

<b>Date:</b> 16 June 2022	<b>Item</b> 9	<b>Type of report:</b> Noting
<b>Report title:</b> Central Education Expenditure supported by the Dedicated School Grant 2023-24		
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## 1. Executive Summary

This report asks the Schools Forum to note the intended actions of and the timeline for the Local Authority (LA) to review current central education expenditure supported by the Dedicated Schools Grant (DSG).

Since the introduction of the Central Schools Services Block, where funding for 'other ongoing duties' and 'retained duties' was combined as a single allocation to LAs, the Council's specific allocations to support central LA expenditure for all schools have broadly remained the same as agreed by the School Forum in 2017/18 – with the exception of Admissions which has been restated to the level of spend.

A review is currently underway to look at the detail of the services provided in relation to the legislation and to consider whether costs are at the right and appropriate level - maintaining the principle of no increase to the level of de-delegation.

The outcomes of this review will be shared with the Schools Forum and will form the basis of discussion for proposed budgets for top sliced funding, de-delegation and centrally retained budgets leading into the 2023-24 financial year.

## 2. Schools Forum Actions

The Schools Forum is asked to note:

- i) the scope of the review; and
- ii) the timeline, including reporting back to the School Forum.

## 3. Scope of the review

3.1 Local Authorities (LAs) are statutorily responsible for the provision of various education services to schools, which may depend on the school being maintained, an academy or a free school. LAs can also provide additional discretionary or traded education services where they determine it is appropriate to do so.

3.2 Education services are funded through various sources, including: the Dedicated Schools Grant (DSG); LA budgets (i.e. General Fund); the School Improvement Monitoring and Brokering Grant; and other government grants.

3.3 Southwark Council (the Council) intends to undertake a review of all education services provided to schools (maintained, academies and free), whether statutory or discretionary, currently funded by various elements of the DSG to:

- determine whether the DSG is, and remains, the appropriate source of funding;
- establish if the level of DSG allocated to those services optimises the use of those resources and continues to represent value for money;
- ascertain the impact of the findings of (a) on the Council's general fund; and
- identify the risks to maintaining the current level of provision of those services in the context of the:
  - current and projected reduction in pupil numbers; and / or
  - potential reduction in the number of schools maintained by the LA.

3.4 Whilst the source of DSG available to fund elements of the education services provided by the Council may reduce the amount of funding available to be distributed to schools via the Schools Budget, the report does not concern itself with how that budget is distributed to schools via the local funding formula. However, there may be reduced flexibility in maintaining the funding of central services as a consequence of the proposed introduction of the hard National Funding Formula (NFF) from the 2023-24 financial year and, if so, the review will address this.

3.5 Other grants received to fund education services will not be specifically considered as part of the review but the consequent impact on the levels of DSG funding required to support central education services will be taken into account where it is known that there are proposed reductions or cessation of specific grant income.

3.6 Further, the review will not specifically include those services that are provided via a traded service to schools and whilst services that rely on income from maintained schools could technically be said to be funded from DSG – it is at the maintained schools (or any other 'clients') discretion to purchase those services, or not. Although, it is recognised that the risks identified as a consequence of a potential reduction in any client base (item ii, above) can also be applied to traded services.

3.7 Finally, where the review finds that there is need to access additional general fund (or there is potential to release general funds) to enable the continuation of effective and efficient education services, those impact will be taken into account in the Council's financial planning for the 2023-24 and future year's budgets.

#### **4. Review Timeline**

October 2022 Schools Forum: Preliminary findings  
December 2022 School Forum: Impact on central retentions and de-delegation