

PART ONE - PUBLIC

Decision Maker: **SCHOOLS' FORUM**

Date: **Thursday 21st January 2021**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **2021/22 DEDICATED SCHOOLS GRANT**

Contact Officer: Julie Crew, Head of Schools Finance Support
Tel: 020 8313 4806 E-mail: Julie.Crew@Liberata.com

Chief Officer: Director of Children's Services

Ward: (All Wards);

1. Reason for report

This report provides an outline of the final DSG allocation for 2021/22 and an overview of how this will be spent.

2. **RECOMMENDATION(S)**

The Schools Forum are asked to

- i. **Review the final DSG income and forecast expenditure for 2021/22.**

a) **COMMENTARY**

1.1 The final Dedicated Schools Grant (DSG) funding for 2021/22 has now been provided to all LAs to reflect the October 2020 census data.

The final DSG for 2021/22 is divided into four blocks – High Needs, Early Years, Schools and Schools Central. The expected income is detailed below

2021/22 Dedicated Schools Grant					
	High Needs Block	Early Years Block	Schools Block	Schools Central Block	Total
Gross Grant Funding	£58,728,780	£23,343,423	£237,832,719	£2,133,601	£322,038,523
Recoupment adjustment	-£9,954,000				-£9,954,000
Net Grant Allocation	£48,774,780	£23,343,423	£237,832,719	£2,133,601	£312,084,523

1.2 The LA has looked at each of these blocks and has forecast the related expenditure for 2021/22 based on information that is currently available at this time. Full details of the projected grant income and expenditure can be seen at Appendix 1 with detailed information regarding each block provided below.

1.3 Appendix 2 shows the allocation from the Department for Education

1.4 **Schools Central Block**

Grant 2021/22	£2,133,601
Expenditure 2021/22	£2,543,601
Contribution from Council	410,000
Expected (Over)/ Underspend	(£0)

The Central Block has increased by £214k. Although the, per pupil rate fell by 2.5% (the equivalent of a loss of £48k), £242k of additional grant was received due to the pay and pension specific grant allocation for centrally employed teachers now being integrated into the DSG. The remaining increase of around £20k is due to the increase in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £360k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2021/22 bringing the total Council core funding to £410k. Officers will continue to work towards bringing this expenditure in line. The funding calculation also allows for £200k to be transferred from the Central Block to the High Needs Block to cover the costs of teachers pay and pension increases that were paid by grant and are now part of the Central Block calculation with the costs forming part of the High Needs Block.

1.5 **Early Years Block**

Grant 2021/22	£23,343,422
Expenditure 2021/22	£23,343,422
Expected (Over)/ Underspend	(0)

The Early Years Block income has increased slightly due to increases in the hourly rates payable. Last year's population figures are being used. Early Years DSG is adjusted in year to take account of take up during the year, so the figure will change as the year progresses. However, the projected expenditure has been adjusted to reflect the increase and the block remains balanced. Expenditure is calculated using the funding rates as previously agreed with the Schools Forum.

The funding calculation also allows for £500k to be transferred from the Early Years block to the High Needs Block to support Early Years children with SEND.

1.6 **Schools Block**

Grant 2021/22 – Pupil Led	£234,329,762
Premises related funding (rates)	£1,662,934
Growth Funding	£1,840,023
Expenditure 2021/22	£237,832,719
Expected (Over)/ Underspend	(0)

The Schools Block funding has been calculated using the October 2020 census pupil numbers and the per pupil units of funding which have been calculated for 2021/22. Based on the published figures the Primary unit of funding has increased from £4,282 to £4,595 which is an increase of around 7.3% and the Secondary unit of funding has increased from £5,408 to £5,863 which is an increase of around 8.4%. Funding has risen significantly year on year (by £19.4m between 2020/21 and 2021/22), however the majority of this (£11m) is due to the fact that teachers pay and pension grant has now been rolled into the DSG allocation.

The funding that the LA is allocated for the Schools Block is calculated by running the National Funding Formula (NFF) for every school to give a total figure, which is then divided by the number of pupils in each sector to give a per pupil figure. Additional funding is added for premises (i.e. rates) and growth funding. The final growth funding has been calculated at £1.84m which is a slight decrease on 2020/21 (£2.06m). This funding will continue to support growing schools in the borough.

1.7 The main changes to the NFF for 2021/22 are as follows-

- a) Funding previously received through the Teachers Pay Grant (TPG) and Teachers Pension Employer Contribution (TPECG), including the supplementary fund, to mainstream schools for pupils from Reception to year 11 has now been added to the baseline.
- b) Unit values have typically been increased by 4%.

- c) Minimum per pupil funding levels are now compulsory and have been set at £4,180 for primary schools and £5,415 for secondary schools.
 - d) The Minimum Funding Guarantee (MFG) level is required to be between 0.5% and 2%
- 1.8 There are a small number of schools that become eligible for minimum per pupil funding protection as follows:
- a) 17 Primary schools to receive around £1.89m collectively.
- 1.9 In the primary sector the schools that now fall into this category are the larger primary, infant and junior schools where the number of teaching staff may be highest, therefore pay and pension increase would put more pressure on schools budget. In the secondary sector there are no schools that are below the threshold
- 1.10 The MFG protection across all schools has decreased to around £4m.
- 1.11 The MFG level that has been used by Bromley is 2% which sits at the top of the government's parameters. This is higher than was first estimated due mainly to the Teachers Pay Grant and Teachers Pension Employers Grant brought into the DSG, having previously been a separate grant that sat outside of the DSG.

1.12 **High Needs Block**

Grant 2021/22	£58,728,780
Recoupment	-£9,954,000
LA Expenditure 2021/22	£48,774,780
Expected (Over)/ Underspend	(£0)

- 1.13 The High Needs Block is seeing pressures coming through the system. Nationally the Government were seeing some authorities building up high levels of deficit reserves. This particular funding issue was acknowledged, and funding was committed for 2021/22. The DSG allocation resulted in an increase in high needs block funding of £5.7m for Bromley. This was due to the increases in per pupil funding and the increase in pupils themselves. £939k of the increase relates to pay and pension increases that were paid through specific grants and are now integrated into the overall High Needs block calculation.
- 1.14 Whilst the funding is welcomed it is predicted that levels of growth will outstrip the current funding levels over the next four years. Moreover, funding for the High Needs Block has not been confirmed beyond 2021/22 and therefore it has been assumed that Bromley will continue to receive similar increases in subsequent years.
- 1.15 To mitigate against the predicted growth, mitigations have also been assumed as part of the Medium Term Financial Strategy. These are predicated on slowing the rate of increase in EHCPs and to incrementally placing more children in local schools. This carries significant risks because provision for children is determined by their presenting needs according to the legal tests set out within the SEND Code of Practice. With sustained exponential increases in demand for EHCPs and increasing numbers of cases being overturned by SEND Tribunals, this will remain a challenge across the MTFS period.
- 1.16 There continues to be significant pressures on the High Needs Block. The expenditure is based on the pattern of new EHCPs (Education, Health and Care Plans) seen over recent years and on the average

cost of a placement. The demand for placements of children and young people with SEN continues to increase. Increased numbers of children and young people have been placed at mainstream schools, special schools and resourced provisions. Nevertheless, the sustained increase in demand results in the continued reliance on independent settings, which are generally more expensive than in borough placements.