

# Schools Forum

## PLEASE NOTE TIME OF MEETING

Wednesday, 24th January,  
2024  
at 4.00 pm

Virtual Meeting

This meeting is open to the public

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## AGENDA

### 1 **APOLOGIES AND CHANGES IN MEMBERSHIP (IF ANY)**

### 2 **MINUTES OF PREVIOUS MEETING** (Pages 1 - 6)

Minutes of the meeting held on 22<sup>nd</sup> November 2023, attached.

### 3 **DECLARATIONS OF INTEREST**

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

### 4 **STANDING ITEM: LA UPDATE ON DFE/ESFA FUNDING ANNOUNCEMENTS**

To consider an update on DFE/ESFA funding announcements and the 2024-2025 Schools Revenue Funding Arrangements and Dedicated Schools Grant.

### 5 **GROWTH FUNDING**

To receive a further update on growth funding as requested by the Forum at the previous meeting, to include consideration of the implications of the finalised data from the October census for funding for schools and possible need to review policies.

### 6 **HIGH NEEDS BLOCK**

To receive a further update regarding the High Needs Block as requested by the Forum at the previous meeting.

### 7 **ANY OTHER BUSINESS AND CLOSING REMARKS AND DATE OF THE NEXT MEETING**

To consider any additional items and note the date of forthcoming meetings

Day and Date: Wednesday 20<sup>th</sup> March 2024

Time: 3:45pm for 4:00pm start

Venue: Virtual

Tuesday, 16 January 2024

Service Lead, Education and Early Help

# Agenda Item 2

## SCHOOLS FORUM

### MINUTES OF THE MEETING HELD ON 22 November 2023

<b><u>In attendance</u></b>	
<b><u>Chair and Vice Chair</u></b>	
John Draper	Headteacher – Swaythling Primary
<b><u>Primary Schools</u></b>	
Peter Howard	Headteacher – Fairisle Junior
<b><u>Secondary Schools</u></b>	
Jim Henderson	Headteacher Woodlands Community College
Roger Peplow	Governor St Georges
<b><u>Academy</u></b>	
<b><u>Special Schools</u></b>	
Debbie McKenzie	Headteacher – Compass School
<b><u>Nursery</u></b>	
<b><u>Non-Schools</u></b>	
Rob Sanders	Diocese of Winchester
<b><u>Guest Speakers</u></b>	
Jason Ashley	Head, Redbridge Community School
<b><u>Observers</u></b>	
Councillor Winning	Cabinet Member for Children and Learning
<b><u>SCC Officers</u></b>	
Derek Wiles	Head of Education and Learning– Education
Steve Wade	Finance Business Partner
Clodagh Freeston	Service Manager - Education Strategy, Planning and Improvement
Tammy Marks	Service Manager - Special Educational Needs and Disability
Jo Swabey	Contract Manager, Southampton City Council
<b><u>Apologies</u></b>	
Harry Kutty	Headteacher – Cantell
Robert Henderson	Southampton City Council
Sean Preston	Hamwic Trust
Mike Adams	Headteacher – Bitterne Manor Primary School
Amanda Talbot-Jones	Headteacher – St Denys Primary

11. **MINUTES OF PREVIOUS MEETING**

**RESOLVED:** that the Minutes of the meeting held on 20<sup>th</sup> September 2023 be noted and approved as a correct record.

12. **STANDING ITEM: LA UPDATE ON DFE/ESFA FUNDING ANNOUNCEMENTS**

The Forum considered the briefing paper giving an update on DFE/ESFA funding announcements.

The Forum noted that due to previous errors made by the DFE there was a 1% decrease in funding equating to approximately £47 per pupil for primary and £61 for secondary.

The Forum noted a small change to the to the funding allocated through premises factors. Whilst national non-domestic rates and the PFI factor remained unchanged from announcements made in July, split sites funding had lower factor values.

The Forum was advised that revised APT would be received in December 2023 but provisional modelling using APT using the October census figures indicated that the NFF rate for all factors would be affordable and provide a surplus of £575,000. A further update would be provided to the next meeting of the Forum in January 2024.

The Forum noted that the Council had been awarded one off additional funding of £559,332 to support maintained schools in financial difficulty. It was anticipated that any in year surplus could be carried forward. A further update about plans for utilising these funds would be provided to the next meeting of the Forum in January 2024, potentially including purchasing additional places at Compass School and working constructively to ensure all children received teaching of the curriculum. The ESFA supported academies separately.

The Forum noted that no funding was available for the additional 3% of the teachers' pay award of 6.5%.

The Forum noted that modelling of preliminary census data suggested that there would be no funding for falling rolls.

### 13. **PFI UPDATE**

Jason Ashley, Head of Redbridge Community School addressed the Forum with the consent of the Chair and summarised some of the issues of PFI contracts experienced by the schools in question:

- The PFI contracts are very complex, set out the liabilities of each party and include mechanisms for cost increases. The three parties are the Council, the three schools together and the SPV (Special Purpose Vehicle) mortgage company.
- Southampton gained from the creation of three new schools with fantastic facilities but in exchange entered into contracts with a duration of thirty years, and things were different now. Since inception of the PFI contract there has been unforeseen events which had not been anticipated in 2001.
- The DFE bonus did not cover the costs for the schools.
- The school operated a delegated budget of £1.2 million annually for soft services under the PFI contract.
- The PFI contracts used the higher RPI rate to calculate inflation when calculating cost increases whilst no additional services were provided. In April 2023 the schools were advised that costs would increase by 13% which later reduced to 6.7%.
- The Council remained liable for mortgage payments, giving rise to an affordability gap.

- The Council remained liable for the shortfall for any other additional liabilities after benchmarking, such as portorage.
- Utility costs had also increased sharply within the contract
- There was a risk that the Council and schools could be bankrupted.
- It was hoped to avoid the need for top slicing, which would not go to the schools in question, but it might be unavoidable.
- The Council seemed to lack the expertise needed to manage these complex contracts as the officers who had entered into them no longer worked at the Council, although there were officers such as Jo Swabey who sought to support the schools. By contrast the SPV and Mitie ran sophisticated operations.
- The RFI contracts were managed by Mitie. There were no problems with the Mitie staff within the schools, who were first class. The three schools in question had obtained joint legal advice to commence legal proceedings as they were not receiving value for money under the contracts. Whilst at the end of the contracts the schools should be returned in the same good condition they were in at the start, the schools feared that this would not be the case. It was felt that as Mitie was a private company its focus was to maximise profits. The SPV made £1 million profit from the schools.
- Seven hundred work jobs had been submitted to the Mitie helpdesk which were not rectified in time and so the schools received a penalty payment.
- They could not instruct the caretaker direct over a minor issue in the school, such as vomit in a hallway. They had instead to call Cantell School helpdesk who would call the caretaker. They were not authorised to do minor tasks for themselves.
- There were ongoing catering issues.
- Legal fees had to be considered when seeking to negotiate contract changes with the SPV.
- The perception of the schools was that they had very little control and that things were done to them under the contract.

Jo Swabey, Contract Manager, Southampton City Council summarised some of the issues of working within the PFI contracts for the local authority:

- It is agreed that the PFI contract is very complex.
- Since joining the local authority in April 2023 she had been working more collaboratively with the Commercial Service Manager and the schools.
- Schools required better data so that better programme planning could take place and the SPV could be challenged.
- The Council had a renewed focus on governance, particularly with regard to benchmarking and penalties.
- There were now frequent calls from the Council to Mitie and the SPV about catering problems.
- Senior managers for the SPV and Mitie were often parachuted in which did not promote sustained support within the schools.

#### 14. **GROWTH FUNDING**

The Forum considered the briefing paper and a verbal report from Clodagh Freeston, Service Manager Education Strategy, Planning and Improvement giving an update on eligibility for growth funding.

The Forum noted that it had previously been informed that there had been a forecast of a decline in the primary sector and an increase in the secondary sector. Paragraph 16 of the briefing paper showed the preliminary census data was indicative of a significant increase of 421 pupils in the secondary sector between October 2022 and October 2023, of which 180 had been previously predicted and allocated additional places at St Mark's All Through School. There had been more in-year applications.

It was agreed that a further report would be provided to the Forum at the meeting in January 2024 when final 2023 census data could be used to calculate whether growth funding might be available from the DFE.

The Forum noted that the Council might need to review the Growth Policy to take into account unstructured growth across the City when the final census data from 2023 was available. It was agreed that a further report would be provided to the Forum at the meeting in January 2024 with recommendations for discussion.

15. **HIGH NEEDS BLOCK**

Tammy Marks, Head of SEND Southampton City Council, gave an update on the DSG Management Plan:

- The DSG recovery plan was required as there was an identified deficit which was mainly within the high needs block.
- The Council was working with CIPFA and a DFE consultant to forecast areas of growth and inflation.
- The final DSG Management Plan will be signed off by the Director of Children's Services and the s151 officer in January 2024.
- The deficit brought forward in 2022-2023 was £11.02 million which is forecast to reduce to £9.4 million after surpluses were carried forward.
- Statutory protections prevented the deficit for special needs affecting the Council's General Fund but it was proposed to end this protection in 2026.
- Spend on independent placements in 2022/2023 was £1 million lower than 2021/2021 and £1.6 million lower than 2020-2021 due to increasing local special school places in special and mainstream schools. However, it was likely to rise by £0.2 million in 2023-2024 due to inflation.
- Numbers of EHCPs increase by about 300 per year and were currently 2184.
- The Council was in Tranche 1 as a Delivering Better Value authority as it was forecast that there would be a deficit. Despite the surplus that was being forecast for the year, and acknowledgement that deficits were a national issue, the Council was concerned that a deficit of nearly £10 million was significant for a local authority of this size.
- Within mainstream schools there were increased complexity of need around challenging behaviours, challenges around recruitment and finance, inconsistency in support for SEND for a variety of reasons, a need to understand why the numbers of EHCPs were increasing whilst SEND numbers remained static and the identification of autism and SEMH.

- Final proposals to reconfigure special school provision will go before Cabinet in February 2024. This would require an investment of £40 million providing an extra 150 secondary complex needs places and 26 SEMH primary school places in 2026. Satellite units and resource provisions would also be developed, noting the opportunity of having space in primary schools due to falling rolls.
- Peter Grey was exploring the implementation of a system of funding devolved to and managed by school clusters with the aim of freeing up capacity in services to support complex cases. A fact finding visit to Croydon to investigate how other local authorities had undertaken the process was due to take place. The surplus would be reinvested to enable this. A further report would be provided to the Forum in 2024 once modelling had been completed.
- A grant of £1 million was received from the DFE under the Delivering Better Value programme. This would be used to appoint additional outreach support, autism in schools programme, SEND audit manager post.
- The Southampton Ordinarily Available Provision Guidance was published.
- There will be an outreach review in 2023 using the Portsmouth model.
- There will be a review of AP within schools.
- There would be a high level of involvement with Heads.

16. **ANY OTHER BUSINESS AND CLOSING REMARKS AND DATE OF THE NEXT MEETING**

The Chair thanked the presenters for the depth and clarity of the matters covered.

The next meeting would be on Wednesday 24<sup>th</sup> January 2024 at 4pm.

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**SUBJECT:** 2024-25 SCHOOLS REVENUE FUNDING ARRANGEMENTS AND DEDICATED SCHOOLS GRANT

**DATE:** 24 January 2024

**RECIPIENT:** Schools Forum

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## **SUMMARY:**

The Schools Forum is asked to note and endorse

1. The final stage APT (Authority Proforma Tool) submission to the Education and Funding Skills Agency (ESFA) for the Individual Schools Block allocations.

It is recommended that the Schools Forum approves.

2. Technical adjustment for Private Finance Initiative (PFI) schools.
3. Adjustment for growing schools.
4. A block transfer to the Central School Services Block to compensate the reduced funding.
5. Agree principle of adjustment in the event of a projected surplus or deficit.

## **BACKGROUND and BRIEFING DETAILS:**

### DSG FUNDING AND BACKGROUND INFORMATION

1. The table in paragraph 4 summarises the 2024/25 Dedicated Schools Grant (DSG) allocations. The values shown are before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA).
2. It should be noted that the deadline for submitting the APT to the DFE is Monday 22 January 2024. Following advice from the DFE a draft submission has been made based on the recommendations in this paper, but it has been noted that it needs to be approved by the Schools Forum.
3. A further submission will be made following this meeting reflecting any necessary changes as agreed at this meeting.

4.

<b>Dedicated Schools Grant 2024/25</b>	<b>Allocations before recoupment and direct funding</b>	<b>Change to 2023/24</b>	<b>Change to 2023/24</b>
	<b>(£)</b>	<b>(£)</b>	<b>(%)</b>
<b>Schools block</b>	195,827,538	13,421,065	7.36%
<b>Central school services block</b>	1,609,740	-50,169	-3.02%
<b>High needs block</b>	46,083,999	2,185,771	4.98%
<b>Early years block</b>	27,634,060	10,085,325	57.47%
	<b>271,155,337</b>	<b>25,641,992</b>	<b>10.44%</b>

5. The increase in the schools block reflects the increase in pupil numbers as well as the overall increase in funding in the National Funding Formula (NFF), which has also been increased by rolling the 2023/24 mainstream schools additional grant into the NFF.
6. The Central School Services Block (CSSB) has reduced by a further £50,169. The cumulative reduction has increased from £186,000 to £236,000.
7. The CSSB provides funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:
  - a. Historic commitments - DSG MASH Contribution (Preventative Social Care) is a historic commitment. The EFSA have reduced the funding for historic commitments each year since 2021-22 by 20%.
  - b. Ongoing responsibilities – these include admissions, National Copyright Licences and Statutory and Regulatory duties including education welfare and attendance. A detailed list of retained responsibilities for Statutory and Regulatory Duties funded from the CSSB is shown in Appendix A
8. Nationally the High needs funding is increasing by a further £440 million, or 4.3%, in 2024/25. This increase is lower than previous years but the forecast projections are that the annual costs will be managed within the funding allocation.
9. The council has been awarded £1M grant funding, over two years, to implement initiatives to manage the increase in high needs spending. These initiatives along with other workstreams in place are expected to negate the need to request for a block transfer from the schools block to the high needs block.
10. Special schools' minimum funding guarantee (MFG) for 2024/25 compared to 2023/24 must be at least 0%, with the DFE suggesting setting the MFG up to 0.5% in line with mainstream schools.

11. High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant, and School and Early Years Finance Regulations. High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).
12. The Early Years Block funding indicative increase largely reflects the government announcement to increase funded places for 2 year olds as well as funding places for under 2 year olds. The table in paragraph 13 summarises these indicative funding changes.

13.

Summary of funding changes	£ change
3 & 4 year old funding	1,763,981
2 year old funding	5,023,816
under 2 year old funding	2,902,104
additional pupil premium	250,315
additional disability access fund	115,458
supplementary funding MNS	29,649
<b>Total change</b>	<b>10,085,323</b>

#### 14. LOCAL FACTORS AND ADJUSTMENTS

15. The following adjustments will require Schools Forum members approval as has been the case in previous years
16. In Southampton there are 3 schools with Private Finance Initiative contracts. The contract period for all schools is 30 years, from 29/10/2001 to 28/10/2031. In previous years a factor of £738,900 has been included to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.
17. The funding allocated within the Premises Factor of the schools block for the PFI Factor has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 to £815,746.
18. It is recommended that the funding to the schools for the PFI Factor is increased by 10.4%.
19. A vote required from maintained and academy schools to approve a technical adjustment relating to the PFI costs.
20. Southampton has one school that is planned to grow with extra year groups in September 2024 It is recommended that this schools are allocated an amount of extra funding for growth based on a lump sum rather than pupil numbers. This is in accordance with the Growth Funding Policy previously agreed at schools forum. The lump sums are £66,000 for the extra classes at Primary Schools and £88,300 for the

extra secondary classes. These are adjusted to account for the lag in funding for 7 months between September 2024 and March 2025.

21. The adjustment in the Authority Proforma Tool (APT) to provide the funding would be allocated to the school in the inputs and adjustments schedule by setting the expected number of pupils to give the agreed AWPU funding. The total adjustment is estimated to be £386,480.
22. A vote required from maintained and academy schools to approve the adjustment relating to the growing school.
23. As outlined in paragraph 4 the funding for the CSSB has reduced by £236,000 over the last three years. To enable the Education team to continue to assist schools at the current levels it is recommended that a block transfer is made from the Schools Block to the CSSB for the sum of £220,000. This sum is 0.1% of the Schools Block allocation, Schools Forum can approve transfers up to 0.5% of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG)
24. A vote is required from all schools to agree the block transfer.
25. After applying the adjustments and transfers outlined in paragraphs 15 to 23 the APT shows a surplus of £332,562. This is after applying the National Funding Formula rates and the minimum funding guarantee of 0.5% (the maximum allowed for 2024/25).
26. It is recommended that this surplus is used to create a growth fund to cover additional growth in schools over the planned growth set out in paragraphs 20 – 21.
27. The APT is subject to agreement by the Department for Education, and in the event of any amendment SCC would like to request that Schools Forum agrees the principle by which a revision is allocated to balance the APT.

<b>Further Information Available From:</b>	<b>Name:</b>	Steve Wade
	<b>E-mail:</b>	Steve.Wade@Southampton.gov.uk

## APPENDIX 1

### Central School Services Block – Statutory and Regulatory Duties Responsibilities held for all schools

#### Statutory and regulatory duties:

- Director of children's services and personal staff for director (Sch 2, 15a)
- Planning for the education service as a whole (Sch 2, 15b)
- Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)
- Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)
- Formulation and review of local authority schools funding formula (Sch 2, 15d)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)
- 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)
- Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)

#### Education welfare

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)
- School attendance (Sch 2, 16)
- Responsibilities regarding the employment of children (Sch 2, 18)

#### Asset management

- 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)
- General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)

#### Other ongoing duties

- Licenses negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require school's forum approval
- Admissions (Sch 2, 9)
- Places in independent schools for non-SEN pupils (Sch 2, 10)
- Remission of boarding fees at maintained schools and academies (Sch 2, 11)
- Servicing of school's forums (Sch 2, 12)
- Back-pay for equal pay claims (Sch 2, 13)
- 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 (Sch 2, 23)

#### Historic commitments

- Capital expenditure funded from revenue (Sch 2, 1)
- Prudential borrowing costs (Sch 2, 2(a))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))

## **Responsibilities held for maintained schools only**

### **Statutory and regulatory duties**

- Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 58)
- Budgeting and accounting functions relating to maintained schools (Sch 2, 74)
- Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 59)
  
- Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 60)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 61)
- Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 62)
- 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, 63)
- 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, 64)
- Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 77)
- HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 65); determination of conditions of service for non-teaching staff (Sch 2, 66); appointment or dismissal of employee functions (Sch 2, 66)
- Consultation costs relating to staffing (Sch 2, 68)
- Compliance with duties under Health and Safety at Work Act (Sch 2, 69)
- Provision of information to or at the request of the Crown relating to schools (Sch 2, 70)
- School companies (Sch 2, 71)
- Functions under the Equality Act 2010 (Sch 2, 72)
- Establish and maintaining computer systems, including data storage (Sch 2, 73)
- Appointment of governors and payment of governor expenses (Sch 2, 74)

### Education welfare

- Inspection of attendance registers (Sch 2, 80)

### Asset management

- General landlord duties for all maintained schools (Sch 2, 78a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:
  - 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
- General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)
- Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

#### Central support services

- Clothing grants (Sch 2, 54)
- Provision of tuition in music, or on other music-related activities (Sch 2, 55)
- Visual, creative and performing arts (Sch 2, 56)
- Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 57)

#### Premature retirement and redundancy

- Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 79)

#### Monitoring national curriculum assessment

- Monitoring of National Curriculum assessments (Sch 2, 76)

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