

**SOUTHWARK CHILDREN'S SERVICES
SCHOOLS FORUM**

Members are requested to attend a meeting held via Zoom

Thursday 10th December 2020 2.00pm – 3.30pm

David Cross

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All documents distributed in advance will be taken as read

AGENDA

ITEM

1. Apologies for Absence, and to confirm quorum (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 1st October 2020 **Page 2** (10 minutes)
 - a) Accuracy
 - b) Matters Arising not on the Agenda
 - i) Mechanism for Allocating £1.4m to assist schools with falling rolls will be brought back to December 2020 meeting.
4. Minutes of the Meeting of 26th November 2020 **Page 6** (5 minutes)
 - a) Accuracy
5. Dedicated Schools Grant- 2020-21 Budget Monitor and Constitution of Panels including Scrutiny of Schools Balances **Page 9** (15 minutes)
6. DFE COVID-19 Claims Update - **Verbal** (10 minutes)
7. Dedicated Schools Grant - 2021-22 Retained Budgets **Page 21** (30 minutes)
8. Dedicated Schools Grant - 2021-22 - Schools Funding Formula **Page 36** (30 minutes)
9. A.O.B. Any items must be with the Clerk by Noon 7th December 2020 (5 minutes)
10. Dates of Further Meetings for 2020/21

14th January 2021, 11th March 2021, 13th May 2021 and 8th July 2021

THE SOUTHWARK SCHOOLS FORUM

MINUTES OF THE MEETING

Thursday 1st October 2020

1. **Attendance and Apologies:** - See Annex A - The clerk welcomed Nick Tildsley, the Primary Academies representative and Dave Richards introduced Humphrey Thompson, a CIPFA trainee in Southwark Schools Finance as an observer.

2. **Quorum:** The Clerk confirmed that the meeting was quorate - Note that the meeting was conducted via Zoom meeting technology.

3. **Election of Chair**

The clerk had received one nomination and asked if there were any others . There were no others so Sister Anne Marie Niblock was elected as Chair.

4. **Election of Vice Chair**

The clerk asked for nominations and Janice Babb was proposed, there being no others Janice Babb was elected as Chair.

The Vice Chair took the chair for the meeting and asked that all attendees introduced themselves.

Nina Dohel then gave her apologies and left the meeting to deal with an urgent Inspection matter.

5. **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.

6. **Minutes of the Meeting of 19th July 2020**

6.1 These were agreed for accuracy

6.2 Matters Arising:

a) Mechanism for Allocating £1.4m to assist schools with falling rolls - Dave Richards reported that this was still being considered and will be brought back to December 2020 meeting.

c) High Needs Block - 2020-21 - Change to Resource Base Funding- Yvonne Ely confirmed that the relevant schools had been informed of the change to funding from September 2021.

7. **Dedicated Schools Grant- 2020-21 Budget Monitor**

- 7.1 A report setting out the position as at 31st August 2020 had been previously circulated and showed that the deficit had gone up by £1.7m with the High Needs block remaining the main pressure on the DSG budget. The LA have asked that a special meeting of the Schools Forum be held to look at the proposals the LA is drawing up to rectify this deficit before it is discussed further with the EFSA.
- 7.2 The LA reported that the current Deficit Recovery Plan showed the end of year deficit growing to £19.6m, this assumes growth in placements of 100 at an average cost of £17k. However, the current growth in numbers is exceeding this forecast with it approaching 250 placements. It is currently expected that with the situation surrounding Covid-19 we may see the numbers of EHCP's stay around this level.
- 7.3 In addition the cost per place is increasing and the forecast allows for an increase to £18k. As this is a Needs led budget, this forecast is highly subjective and could change significantly during the year. Key was to stop the in-year deficit and then work on reducing the cumulated deficit. Once again, the cost of High Needs post 19 places is high with a reluctance of Southwark's adult provision picking up the spiralling cost of funding the individual pathways being formulated.
- 7.4 The De-delegated budget for Maternity, although currently projecting an underspend will likely reverse into an overspend as the number of claims is expected to increase. With regard to reimbursement by the EFSA of schools claims (both maintained and academies), Kevin Morris will be asking them to notify him of any outstanding monies due. The first part of the Covid-19 Catch Up funding is starting to be received by schools.
- 7.5 The report contained anonymous details of maintained schools balances year on year for the past five years. This showed that a number of schools were accumulating balances above the agreed threshold although they are required to give detailed plans of their proposals to spend and reduce the balances. Work had been done by the LA but not all school projects had been followed up. It was agreed that specific schools need to be told and believe that if their balances are not reduced it will be removed.
- 7.6 At the other end of the spectrum there were schools in deficit - some had been so for several years and it could be seen that these were increasing. It was noted that phases were not identified .
- 7.7 The LA said that further work will be done and the issue brought back to the December 2020 meeting.

8. DSG Settlement 2021/22

- 8.1 A report, previously circulated, gave details of the announcements made by the DFE so far and included consolidating the various specific pensions and pay grants , including the supplementary grant into the AWPU of the 2021/22 funding rates. The latter could impact negatively on specific schools that had claimed that grant.
- 8.2 A second change will be because of using the updated IDACI for social deprivation, although the quantum of funding will remain unchanged, the distribution across schools will impact. Although, this may be offset by the application of the Minimum Funding Guarantee.
- 8.3 Nationally there is an extra £2.2bn (4%) in the schools block and provisional figures indicate that Southwark schools will receive an extra 2%. However, pay

awards are running higher than this, while general inflation is lower and equates to a standstill budget at best, but schools will need to manage pupil reductions as all figures will need to be updated for the pupil numbers at the October 2020 pupil number census. It is uncertain how the pupils not on roll on the census day will be handled by the Department of Education and how it could impact financially on schools.

- 8.4 Nationally, High Needs funding will increase by a further £730m, or 10%, with the increase for Southwark being 8% (£4.3m) although the cash figure will be higher (£5.1m) as the existing grants for pay and pensions are being merged into the high needs block.
- 8.5 It was noted that “the Department will start negotiations with some of those local authorities with the highest Dedicated Schools Grant (DSG) deficits about supporting them to reduce their deficits over time”. It is uncertain what is meant by “negotiations” and “support”.
- 8.6 It was also noted that it was uncertain when a national funding formula could be introduced, potentially it could be 2022/23 but it is more likely to be 2023/24 and it is expected as with the majority of inner London schools, Southwark’s schools will lose funding. There are two real possible scenarios one a three-year protection or a minimum funding guarantee, set at a negative percentage.

8. Financial Transparency

- 8.1 The report gave details of the Department for Education (DFE) consultation on the Financial Transparency of local authority-maintained schools and academy trusts with the main impact on the Local Authority as well as Schools.

- 8.2 For schools there will be:

- a) a requirement for maintained schools to provide LAs with three-year budget forecasts

- b) the need to provide a list of Related Party Transactions (RPTs) to their Schools Financial Value Standard (SFVS)

- c) to submit a recovery plan to their maintaining authority when their deficit rises above 5%

- d) to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings

and Local Authorities to:

- a) provide the DFE high level action plans in which the number or proportion of school revenue deficits over 5% is above a certain number

- b) the DFE will publish names of LAs online if they fail to comply with deadlines for returns to the Department

- 8.3 The Chair said that until such time as the LA gives schools accurate details of 3-year funding then any figures for a maintained school will not be worthwhile. Mike Antoniou said that academies only provide very high-level budgetary figures and the EFSA are looking for deficits and to ensure academies are looking ahead.

8.4 The Chair summed up the general discussion by noting that it would appear that whatever the EFSA is currently requiring of academies, it will eventually be applied to maintained schools. As they are directed changes, they will be built into each authority's Scheme for Financing Schools.

9. Dates of Future Meetings

These were noted as was the LA's request to have a special meeting on the Deficit Recovery Plan - LA to liaise with Clerk with options for dates.

The meeting closed at 15.15

Annex A

SCHOOLS FORUM ATTENDANCE SHEET 1st October 2020

VOTING MEMBERS

NAME	CONSTITUENCY	PRESENT
Janice Babb	Primary School Headteacher	Yes
Susannah Bellingham	Primary School Headteacher	Yes
Pia Longman	Primary School Headteacher	Apologies
Vacant	Primary School Headteacher	
Trevor Cunningham	Primary School Governor	Yes
Vacant	Primary School Governor	
Rebecca Sherwood	Nursery School Headteacher	Apologies
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
Catherine May	Diocesan Boards	Yes
Betty Joseph	Trade Unions	Yes

Senior Officers in Attendance

Nina Dohel	Yes for part of meeting
Tim Jones	Yes
Dave Richards	Yes with
Yvonne Ely	Yes
Kevin Morris	Yes
David Cross	Clerk

THE SOUTHWARK SCHOOLS FORUM

MINUTES OF THE MEETING CONDUCTED VIA ZOOM

Thursday 26th November 2020

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. **High Needs Working Group Annual Report**
 - 4.1 This had been circulated with the agenda along with a covering summary report and appendices and asked the Schools Forum to consider the proposals of the Local Authority regarding the high needs funding block of the 2021-22 Dedicated Schools Grant and the introduction of the National Funding Formula.
 - 4.2 The LA said that the work of the sub group over past two years has largely been around the scrutiny of costs to ensure that the LA has an in-year budget balance and the LA reported that the budget will be balanced next year. The LA outlined the financial challenges still faced and the continuing rise of incidences of special needs.
 - 4.3 Three work streams were identified which were not a short term strategy with quick wins but a longer term reshaping of services that require up front investment in order to deliver the outcomes and provide the better use of resources and cost reductions.
 - 4.4 The current work of the Group has brought the annual deficit of the High Needs block down by £6 to £7m to £3.2m. The savings have been largely achieved through reducing the central Local Authority costs of the High Needs block and bringing children back to Southwark from outer borough placements. The strategy to date has worked well while maintaining support to SEND children.
 - 4.5 The Deficit Recovery Plan for the High Needs is based on upfront investment in three projects to deliver savings in the long term. These savings are needed to address the continued growth in the number of children and young people with EHCP's and need support.
 - 4.6 This proposal specifically relates to the transfer of £3.1m from the schools block, in 2021-22 and move this to the high needs budget (In 2020-21 a transfer of £3.2m was made). The funding transfer keeps the status quo and does not ask schools to provide more funding. Of the £3.1m, £1.2m can be agreed by the Schools Forum (this will be officially considered at the January 2021 meeting), the remaining £1.9m under the school operational guidance will need the approval of the Secretary of State, although the opinion of the Schools Forum is also needed for this application.

- 4.7 The funding is not currently within each individual schools' budget and under these proposals no school will see their funding reduced from this year, although some schools will receive more funding (£400k) as one of the projects incorporates an incentive scheme for schools to be inclusive.
- 4.8 The trajectory of the savings and medium-term financial plan show shows that in the following year the investment need is lowered to £0.7m meaning £1.2m can be retained and delegated to all primary and secondary schools and academies.
- 4.9 The LA then summarised the work streams that were contained in detail in the full Report. Concern was expressed over the achievability of reducing costs but it was pointed out that where a place at Spa Camberwell may cost £30k a place - if the young person went out borough it would be around £60k, and that for 5 years alone amounts to an additional £150k. It was asked that when the LA returns with updates on the workstreams that they are quantified with the achievability and risks associated with each and how they may be mitigated.
- 4.10 It was also stressed that pathways are always just education related- it may be better for the young person that they go down a route of an apprenticeship or a non-educational establishment. There are currently 145 out borough placements costing £7m.
- 4.11 Following a question, the LA confirmed that because they have access to birth data they are able to better predict future trends of the children with more severe needs. It was felt that the existing school Resources Bases are already taking more complex needs children than they were originally intended for.
- 4.12 The Schools Forum suggested that the issues looked at this meeting be given to schools when the LA consults with them.
- 4.13 The members then responded to each proposal made by the LA as follows:
The Schools Forum noted that the LA will be consulting schools and academies regarding the block transfer of £3.1m in 2021-22 from the Schools Block to the High Needs Block of the Dedicated Schools Grant This will be made up of the block transfer up to 0.5% of the DSG i.e. £1.2m which the Schools Forum has the authority to agree and the LA making a disapplication request for the balance of £1.9m from the Schools Block to the High Needs Block of the Dedicated Schools Grant for the Secretary of State to agree.
- 4.14 The Schools Forum noted that as a consequence of 4.13 above the Local Authority will report back on the outcome of the consultation to the Schools Forum for a final decision of the Schools Forum in January 2021.
- 4.15 The Schools Forum noted that the LA will need to carry out an equalities impact assessment as part of the consultation with the relevant stakeholders.

5. National Funding Formula 2021-22

- 5.1 LA said that the Department for Education had asked the LA to consider whether to implement the national funding formula, due to the fact that all but three primary and secondary schools were on the minimum funding guarantee and so will have no impact. As a consequence, the LA proposed to consult schools on this and bring back the results to the Schools Forum in January 2021.

- 5.2 The Schools said that much more detail is needed to assess the impact and evaluate winners and losers of a new formula and said that if there is no difference then why actually change.
- 5.3 Therefore without clarification over the government's position regarding the Minimum Funding Guarantee; assurances of its rate and the potential consequences for individual schools of its application, the Schools Forum was not in a position to make an informed decision with respect to supporting the LA or otherwise.

Finally, the Schools Forum thanked all those involved for their work on the sub-group

6. Dates of Future Meetings

These were noted

The meeting closed at 15.15

Annex A

SCHOOLS FORUM ATTENDANCE SHEET

26th November 2020

VOTING MEMBERS

NAME	CONSTITUENCY	PRESENT
Janice Babb	Primary School Headteacher	Yes
Susannah Bellingham	Primary School Headteacher	Yes
Pia Longman	Primary School Headteacher	Yes
Vacant	Primary School Headteacher	
Trevor Cunningham	Primary School Governor	Yes
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
Nick Tildsley	Academy (Primary)	Yes
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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	Apologies
Betty Joseph	Trade Unions	Yes

Senior Officers in Attendance

Nina Dohel	Yes
Tim Jones	Yes
Dave Richards	Yes
Yvonne Ely	Yes
Kevin Morris	Yes
Jenny Brennan	Yes
David Cross	Clerk

Date: 10 December 2020	Item 5	Type of report: For Discussion and Decision
Report title:	2020-21 Dedicated Schools Grant Budget Monitor and Financial Update.	
Author name and contact details:	Tim Jones/ Dave Richards Timothy.Jones@southwark.gov.uk Dave.Richards@southwark.gov.uk	
Officer to present the report:	Tim Jones / Dave Richards	

Executive Summary

This report sets out the Dedicated Schools Grant 2020-21 Period 7 Budget Monitor and proposes revised terms of reference for the Local Authority schools financial panels.

Schools Forum Actions are to:

- Note that the 2020-21 DSG end of year financial forecast position is as predicted in the previous report
- To agree the terms of reference for the Schools Financial Panel, formed through the merger of the Schools Financial Support Panel and the Falling Rolls Panel.
- For LA Maintained Schools only (i.e. not academies and Free Schools) to review and support the Local Authority's school balance control mechanism and make recommendations to the Schools Forum on whether schools balances should be capped.

1. Overall Position

- 1.1 The budget monitor 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 and may be subject to change
- 1.2 The overall position of the budget monitor for period 7, October 2020 is summarised in the table below:

	DSG Allocation 2020-21 £m	Over/ Underspend) £m
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 2018-19		18,525
Total deficit		21,725

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 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 it approaching 250 placements. It is currently expected that with the situation surrounding Covid-19 we may see the numbers of EHCP's stay around this amount. We are also seeing that the cost per place is increasing and the forecast allows for an increase to £18k. 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/ (Underspend) £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

4 Schools in financial difficulty and Maternity

- 4.1 As members will be aware, the current difficult financial position of schools 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.
- 4.2 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 subjective to predict.

5. Schools in financial difficulty panel and other funding panels.

5.1 The Schools Forum supported the Local Authority’s proposal to merge these groups into one rather than two separate groups requiring both significant input from headteachers and officers. The terms of reference have been looked at and the revised terms are attached in Appendix A. It is proposed to call the reformed panels, the Schools Financial Panel (SFP). The main changes are to the falling rolls fund. These changes loosen the criteria to be used for applying to fund as well as allowing the opportunity for support to be provided to those schools who have begun their journey to form a larger school by right sizing with other schools, in some shape or form. .

6. Balance Control Mechanism

6.1 Information has been collected from the schools on when they intend to spend their excess balances. Schools categorised it as either being already spent, to be in spent in the remainder of the year or to be spent in future years. One school did not explain their full excess balance and in the table below it is shown as “unexplained”.

	Excess Balnce	Amount Spent By End Of Quarter 2 2020-21	Spend Anticipated In Remainder Of 2020-21	Spend Anticipated In Future Years	unexplained
		£	£	£	
School 1	1,807,576	-	37,853	1,769,723	
School 2	874,988	61,902	64,932	744,706	3,448
School 3	522,832	-	155,000	-	367,832
School 4	487,988	125,498	131,373	240,000	
School 5	350,482	-	350,000	-	482
School 6	632,637	-	15,000	620,000	
School 7	310,533	-	310,533	-	
School 8	284,455	8,407	185,593	100,000	
School 9	242,008	-	-	242,008	
School 10	183,547	67,500	121,500	-	
	5,697,046	263,307	1,371,784	3,716,437	371,762

6.2 Each of the above schools have around 5 or 6 areas or projects on which they plan to spend their excess balance. It would probably be unfair to cap a school without looking at each project in detail before making a capping decision. For instance, one of the schools are out to tender for works but those works will not be underway for sometime. Some of the projects maybe acceptable and reasonable to agree they should be delayed while others may not. The LA believes that full Schools Forum is probably not the most suitable body to consider such detail which would require a lot of “forensic” being gathered by the LA from schools.

6.3 It is, therefore, proposed that the Schools in Financial Difficulty Panel look at the Balance Control Mechanism as this will allow a more detailed discussion of the schools circumstances than can be achieved at the full Schools Forum. The Panel would then make recommendations to the Schools Forum for consideration with the appropriate documentation who would then state whether they support or not the actions being recommended to the LA . The Panel next meets on the 7 January 2021.

Schools' Financial Panel (SFP): Terms of Reference

Contents

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Section 3	Who can apply for funding?
Section 4	The role of the panel
Section 5	When can a school submit a request?
Section 6	How often are the meetings held?
Section 7	Panel considerations
	<ul style="list-style-type: none"> a. Redundancies b. Premature retirement costs c. Ill health retirements d. Settlement agreements e. Legal costs and awards f. Licenced deficits g. Other financial support
Section 8	Falling Rolls
Section 9	Membership
Section 10	Schools Contributing to the contingency
Section 11	Application Forms

1. Background

The Scheme for Financing Schools (April 2018) applies to all Southwark maintained schools and makes it clear that it is the duty of each governing body (or other relevant body) to ensure that the school plans and conducts its affairs in order to remain solvent, to apply good financial management practice and follow best value principles in their expenditure.

It is recognised, on occasion, there may be unforeseen or additional costs, which can place additional pressures on a school budget. In these instances, schools (subject to meeting the eligibility criteria) are able to request additional financial support through one of two funds, the Schools Financial Contingency and the Falling Rolls Fund

2. About the fund

Southwark maintained schools elect to contribute to the fund.

Southwark Schools' Forum (hereafter referred to as the "Forum") has the discretion to allocate funds for financial support to **the funds** . This is reviewed on an annual basis.

Southwark Schools' Forum has delegated responsibility to the Schools' Financial Panel (SFP, hereafter referred to as the "Panel") to act on its behalf.

The Head of Schools' HR will oversee the budget of the contingency on behalf of the Southwark Schools' Forum. The Head of Schools' HR has delegated authority from the Forum to authorise requests for financial assistance up to the value of £5,000 on behalf of the Panel from the contingency.

3. Who can apply for funding?

Maintained school, in financial difficulties, who have contributed to the contingency fund can request support from the Panel. All schools including academies can apply to the falling rolls fund.

Maintained schools, where there are no financial difficulties and balances are sound, are **NOT** eligible.

4. The role of the Panel

The Panel will ensure that:

- the fund is allocated in line with accountability for public funds and that this constitutes a reasonable use of public funds;
- it will not support any unlawful decisions proposed or taken by schools to end employment;
- it will not support schools if it determines that the school has acted unfairly or inconsistently, failed to follow agreed employment procedures and/or failed to accept and/or act upon advice given by the authority;

- it will update the Forum on the performance of the funds, to inform the Forum for their annual determination of the overall budget and contributions of individual schools.
- it will review these terms of reference at least annually.

5. When can a school submit a request?

The panel will determine whether to offer financial support to schools, and the amount of any such support, in relation to:

- severance payments to school employees on the grounds of compulsory and voluntary redundancy (including the ending of a fixed term contract by reason of redundancy);
- premature retirement, including ill health retirement;
- settlement agreements made to secure resignations;
- help addressing a deficit balance which has been licenced by the authority.

6. How often are the meetings held?

The Panel will schedule one meeting per half term, but may cancel or schedule further meetings as required. This cycle will be subject to regular review.

7. Panel considerations - contingency

a. Redundancies

The panel may only agree financial support for redundancy payments based on statutory redundancy. Any discretionary and/or enhanced severance payments offered beyond this must be met by the school. **The school will be responsible for any payments made in lieu of contractual notice entitlement.**

Severance payments for compulsory or voluntary redundancies

The Governing Body is responsible for carrying out a whole school staff review. It needs to ensure that the management and deployment of all employees and the allocation of responsibilities and duties is effective and focused on teaching and learning to raise standards.

[Where there is a need to carry out a restructure process, this change should be managed in line with the school's Reorganisation policy and employment legislation.]

Where the school does not have significant revenue balances (i.e. above 8% carry forward for nursery, primary and special schools or 5% for secondary schools), any requests will be eligible for consideration.

The school needs to submit their request for funding for severance costs **PRIOR** to any formal processes. A failure to do so may leave the school liable for any costs arising.

The Governing Body need to have signed off the proposals.

The School needs to provide:

- **The consultation document, which should include the following:**
 - **The rationale for the changes**
 - **The detail of the proposals**
 - **The implementation date for the proposal**
 - **The impact on individual staff, including any possible suitable alternative employment available**
 - **Alternatives to redundancy**
- **An estimate of redundancy costs**
- **The financial impact (savings and costs)**
- **The school budget information**
- **Action the school has already taken to mitigate against potential redundancies**
- **The impact on outcomes for pupils, the impact on teaching and learning and any wider school impact**

Fixed term contracts – redundancy costs

Fixed term contracts are used in the following instances:

- For cover up until a particular date;
- On completion of a specific task.

Employees who are on a fixed term contract have the same employment rights as a permanent employee. An employee becomes eligible for a redundancy payment after two years' continuous service.

(Please note: if an employee has been on a fixed term contract for four continuous years, then their contract will automatically be deemed to be permanent, unless there is objective justification for continuing the contract as fixed term. In the absence of any action taken by the school, the contract will be deemed to be permanent.)

The School needs to provide:

- **A copy of the employee's statement of terms and particulars of employment, which should clearly detail the reason for the fixed term appointment**
- **The legal justification for ending the fixed term contract**
- **Alternatives to redundancy**
- **Any suitable alternative employment – current and possible future**

b. Premature retirement costs

Premature retirement costs, sometimes referred to as capital costs, arising from redundancies will normally be met in full by the school. Arrangements may be made between schools and the pension service to repay premature retirement costs over a number of years.

The Panel will consider these requests in exceptional circumstances.

The school needs to submit their request for funding for severance costs **PRIOR** to any formal processes. A failure to do so may leave the school liable for any costs arising.

The School needs to provide:

- **A financial business case detailing:**
 - **the beneficial impact of the decision for early retirement (e.g. positive impact on pupil outcomes, efficiency savings, etc.);**
 - **information detailing all suitable alternative options have been considered and that this is the most suitable option;**
 - **evidence that the individual employee(s) is(are) eligible for early retirement.**

The School needs to ensure that in this circumstance it has sought and taken advice from the Local Authority and verified the costs of such an agreement.

c. Ill Health Retirements

The decision whether an employee may be eligible for ill health retirement lies with the relevant pension body.

The school is normally expected to meet all costs.

In exceptional circumstances, the Panel may consider a request for financial support as a result of additional costs of ill health retirement incurred by the school for support staff [who are members of the Local Government Pension Scheme (LGPS)]. In all circumstances, the school will be required to make some contribution towards the ill health retirement costs.

The School needs to provide:

- **Financial information regarding its budgetary position and the impact of the ill health retirement costs on the budget, e.g. pupil outcomes, budgetary position, etc.**
- **Evidence that the employee has been accepted for ill health retirement by the LGPS**
- **Latest medical opinion on the individual's fitness to work;**
- **Confirmation from the pension scheme of their determination that the individual is eligible for ill health retirement and a financial analysis setting out the potential costs of agreeing the request.**

d. Settlement agreements

Settlement agreements are only one way of handling potentially difficult employment situations. It is expected that schools, prior to any discussions about settlement agreements, will seek to resolve workplace issues through open dialogue and where appropriate, the necessary HR policies and procedures.

Settlement agreements are legally binding contracts which can be used to end the employment relationship on agreed terms. Their main feature is that they waive an individual's right to make a claim to a court or employment tribunal on the matters that are specifically covered in the agreement. Settlement agreements may be proposed prior to undertaking any other formal process. They usually include some form of payment to the employee by the employer and may also include a reference.

A settlement agreement will not be entered into in respect of any child protection claims or allegations against an individual employee.

For maintained schools, there is a legal risk to the council of liability and as such, the council must be a party to all agreements. Any such agreement must be facilitated via Southwark Council's Legal Services Team, in accordance with the local authority's agreed procedures.

The cost of any settlement payment made as part of the terms of such agreement and any legal costs incurred are normally met by the school.

In exceptional circumstances, the Panel may consider a request for financial support.

The School needs to provide:

- **A completed settlement agreement proposal form, which for maintained schools, has been duly authorised by the Director of Education;**
 - **The Director of Education has agreed for the Local Authority to be party to the agreement (maintained schools only);**
 - **The agreement will secure savings on costs incurred over time in securing a resignation or dismissal through other means and/or is necessary to effect a speedy improvement in the learning and/or progress of pupils;**
 - **The School and/or the Local Authority may be at risk of legal claims and/or financial penalties if such agreement is not made;**
- **A Clear business rationale for why the School has reached a settlement as opposed to following agreed employment procedures;**
- **Evidence that the school has taken advice from the Local Authority on the terms of the agreement, including the settlement sum;**
- **Confirmation that the Local Authority's Legal Services team will be engaged to facilitate the agreement on behalf of the Local Authority and the School;**

e. [Legal costs and awards](#)

An employee or former employee may decide to start a claim against their employer. This can be through an employment tribunal or other external legal system, depending on the claim(s). In such cases, there will be costs incurred in responding to and/or defending the claim(s), irrespective of the potential merits of the case. There is also the consideration that in the event that the individual is successful in their claim(s), there will be the potential for awards to be made against the employer (the school and/or the local authority, where the local authority is the employer).

The School needs to provide:

- **A legal analysis of the case, detailing the merits and risks;**
- **Confirmation that the School informed and took advice from the Local Authority in respect of the matters leading to the claim;**
- **Confirmation that the School has provided the Local Authority with all requested information required to respond to and/or defend the legal action;**
- **Confirmation that the School has accepted and acted upon advice provided by the Local Authority in respect of responding to the legal action.**

The Panel will NOT agree to any financial support in respect of any action or inaction by the Governing Body/Headteacher contrary to the Local Authority's advice and/or where advice was not accepted.

f. Licensed deficits

If a school moves into or predicts a budget deficit, the Local Authority will not be able to write off the deficit balance. Schools may however apply for financial assistance to address the deficit balance by applying to the panel.

Requests will only be considered if the school has engaged with the authority to put in place robust plans to address the deficit over a reasonable time frame. Except in exceptional circumstances, deficits are normally repaid within the following financial year. In some circumstances, schools may apply for and be granted a licensed deficit. *[Advice may be sought on how to do so through the council's finance team.]*

The panel will consider financial support if the following criteria are met:

- A head teacher has been appointed within the last academic year and has identified a deficit of more than 2% of the total funds available to the school, or
- The deficit is more than 2.5% of the total funds available to the school, and
- There is a robust deficit recovery plan in place.

The School needs to provide:

- **A copy of their actual and projected budget;**
- **Details of their deficit recovery plan.**

g. Other financial support

There may be other instances where a school is facing financial difficulty. The Panel has the discretion to consider, in exceptional circumstances, such requests as are relevant and reasonable, where there is sufficient funding available.

h. Re-organisation's

If a school undertakes a re-organisation and submitted an application to the panel, the expectation is that they will not submit a further bid the following year unless there are exceptional unforeseen circumstances.

8 Panel considerations - Falling Rolls Fund

The criteria, all of which must be met, are as follows:

- The school must have been judged Good or Outstanding at their last Ofsted inspection (this is a nationally mandated requirement).
- The surplus capacity must exceed 30 pupils or 20% of the published admissions number, **which ever is the greater.**

- Local planning data needs to show a requirement for at least (25%) of the surplus places within the next 3 years. (If required, schools should contact Ric.Euteneuer@southwark.gov.uk for advice on this.)
- The formula funding available to the school must be insufficient to support the provision of an appropriate curriculum for the existing cohort.
- It will be necessary for the school to make redundancies in order to contain spending within its formula budget.
- The school did not have a surplus balance in excess of 5% of its school budget share as at 31 March of the previous financial year (or the relevant academic years in the case of academies).

Schools who meet the above criteria should prepare a business case that, after checking by officers, will be submitted to Schools' Finance Support Panel for a decision, taking into account the available funding. The timetable for applications will fit it with the timetable for the Schools' Finance Support Panel.

The business case should consist of the following

- 5 year budget plan
- Class size structure and forecast pupil numbers
- Staffing structure
- Details of savings to date you have put in place
- Written narrative supporting your bid

Schools whose rolls are set to continue to fall but are subject to an agreed planned merger, hard or soft federation or closure in order to create larger schools will be able to apply to the fund to support curriculum delivery while the school is right sized.

9. Membership

The panel will comprise:

Three head teachers based in Southwark Schools who will elect a chair from their membership and supported by:

the Assistant Director, Learning and Achievement
the Head of School Human Resources
the Schools Finance Manager

The panel will be serviced by a member of the schools' HR team.

10. Contributing schools to the contingency

Primary maintained (excludes special schools)

Nursery maintained

11. Application forms can be requested from

Head of Schools Human Resources - Contingency
Schools Finance Manager – Falling Rolls

Date: 10 December 2020	Item 7	Type of report: Consultation
Report title:	The Dedicated Schools Grant - 2021-22	
Author name and contact details:	Tim Jones / Dave Richards Timothy.Jones@southwark.gov.uk dave.richards@southwark.gov.uk	
Officer to present the report:	Tim Jones / Dave Richards	

Executive Summary

This report starts to consider the Schools Block of the 2021-22 Dedicated Schools Grant, in particular, the centrally retained and de-delegated budgets for next year. The schools funding formula is considered as Item 8 on the agenda.

Schools Forum Actions

The Schools Forum is asked for its views:

- By phase (LA maintained school only) to the proposed de-delegated funding rates, as outlined in 2.6;
- For the LA to ask the LA maintained nursery schools whether they wish to continue to buy into the 2020-21
 - a) Contingency fund
 - b) Maternity fund
- For the LA to ask the LA maintained special schools whether they wish to continue to buy into the 2020-21
 - a) Contingency fund
 - b) Maternity fund
- To indicate its views on the LA proposals on Retained Budgets – (by phase – maintained/ academy and free schools) as outlined in 3.4

1.0 Background

- 1.1 The guidance surrounding central retentions and de-delegations are governed by the Education and Skills Funding Agency (ESFA) publication *Schools Revenue Funding 2021 to 2022 Operational Guide*.
- 1.2 Under the regulations the schools block of the DSG can only be held centrally for certain services as specified by the DfE and where Schools Forum agree to:
 - De-delegate funding, by phase;
 - Centrally retain funding before allocating the formula.
- 1.3 The LA is required to submit to the Education Funding Agency (EFA) the provisional 2021-22 authority pro-forma by 21 January 2021 which gives the details of the local funding formula, including the agreed de-delegated budgets. The early indications

and views from this report will aid officers in preparing the submission but if any further issues on either de-delegated and central retention arise, this will be brought to the meeting of the Forum on 14 January 2020 where the actual decision of the Schools Forum is made.

2.0 De-delegated Services

- 2.1 This funding is initially allocated to all schools, as part of the Southwark School Funding Formula. For maintained primary and secondary schools, funding in some instances can be de-delegated or “returned” to the Local Authority to be held and managed centrally. De-delegation is not applicable to academies, special schools, nurseries, PVI's nor PRU's. For PRUs, nurseries and special schools to benefit from these services there would need to be “buy back” into service.
- 2.2 Nursery schools and special schools (except hospital schools) agreed to buy back into the fund for contingencies and maternity in this current year (2019-20) and it is assumed they will continue although the schools and the Schools Forum are asked to confirm this position. Academies can buy into some funds but not others, specifically maternity and contingencies.
- 2.3 The Schools Forum are required to formally agree the de-delegated budgets annually, with members for primary maintained schools and secondary maintained schools required to decide separately for each phase. The decision applies to all maintained schools within that phase.
- 2.4 Funding for de-delegated services is automatically allocated to academies as part of the schools funding formula and they are able to make their own arrangements for these services. Academies may choose to purchase services from the LA, where they are offered.
- 2.5 Last year the Schools Forum agreed to de-delegate funding for the following services in 2020-21:

Table 1

Budget	Basis*	2020-21 Budget £000	2020-21 Primary School Rate £	2020-21 Secondary School Rate £
Contingencies* (including schools in financial difficulties and deficits of closing schools)	AWPU	816	41.00	41.00
Behaviour support services	FSM Ever 6	384	64.55	N/A
Behaviour support services – Summerhouse	FSM Ever 6	1,112	187.00	N/A
Free school meals eligibility (primary schools only)	FSM Ever 6	58	9.81	N/A

Staff costs supply cover (maternity scheme)	AWPU	799	40.15	40.15
Staff costs supply cover (trade union)	AWPU	80	4.00	4.00
De-delegated budget		3,249		

*Schools in Financial Difficulty £490k, Audit £36k and Intervention Fund £290k.

2.6 The proposed funding for 2021-22 is shown in the Table 2. The rationale for the proposals are then shown below:

Table 2

Budget	Basis	Proposed 2021-22 estimated Budget £000	Proposed 2021-22 Primary School Rate £	Proposed 2021-22 Secondary School Rate £
Contingency excluding the intervention Fund (the intervention fund will be agreed at the January Forum as a separate item)	AWPU	506	27	27
Behaviour support services	FSM Ever 6	366	64.55	N/A
Behaviour support services – Summerhouse	FSM Ever 6	1,060	187.00	N/A
Free school meals eligibility (primary schools only)	FSM Ever 6	55	9.81	N/A
Staff costs supply cover (maternity scheme)	AWPU	764	40.15	40.15
Staff costs supply cover (trade union)	AWPU	76	4.00	4.00
Total Proposed de-delegated budget		2,827		

* Schools in Financial Difficulty £470k, Audit £36k and Intervention Fund £275k.

The exact budgets used in the final calculation of de-delegated amounts for each school will be influenced by the pupil numbers at the October 2019 census. These pupil numbers are being finalised, while the funding rates above will be used this could change the estimated budget quoted above. The pupil numbers used in calculating the budgets above are currently showing a 3% fall, the rates of funding are the same as last year, hence the budgets are reduced.

2.7 Free School Meals Eligibility Team.

The Free School Meals (FSM) eligibility checking team provide comprehensive advice and information on the legal requirements of free school meals and checking of eligibility using the Central Government Benefit Hub.

Benchmarking the provision Southwark's was in previous years high in relation to other authorities, the rate has now been reduced to the average level across London

2.8 Trade union duties

The amount de-delegated is slightly reduced at £76k for 2021-22 and this is supported by a breakdown of the staff and the schools. The funding pay out rate will continue as agreed previously with the Schools Forum at £280 per day.

2.9 Summerhouse

2.9.1 Background

2.9.2 Summerhouse is a Southwark provision which offer specialist educational and social, emotional and mental health (SEMH) interventions which are tailored specifically to the individual pupil by specialist staff who have proven expertise and skills in this discrete area. It is directly responsible for the reduced number of fixed term exclusions and eliminating the need for primary permanent exclusions within the borough.

2.9.3 Over the past few years the financial pressures and lack of expertise are affecting schools' capacity and ability to identify and support a growing number of pupils' complex needs (particularly SEMH and developmental difficulties) and Summerhouse provide the early interventions that are necessary to avoid exclusions. These pressures have increased mainstream school referrals to Summerhouse for support.

2.9.4 The 2020-21 budget for Summerhouse was increased to assist the extra demand, although this was offset to a degree by two schools becoming academies and the Free School Meal "Ever 6" data used in the final calculation being lower.

2.10 Contingencies

This includes funding for Schools in Financial Difficulty, school audits and school intervention. Special schools and Nursery schools can buy into this fund at rates per pupil of £133.70 and £50.50

2.10.1 Schools in Financial Difficulty (£480k)

The contingency supports those schools who are in financial difficulty and are make staffing reductions. The call on this fund could grow in the current climate of financial constraint. The fund is currently showing signs of financial pressure, which is not surprising with the current financial pressures in schools. While it is difficult to predict the exact end of year financial position, no further increase is proposed at this time.

2.10.2 School audits (£36k)

This budget funds the school audit programme, to ensure that all schools in Southwark are audited once every three years. This provides assurances to schools, governing bodies and the Local Authority on the financial controls in place in schools. It is not proposed to reduce the funding rates, although discussions will be held on the audit programme.

2.10.3 **School intervention (£275k)**

This funding is used to support individual “schools of concern” with school improvement support. Although for completeness the Schools Forum are not asked to consider this at this stage. A further paper will be brought back to the Schools Forum in January. The current Service Level Agreement for Learning and Achievement was originally agreed for a three-year period, which comes to an end next year. Currently a further paper will be presented to the Schools Forum to ensure the service is future proofed, this will be complete for the time of the next meeting.

2.11 **Supply Cover (Maternity cover)**

No changes are proposed to the current existing scheme. Special schools and Nursery schools can buy into this fund at rates per pupil of £144.00 and £21.50

2.12 **Behaviour support services - Contribution to early help service**

The behaviour support grant supports the delivery of a whole family approach by the Family Early Help (FEH) service which was restructured in July 2018 to bring together localities teams, Specialist Family Focus Team, the parenting team and statutory education welfare functions. Children & Family Centres were integrated in 2019 to extend Family Early Help to a 0 – 18 provision including the Youth Offending Service.

2.13 The FEH service budget of £4m is funded from a combination of Troubled Families monies (including Payment by Results), core council budgets, income from trading schools and the Dedicated Schools Grant contributions from the schools block and early years or high needs block. The service provides a Single Point of Contact for all Southwark Schools to support inclusion.

2.14 All schools are provided with support to work with families where children are at risk of permanent exclusion or there are multiple risk factors as well as persistent absenteeism. Additional resources co-located within Family Early Help include Early Help CAMHS and a specialist school nurse plus links to a number of third sector agencies. Maintained Primary Schools and trading schools additionally receive termly team around the school multi-agency meetings to identify and agree provision for vulnerable children, with this enhanced service requiring lower referral thresholds for family support.

3.0 **Centrally Retained Services**

3.1 Funding can be retained centrally for some services with the agreement from the Schools Forum. The services allowed are set nationally by the DfE with a number of these subject to a limitation of no new commitments nor any increases, other than for the budgets for the schools forum and admissions.

3.2 The Schools Forum agreed to centrally retain funding for the following services in 2019-20:

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- Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy (Growth fund);
- A falling rolls fund
- Admissions
- Servicing of the Schools Forum

3.4 The proposed 2020-21 centrally retained budgets are outlined in Table 3.

Table 3 – proposed 2021-22 centrally retained budgets

Budget	Approved 2020-21 budget £000	Proposed 2021-22 budget £000	Comments
LA duties for all schools	600	600	This relates to statutory and regulatory duties for all schools in the borough regardless of whether they are maintained, free or academies. See Appendix A – all schools section
Growth fund	100	100	The funding has been left at the same level for 2021-22 and provides for two bulge classes in case of emergencies. The DFE have just issued new guidance and now the Schools Forum should be consulted before any expenditure from the growth fund, is incurred.
Schools Falling Rolls	1500	700	The Schools Falling Rolls fund has been reduced by £800k. The purpose of the fund is to provide support to those schools whose rolls are falling only for them to rise in the following years. The terms of reference of the fund will be considered elsewhere on the agenda.
Places in independent schools for non-SEN pupils	294	294	LA proposes to continue to top-slice the schools budget to contribute towards the educational costs of looked after children that Southwark is responsible for.
Admissions	623	623	Admissions is a statutory LA responsibility and therefore funding cannot be delegated to schools to carry out this function.
Servicing of Schools Forum	15	15	LA proposes to continue to retain funding of £15,000 in 2020-21 to cover the costs of servicing the Schools Forum operation including clerking and working groups. It is not proposed to increase this contribution.
Total	3,132	2,332	

3.5 Recoupment academies contribute to budgets for centrally retained services as this funding is top-sliced from the Southwark Dedicated Schools Grant funding.

3.6 Maintained Schools only central retention

The LA continues to hold responsibilities for maintained schools, the current years budget amounts to £337k, which is an amount per pupil of £16.43, the same per pupil level was agreed by maintained schools for 2019-20. The overall level of funding has reduced since the start of the fall in pupil numbers and schools converting to academies.

These duties continue into 2021-22. The details on these duties are given at Appendix A (maintained schools only). The LA is asking maintained schools to approve the continuation of this central retention in 2021-22 by maintained schools at the same rate per pupil is £16.43 (the same as in the previous year) although the funding would fall in line with the expected reduction in pupil numbers. The amount is forecast to be £327k.

Statutory and regulatory duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
Director of children’s services and personal staff for director (Sch 2, 15a)	Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 56)
Planning for the education service as a whole (Sch 2, 15b)	Budgeting and accounting functions relating to maintained schools (Sch 2, 73)
Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)	Functions relating to the financing of maintained schools (Sch 2, 58)
Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 2, 15c)	Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 57)
Formulation and review of local authority schools funding formula (Sch 2, 15d)	Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 58)
Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)	Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 59)
Consultation costs relating to non-staffing issues (Sch 2, 19)	
Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)	Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 60)

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)</p> <p>Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)</p>	<p>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 61)</p> <p>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 62)</p> <p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 75)</p> <p>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 63); determination of conditions of service for non-teaching staff (Sch 2, 64); appointment or dismissal of employee functions (Sch 2, 65)</p> <p>Consultation costs relating to staffing (Sch 2, 66)</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 2, 67)</p>

Responsibilities held for all schools	Responsibilities held for maintained schools only
	<p>Provision of information to or at the request of the Crown relating to schools (Sch 2, 68)</p> <p>School companies (Sch 2, 69)</p> <p>Functions under the Equality Act 2010 (Sch 2, 70)</p> <p>Establish and maintaining computer systems, including data storage (Sch 2, 71)</p> <p>Appointment of governors and payment of governor expenses (Sch 2, 72)</p>

Table 8a: Central services responsibilities held by local authorities (statutory and regulatory duties)

Education welfare

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)</p> <p>School attendance (Sch 2, 16)</p> <p>Responsibilities regarding the employment of children (Sch 2, 18)</p>	<p>Inspection of attendance registers (Sch 2, 78)</p>

Table 8b: Central services responsibilities held by local authorities (education welfare)

Asset management

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)</p> <p>General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)</p> <p>This does not apply to VA schools.</p>	<p>General landlord duties for all maintained schools (Sch 2, 76a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards <p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)</p> <p>Management of the risk from asbestos in community school</p>

Responsibilities held for all schools	Responsibilities held for maintained schools only
	buildings (Control of Asbestos Regulations 2012)

Table 8c: Central services responsibilities held by local authorities (asset management)

Central support services

Responsibilities held for all schools	Responsibilities held for maintained schools only
No functions	<p>Clothing grants (Sch 2, 52)</p> <p>Provision of tuition in music, or on other music-related activities (Sch 2, 53)</p> <p>Visual, creative and performing arts (Sch 2, 54)</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 55)</p>

Table 8d: Central services responsibilities held by local authorities (central support services)

Premature retirement and redundancy

Responsibilities held for all schools	Responsibilities held for maintained schools only
No functions	Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 77)

Table 8e: Central services responsibilities held by local authorities (premature retirement and redundancy)

Monitoring national curriculum assessment

Responsibilities held for all schools	Responsibilities held for maintained schools only
No functions	Monitoring of National Curriculum assessments (Sch 2, 74)

Table 8f: Central services responsibilities held by local authorities (monitoring national curriculum assessment)

Therapies

Responsibilities held for all schools	Responsibilities held for maintained schools only
No functions	This is now covered in the high needs section of the regulations and does not require schools forum approval

Table 8g: Central services responsibilities held by local authorities (therapies)

Other ongoing duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval</p> <p>Admissions (Sch 2, 9)</p> <p>Places in independent schools for non-SEN pupils (Sch 2, 10)</p> <p>Remission of boarding fees at maintained schools and academies (Sch 2, 11)</p> <p>Servicing of schools forums (Sch 2, 12)</p>	No functions

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>Back-pay for equal pay claims (Sch 2, 13)</p> <p>Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (new addition to CSSB, to be included in 2018 to 2019 regulations)¹</p>	

Table 8h: Central services responsibilities held by local authorities (other ongoing duties)

Historic commitments

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>Capital expenditure funded from revenue (Sch 2, 1)</p> <p>Prudential borrowing costs (Sch 2, 2(a))</p> <p>Termination of employment costs (Sch 2, 2(b))</p> <p>Contribution to combined budgets (Sch 2, 2(c))</p>	<p>No functions</p>

Table 8i: Central services responsibilities held by local authorities (historic commitments)

¹Funding for this duty was previously delivered to local authorities via a s.31 grant. Additional funding will be added to the CSSB baseline for this from 2018-19.

Additional note on central services

Services set out in the tables above will also include administrative costs and overheads relating to these services (regulation 1(4)) for:

expenditure related to functions imposed by or under Chapter 4 of Part 2 of the 1998 Act (financing of maintained schools), the administration of grants to the authority (including preparation of applications) and, where it's the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions

expenditure on recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services

expenditure in relation to the investigation and resolution of complaints

expenditure on legal services

Date: 10 December 2020	Item 8	Type of report: Discussion
Report title:	School Funding Formula 2021-22	
Author name and contact details:	Dave Richards dave.richards@southwark.gov.uk	
Officer to present the report:	Dave Richards	

1. Executive Summary

This report outlines anticipated issues relating to the 2021-22 schools funding formula and asks for the Schools Forum's views on various areas so as to investigate further.

2. Recommendations

The Schools Forum is asked for its views on

1. Taking steps to maintain the quantum of funding distributed on the basis of IDACI deprivation score
2. The DfE adding the Teacher Pay and Pension Grant amounts to the AWPU allocation
3. Inflating all formula funding rates in line with the DfE funding increase
4. Setting the Minimum Funding Guarantee
5. Increasing the lump sum amount
6. Increasing the amount of funding distributed on the basis of prior attainment
7. National Funding Formula rates and proportions.

3. Background

- 3.1 The Department for Education (DfE) provides local authorities with funding for education via the Dedicated Schools Grant (DSG), which is the accumulation of separately calculated blocks; Schools Block, High Needs Block, Early Years Block and Central Support Services Block.
- 3.2 The Schools Block is distributed to schools, primarily through a formula administered by the local authority, covered by statutory regulations and agreed with the Schools Forum. (Other distribution methods are the Growth Fund and the Falling Rolls Fund.)
- 3.3 The formula calculates each School's Budget Share (SBS) using data relating to pupil numbers and characteristics (FSM eligibility, home postcode deprivation, prior attainment, EAL) and school characteristics (NNDR charges and split-site status). The formula also contains a lump-sum that awards a flat-rate amount as a contribution towards fixed costs.
- 3.4 Prior attainment is an allocation within the formula which is intended to reflect the additional costs associated with pupils that arrive at the school with a lower than expected level of development in the Early Years Foundation Stage Profile (for primary schools) or lower than expected KS2 attainment in maths, writing or reading.
- 3.5 National Non-Domestic Rates (NNDR) are funded at actual cost, but the deadline for finalising the formula allocations is before NNDR charges are set so estimates have to be used in the formula calculation. As regulations preclude amending a School Budget

Share, any amendments required are carried over to the following year.

- 3.6 Above the funding formula is the Minimum Funding Guarantee (MFG). The MFG is a statutory requirement for all local authorities and sets a minimum amount by which a school's per pupil funding can increase (or at times a maximum amount by which it can decrease). The per pupil nature of the MFG means that it is not a cash guarantee: a school that loses pupils will still see a fall in its funding, just not in the amount per pupil.
- 3.7 The operation of the MFG is laid out in statutory regulations, but at present the MFG rate is set at a level decided by the local authority.
- 3.8 The DfE uses a National Funding Formula (NFF) to calculate the Schools Block for each local authority. The NFF uses the same formula factors available to local authorities to calculate a notional allocation for each school. Lagged amounts for premises and growth are then added to this.
- 3.9 The current system, whereby the DfE used the NFF to calculate the Schools Block, but the LA is free to use its own formula to calculate the Schools' Budget Shares is referred to as a "soft-NFF". The DfE intends to move to a hard-NFF, whereby the DfE calculated figures will be the actual allocation to schools. The implementation of the hard-NFF has been postponed a number of times and the DfE have committed an announcement on a new implementation date this autumn. It is known that the soft-NFF will continue for 2021-22.
- 3.10 The DfE notifies local authorities of their DSG allocation each December and at the same time provides a spreadsheet which must be used and shows the DfE the calculation of each school's School Budget Share. This spreadsheet, the Authority Proforma Tool (APT), contains the data that must be used in the calculation and restricts the calculation to that which falls within the regulations.
- 3.11 The Teacher Pay and Pension Grants are both distributed on the basis of pupil numbers and were both introduced to contribute towards the increased costs of teachers resulting from salary and employers' pensions contributions. These grants will end in March 2021 with the funding being amalgamated into the DSG.

4 The 2021-22 Schools Funding Formula Considerations

4.1 IDACI Data Changes

The IDACI data in the December 2020 APT spreadsheet will be updated to reflect the latest national deprivation figures. This will be the first time the figures have been updated in 5 years. The new data relates to a pre-coronavirus point in time and shows a significant reduction in deprivation levels.

- 4.2 Using the new data without any effort to ameliorate the impact would remove £3.2m from schools' formula allocations. This has been modelled by applying the new data to 2020-21, which would result in the IDACI element allocations falling from £12.4m to £9.2m. This would mean an average primary loss of £22k and an average secondary loss of £99k.

- 4.3 It is possible, however, to amend the primary and secondary IDACI funding rates such that the amount lost across each of the sectors is brought down to zero. This would protect each phase in total and would minimise turbulence.

4.4 Teacher Pay And Pension Grants

The Teacher Pay and Pension Grants will cease on 31st March 2021 with the funding

formerly distributed through these grants amalgamated into the DSG. The allocation rates in the NFF for the number of pupils on roll (AWPU rate) have been increased to reflect the per pupil rates of the grants. The MFG had also been adjusted to extend the protection provided to the grant allocations for 2020-21.

4.5 In order to reflect the amalgamation of the grants into the DSG and to distribute the funding, the Southwark funding formula AWPU rates will also need to be adjusted by these amounts.

4.6 **Inflation/Growth**

As a starting point, rates within the formula would normally be inflated using the rate of growth in funding. For 2021-22 this would mean inflating the rates for all the individual elements of the formula by 2%. This is the national minimum funding uplift quoted by the DfE.

4.7 **Minimum Funding Guarantee**

For the 2021-22 financial year, regulations allow the MFG protection rate to be set between +0.5% and +2%.

4.8 As the DSG allocations are not published until later in December, the amount for distribution to schools is not yet known. However, and with that caveat in mind, current estimates indicate that there may be sufficient funding to set an MFG at the maximum of +2%.

4.9 Being able to afford the +2% figures, does not necessitate setting the MFG at that rate. A lower MFG could be set and the funding this freed up could be targeted at a priority area or areas. However, the DfE have expressed an expectation that as national funding is guaranteed to increase by 2%, MFG rates should reflect this.

4.10 **Lump Sum**

Should there be any amount remaining following the actions above, this could be allocated evenly across all schools by increasing the lump sum. This would give the same increase to all schools and would provide every school with a further contribution towards their unavoidable fixed costs. In this instance, by fixed costs we mean costs that do not vary with pupil numbers or needs, for example the need to have a head teacher.

4.11 The maximum increase permitted would be £32,500 to every primary, secondary and all-through school as this would take our rate to the maximum allowed by regulations.

4.12 **Prior Attainment**

Were there still to be funds remaining, consideration could be given to increasing the prior attainment rates used in the formula. This would target funds at pupils with additional needs and assist schools in meeting their SEN costs.

4.13 The proportion of the formula that is distributed on the basis of prior attainment in Southwark is less than the proportion distributed this way in the NFF. The proportion of pupils with additional needs in Southwark, is not less than the national average.

4.14 The amount available would be split between primary and secondary in proportion with the total formula allocation, to maintain the relative ratios between sectors.

5 **National Funding Formula Allocations To Schools**

- 5.1 An implementation date for the move to a hard National funding formula is still awaited. The hard-NFF would mean that the DfE would calculate schools' School Budget Share allocations rather than Southwark.
- 5.2 The NFF funding rates are significantly lower than Southwark formula funding rates, so for Southwark schools the implications of a move to a hard-NFF are all about the method of protection. The MFG could be used to provide protection, but what would the rate be? Would it remain positive or would it be negative (i.e. limiting the per pupil fall in funding each year)? Alternatively, a new method of protection could be introduced.
- 5.3 Given the disparity in funding levels between the highest and lowest funded authorities, and the consequent amount of funding that would need to be added or possibly diverted to lower funded boroughs, the protection methods are of upmost importance to higher funded boroughs. Southwark is ranked third highest nationally in per pupil funding levels for both primary and secondary pupils.
- 5.4 A locally actioned move to the NFF for Southwark schools could be considered ahead of the national implementation.
- 5.5 Simply adopting the NFF funding rates would provide allocations lower than the current Southwark formula, requiring the use of the MFG to top-up schools to the protected level. Given that the MFG rate cannot be set at higher than 2% for the coming year, it would be necessary to apply an uplift to the NFF rates in order to allocate the full Schools Block.
- 5.6 This approach would be applying the proportions of the NFF, if not the funding rates. In other words, if the NFF distributed 75% of its funding through pupil numbers (AWPU) then so would the locally adopted NFF.
- 5.7 Looking at the Southwark formula in total, a move to the NFF proportions would see a movement of funding out of pupil numbers and into additional needs and the lump sum.
- 5.8 The relative amounts targeted at primary and secondary schools would also change. For every £1 that the 2020-21 Southwark formula gives primary schools, secondary schools receive £1.39. Under the NFF, the secondary amount would reduce by £0.05 to £1.33.
- 5.9 The Minimum Funding Guarantee would continue to operate, topping up any schools that require it to the specified minimum increase per pupil.