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<b>Decision Maker:</b>	<b>CHILDREN, EDUCATION AND FAMILIES BUDGET SUB-COMMITTEE</b>		
<b>Date:</b>	18 <sup>th</sup> January 2022		
	<b>SCHOOLS FORUM</b>		
<b>Date:</b>	20 <sup>th</sup> January 2022		
<b>Decision Type:</b>	Non-Urgent	Non-Executive	Non-Key
<b>Title:</b>	<b>2022/23 DEDICATED SCHOOLS GRANT</b>		
<b>Contact Officer:</b>	David Bradshaw, Head of Finance, Children, Education and Families Tel: 020 8313 4807 E-mail: David.Bradshaw@bromley.gov.uk		
<b>Chief Officer:</b>	Director of Finance		
<b>Ward:</b>	All		

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1. Reason for report

- 1.1. This report provides an outline of the final DSG allocation for 2022/23 and an overview of how this will be spent.
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2. **RECOMMENDATIONS**

2.1 **The Children, Education and Families PDS Committee is requested to:**

- i) **Note the DSG Allocation for 2022/23;**
- ii) **Provide any comments for consideration to the Portfolio Holder.**

2.2 **Subject to the views of the Children, Education and Families Budget Sub Committee and those of the Schools Forum the Portfolio Holder is asked to approve the Dedicated Schools Grant allocation and the methodology of its distribution.**

2.3 **The Schools Forum are requested to:**

- i) **Review the DSG income and forecast expenditure for 2022/23**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Children, Education and Families Portfolio budget setting supports the provision of services to vulnerable young people
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### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council
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### Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: Children, Education and Families portfolio budgets
  4. Total current budget for this head: £336,360k (DSG 2022/23)
  5. Source of funding: Dedicated Schools Grant (DSG)
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### Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2022/23 Financial Control Budget to be published in March 2022
  2. If from existing staff resources, number of staff hours: Not Applicable
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### Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
  2. Call-in: Not Applicable
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### Procurement

1. Summary of Procurement Implications: Not Applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

### 3. COMMENTARY

3.1. The final Dedicated Schools Grant (DSG) funding for 2022/23 has now been provided to all LAs to reflect the October 2021 census data.

3.2. The final DSG for 2022/23 is divided into four blocks – High Needs, Early Years, Schools and Schools Central. The expected income is detailed below

2022/23 Dedicated Schools Grant					
	High Needs Block	Early Years Block	Schools Block	Schools Central Block	Total
Gross Grant Funding	£67,378,913	£21,748,109	£245,142,018	£2,090,559	£336,359,599
Recoupment adjustment	-£10,272,000		-£1,742,295		-£12,014,295
Net Grant Allocation	£57,106,913	£21,748,109	£243,399,723	£2,090,559	£324,345,304

3.3. The LA has looked at each of these blocks and has forecast the related expenditure for 2022/23 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.

3.4. Appendix 2 shows the allocation from DfE

#### Schools Central Block

<b>Grant 2022/23</b>	£2,090,559
<b>Expenditure 2022/23</b>	£2,550,559
<b>Contribution from Council</b>	-£460,000
<b>Expected (Over)/ Underspend</b>	(£0)

3.5. The Central Block has decreased by £43k. The per pupil rate fell by 2.5% (the equivalent of a loss of £53k). £10k of additional grant was received 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 £410k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2022/23 bringing the total Council core funding to £460k.

## Early Years Block

<b>Grant 2022/23</b>	£21,748,109
<b>Expenditure 2022/23</b>	£21,748,109
<b>Expected (Over)/ Underspend</b>	(£0)

- 3.6.** Early Years funding has decreased by £1.6m year on year. There has been a considerable drop in numbers through the census data, resulting in a grant loss of £2.4m. However, DfE has increased the part time equivalent (PTE) rates by 21 pence per hour for 2-year-old funding and 17p per hour for three and four year old funding for 2022/23. This has increased the grant by £783k, resulting in a net decrease of £1.6m. . There is considerable risk and uncertainty about the figures to the COVID pandemic and volatility in the Early Years sector and take up of places and therefore the underlying pupil counts should be considered with some caution.
- 3.7.** As referred to above this block is volatile due to the drop in numbers being experienced. Amendments to the 2022/23 Early Years DSG block will be made in July 2022 based on the January 2022 census and in July 2023 based on the January 2023 census. It is possible that the Council will not be funded for all the hours if there is a significant increase in take up post January 2022 due to the lag in funding.
- 3.8.** To try to mitigate against this, the proposal is to increase the 2 year old funding rate by 6 pence and the 3 and 4 year old funding rate by 12 pence. This prudent approach will help to prevent a deficit being incurred from future volatility in the Early Years sector. The 2 year old funding in Bromley is already significantly over the rate the Council is paid and will continue to exceed the funded rate after this proposed increase. 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.
- 3.9.** 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.

## Schools Block

<b>Grant 2022/23 – Pupil Led</b>	£241,694,485
<b>Premises related funding (rates)</b>	£1,742,295
<b>Growth Funding</b>	£1,705,238
<b>Recoupment</b>	<b>-£1,742,295</b>
<b>Expenditure 2022/23</b>	<b>£243,399,723</b>
<b>Expected (Over)/ Underspend</b>	(£0)

- 3.10.** The Schools Block funding has been calculated using the October 2021 Census pupil numbers and the per pupil units of funding which have been calculated for 2022/23.

- 3.11.** The Schools Block has risen by £7.3m. This is due to an increase in the per pupil unit of funding and increases in the population figures. The majority of this funding will be top sliced and returned to DfE to fund Academy Schools. Moreover, DfE has introduced a central payment mechanism for Schools Business Rates in 2022/23 and therefore a further deduction will be made for this.
- 3.12.** Based on the published figures the Primary unit of funding has increased from £4,595 to £4,678 which is an increase of around 1.8% and the Secondary unit of funding has increased from £5,863 to £6,048 which is an increase of around 3.7%. Overall this is a 2.5% increase per pupil.
- 3.13.** 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 £1.7m to include retrospective funding for the free school pupils.
- 3.14.** The main changes to the NFF for 2022/23 are as follows-
- a) Unit values have typically been increased by around 3%, with the exception of free school meal funding which has been increased by 2%.
  - c) Minimum per pupil funding levels have been set at £4,265 for primary schools and £5,525 for secondary schools.
  - d) The Minimum Funding Guarantee (MFG) level is required to be between 0.5% and 2%
- 3.15.** The MFG protection across all schools is £1.79m. There are 29 schools that are in receipt of MFG protection, all of which are Primary.
- 3.16.** The MFG level that has been used by Bromley is 1% which sits at the middle of the government's parameters. Bromley is not able to calculate the funding at or around the highest level of 2% due to the impact of the number of free schools and the issues around lagged funding, which continues to direct funding away from all other schools.
- 3.17.** There are a number of schools that become eligible for minimum per pupil funding protection as follows:
- a) 19 Primary schools to receive around £1.2m collectively.
  - b) 0 Secondary schools.
- 3.18.** In the primary sector the schools that now fall into this category are the larger primary, infant and junior schools where their costs per pupil are likely to be lower due to their size and therefore economies of scale.
- 3.19.** There has also been an announcement of additional supplementary grant of £7.1m for 2022/23 for schools. This is to provide support for the costs of the Health and Social Care Levy and wider costs. This will be distributed as a separate grant in 2022/23 only, as the intention is to integrate this into the DSG from 2023/24 onwards.
- 3.20.** The Schools block funding allocations go through a validation check with the ESFA so they are subject to review and possible amendment.

## High Needs Block

Grant 2022/23	£67,378,913
Recoupment	-£10,272,000
LA Expenditure 2022/23	£57,106,913
Expected (Over)/ Underspend	(£0)

- 3.21.** 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 has been acknowledged, and further funding committed for 2022/23.
- 3.22.** The DSG allocation has resulted in an increase in High Needs Block funding of £7.5m for Bromley. £2.4m of this amount was announced in the spending review to cover additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original High Needs Block allocations were calculated, including the Health and Social Care Levy. The remaining £5.1m is due to the increases in per pupil funding and the increase in pupils themselves.
- 3.23.** Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. Moreover, future funding levels have not yet been announced and so there is uncertainty as to what funding levels will be from 2023/24.
- 3.24.** 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.
- 3.25.** 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.
- 3.26.** There is currently a deficit on the DSG of just over £1m. This is expected to rise during the 2021/22 financial year. DfE will ask in due course for a recovery plan which will have to mitigate this deficit over a period of 3 to 5 years. The current budget does not address this deficit although officers are in the process of formulating a deficit recovery plan ahead of the request from DfE.

#### **4. SCHOOL FORUM COMMENTS**

- 4.1 The Schools Forum meet on the 20th January 2022. Any comments from the Forum will be fed back to the Portfolio Holder after the meeting so that a decision on the funding can be made.

#### **5. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

5.1 The draft 2022/23 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

## 6. POLICY IMPLICATIONS

6.1 The DSG 2022/23 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium term financial plan. The Council continues to deliver key services and lives within its means.

## 7. FINANCIAL IMPLICATIONS

7.1 Financial implications are contained within the overall body of the report.

<b>Non-Applicable Sections:</b>	Procurement, Personnel Implications, Legal
Background Documents: (Access via Contact Officer)	Held within the Finance Section