balance at 31 March 2020	Closing revenue balance at 31 March 2021	Balance Control Mechanism Percentage	Capital Balances as 31 March 2021
68	£814,273	£857,581	24%	£8,860
69	£497,146	£677,883	25%	£33,395
70	£298,138	£431,310	25%	£37,351
71	£283,882	£356,539	32%	£42,140
72	£244,382	£296,399	13%	£15,114
73	(£12,202)	£292,417	10%	£70,150
74	£210,162	£234,177	10%	£374
75	£93,765	£137,737	12%	£16,201
Special Schools	£2,429,546	£3,284,043	19%	£223,585
TOTAL	£10,741,419	£13,812,594		£1,941,469

Date:17 June 2021	Item 7	Type of report: For Discussion
Report title:	2021-22 Dedicated Schools Grant Budget Monitoring and Financial Update.	
Author name and contact details:	Dave Richards Dave.Richards@southwark.gov.uk	
Officer to present the report:	Dave Richards	

Executive Summary

This report sets out the in-year budget monitoring for the 2020-21 Dedicated Schools Grant (DSG) as at 31st May 2021 and provides an update on the latest school finance events.

Schools Forum Actions

That the Schools Forum

- To note the DSG forecast position for the year ending 31 March 2022.

1. Overall Position

1.1 This is an early look at budget monitoring and so 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 on budget monitoring is summarised in the table below:

	DSG Allocation 2021-22 £000	Over/(Underspend) £000
Schools Block	122,343	0
Central services block	1,782	0
High Needs Block	52,840	0
Early Years Block	26,690	0
Total	203,654	0
Deficit carry forward from 2020-21		20,595
Total deficit at the end of the year 2021- 22		20,595

The 2021-22 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 Block

- 2.1 The High Needs block remains the main risk area in the DSG. The current deficit recovery plan shows that we will be in a balanced position at the end of this year. At the moment the early indications are good that this will be achieved. As this is a needs led budget, this forecast is highly subjective and could change significantly during the year.

3. Financial Position on De-delegated Budgets and Growth Fund

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	1.4	1.4	0
Maternity	0.8	0.8	0
Trade Unions	0.1	0.1	0
Growth Funds	0.1	0.1	0
Falling Rolls	0.2	0.2	0

4 Other topics

4.1 Early Years Census Counts Summer / Autumn

- 4.1.1 The Department for Education plan to change the 2021-22 basis of funding Local Authorities for early years to reflect the change in circumstances surrounding COVID-19. There will be an option available whereby the summer term 2021 can be funded on the May 2021 census (rather than the January 2021 census) and the autumn term 2021 can be funded on the October 2021 census (rather than January 2022 census).
- 4.1.2 If data submissions are made to the DfE for both the summer and autumn terms, this data will be used for funding purposes. If either returns are not submitted, the funding basis will remain the two relevant January census numbers. The spring term 2022 will be funded based on the January 2022 census, whichever option applies to summer and autumn 2021.
- 4.1.3 The LA will submit the summer term return and then make a decision on submitting the autumn term return based on an assessment of the data for the summer and autumn terms and the financial impact on the authority. If the option available is not advantageous to Southwark and its schools, the second return will not be submitted. This assessment will in part be based on estimated numbers for 2022, so will contain an element of risk.

4.2 NNDR (Business Rates) changes

- 4.2.1 The DfE has consulted on a system to centralise the payment of National Non-domestic Rates (NNDR), more commonly known as business rates, for state-funded schools from the 2022-23 financial year onwards.
- 4.2.2 Under the proposal the Education and Skills Funding Agency (ESFA) will pay schools' business rates directly to the billing Local Authority on behalf of the schools. To enable this, they will collect the payment details from each Local Authority. Then the Local Authority will supply payment information to the schools to allow for local accounting for their business rates obligations.

4.3 Scheme of delegation

As requested at the March Schools forum, the LA Capital/Revenue split of costs which identify the separate responsibilities of governors and "landlords" in voluntary aided schools has been re-instated and published on the website.

4.4 Central overheads

The central overheads review is underway and a report will be brought to the Schools Forum meeting in October.

4.5 "My Financial Insights" Website

4.5.1 This is a website which will shortly be made available to maintained schools via their DfE Sign-In. The site has been in use by academies for the last year and uses benchmarking to provide schools with insights into the financial position and performance of their school. It identifies areas that may require further attention and matches the data with relevant guidance and resources.

4.5.2 It aims to identify:

- areas to investigate (through graphical dashboards)
- the scale of the issue (by comparing a school's costs to its 30 most statistically similar schools)
- potential ways to help address the issue (by providing links to frameworks, contracts and guidance for the cost category being looked at).

Whilst there is some overlap with the Schools Financial Benchmarking website, the My Financial Insights site has a narrower focus and easy flow through to guidance on addressing the issues raised.

4.6 Pupil Premium count dates

4.6.1 The Pupil Premium funding is usually calculated on the basis of the January count. Instead, the DfE will now use the October number prior to the start of the year, which aligns it to the school budget share calculation. The Pupil Premium count is largely based on the number of children on roll that have been eligible for free school meals (FSM) in the previous 6 years. As this number is currently rising the funding for schools is likely to be lower than if the change had not taken place.

4.6.2 However, with FSM numbers having risen so greatly between January 2021 and October 2021, the Southwark allocation is still expected to be higher than received last year - this increase though may not be sufficient to meet all needs.

4.7 Pension / Pay grants for Early Years setting and Post 16 establishment.

The DFE has now confirmed that these institutions will continue to receive a separate grant. The grant funding for Reception to Year 11 pupils has been amalgamated into the School Budget Share (SBS), but as nursery and post 16 pupils are not covered by the SBS, separate arrangements were required.