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| Date: 8 December 2022 | Item 4 | Type of report: For Decision and Discussion |
| Report title: | Dedicated Schools Grant - 2022-23 Budget Monitor and Financial Update. | |
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Executive Summary

This report sets out the latest in-year budget monitoring for the 2022-23 Dedicated Schools Grant (DSG) and provides an update to members on the latest school finance events.

Schools Forum Actions

That the Schools Forum

- Note The DSG end of year financial forecast position for the year ending 31 March 2023.
- Agree the methodology of the funding for Homes for Ukrainians children who arrived in the UK via the Homes for Ukraine visa scheme after the 1 March 2022 only
- Agree the Terms of Reference of the Balance Control Mechanism Panel in Appendix A

1. Overall Position

1.1 This is an early look at budget monitoring and the information contained in this report needs to be viewed with extreme caution given that many of the budgets are demand and participation led.

1.2 The overall position on budget monitoring is summarised in the table below.

| | DSG Allocation 2022-23 September £000 | Over/ (Underspend) £000 |
|---|--|------------------------------------|
| Schools Block | 115,221 | -400 |
| Central services block | 1,856 | 0 |
| High Needs Block | 61,279 | 3,400 |
| Early Years Block | 24,169 | 0 |
| Total | 202,525 | 3,000 |
| Deficit carry forward from 2021-22 | | 21,652 |
| Total deficit at the end of the year 2022-23 | | 24,652 |

The 2022/23 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. Schools Block

- 2.1 The Schools Block allocation is currently expected to underspend by £200k, this relates to the falling rolls fund as only one bid has been received this year.

3. High Needs

- 3.1 The High Needs block remains the main risk area in the DSG. The current deficit recovery plan shows a spending pressure of £3.4m: this relates solely to a rise in the number of children with EHCP's. The data is currently being analysed on the placements that started this academic year and this, of course, may change the position. Also as this is a needs led budget, this forecast is highly subjective and could change significantly during the year. In January 2021 there were 2574 children with EHCP's, this grew to 2784 by Jan 2022 and is now forecast to be 2976 by next January.
- 3.2 Officers have continued to meet officials to discuss safety valve funding over the summer and an application is currently being considered by the Department to support the deficit that has been built up. The application details how the High Needs block will be brought back into a balanced position. This is a requirement of the Department in order to approve the application.

4. Financial position on de-delegated budgets and growth fund

- 4.1 The summary position is shown in the table below

| 2022-23 | Budget £m | Forecast Outturn £m | Over/ (Underspends) £m |
|---------------------------------|--------------|---------------------------|------------------------------|
| Schools in financial difficulty | 0.7 | 0.5 | (0.2) |
| Maternity | 0.5 | 0.5 | 0 |
| Trade Unions | 0.1 | 0.1 | 0 |
| Growth Funds | 0.1 | 0.1 | 0 |
| Falling Rolls | 0.3 | 0.1 | (0.2) |

Autumn Statement

The autumn statement added to the core schools budget from the previous announcement. The figure has increased from the previous additional of £1.5bn to £3.5bn. It is not known at this stage how much of this will be added to the Schools Block of the Dedicated Schools Grant or whether this will be a separate grant.

5. Funding for Homes for Ukrainians

The funding is for children who arrived in the UK via the Homes for Ukraine visa scheme after the 1 March 2022 only. The funding does not cover those Ukrainians who arrived last year (and have since become refugees) or Ukrainians that have joined a family in the UK but not via this visa scheme.

The Homes for Ukraine level of funding received from Government is based on the following amounts per child

- Early Years - £3,000
- Primary - £6,580
- Secondary - £8,755

The guidance on the grant can be found on [Guidance on The Homes for Ukraine funding](#)

This grant also covers a number of responsibilities that come under the scope of the LA, including school transport, post 16 placements and providing support for children with additional needs. There is also the additional officer time involved in delivering support and advice to Ukrainian and Host families around the Admissions processes and support etc., which is expected to be funded through this grant. It is difficult to see the real cost of this but it is proposed to top slice the grant by 20% for each pupil and to use this on these service

This means the rate of distribution to schools will be

- Early Years £2,400
- Primary £5,264
- Secondary £7,004

Allocations will be pro rata from the date the child / pupil was recorded as being on roll at a school or setting.

6. Balance Control Mechanism

The letters informing schools that their end of year balance will be capped and placed in a trust fund was sent out on the 18th October 2022. Of the 6 schools who are to be capped 3 have appealed. The appeals will be heard by the panel (consisting of the chair of the schools forum, Director of Education and the Divisional Finance Manager is planned for the 12 December 2022.

The terms of reference of the panel is shown in Appendix A of this report, which the Schools Forum are asked to agree

7. Family Early Help Services

The letter about potential charging for Family Early Help Service has been sent to academies and secondary schools. Individual discussions are being held with a number of schools.

Balance Control Mechanism Panel
Proposed Terms of Reference

1. Overall Purpose of the Panel

To consider appeals made by schools under the Balance Control Mechanism to ensure that any proposal to cap a schools carry forward is reasonable and in accordance with Southwark's scheme of financing schools.

2. Purpose of task group

- To hear appeals under the Balance Control Mechanism
- To uphold or dismiss an appeal
- To review each year progress against spending of any amount placed in a holding "Trust Fund" account until the balance is spent.
- To report back to the Schools Forum the outcomes of panel meetings
- The panel must operate within Southwark's scheme of financing schools
- If the schools are not progressing at the annual review meeting, the panel can cap the school and remove the funding, but need to report this to the Schools Forum.

3. Membership

Membership of the panel is

- Director of Education, Southwark
- Chair of the Schools Forum
- Department Finance Manager of Children and Adults Directorate, Southwark

Minutes will be taken by an officer of Southwark.

4. Chairing Meetings

The Chair of the Schools Forum will chair the meeting

5. Conduct and frequency of meetings

The group will meet on an annual bases to hear appeals, normally in the Autumn Term. A second meeting, again in the Autumn Term will be held to discuss schools previously capped and their progress addressing the issue.