

Southend-on-Sea Borough Council

Executive Director of Finance and Resources
Executive Director of Children and Public Health

To
Education Board
On
20th October 2020

Agenda
Item No.

Report prepared by:
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Dedicated School Grant (DSG) 2021/22 budget planning and 2020/21 budget update

1 Purpose of Report

- 1.1 To update the Education Board (EB) on DSG budget planning for 2021/22 following the Department for Education (DfE) July 2020 School funding announcements.
- 1.2 To seek to agree a decision in principle with regard to the setting of our local 2020/21 Individual School Block funding allocations per pupil.
- 1.3 To update the EB on the latest DSG budget for 2020/21 following the applied annual DfE July 2020 funding update changes.

2 Recommendations

Education Board are asked to agree:

- 2.1 With regard to individual school's budget (ISB) planning for 2021/22, to continue on the trajectory of adopting the principles of the National Funding Formulae (NFF). (As referenced in 5.1 through to 5.6). And therefore;
 - 2.1.1 Any School that attracts their core NFF funding factors (i.e. with no MFG or funding floor protections applied), to benefit from the full NFF applied 3% increase to those core factors including the additional DfE DSG applied 2021/22 teacher pay award and pension grant protection funding.

Education Board are asked to note (with the continued principles of the NFF):

- 2.1.2 All remaining Schools whose per 2020/21 per pupil led funding rate plus the additional DSG applied 2021/22 teacher pay award and pension grant protection funding is either above the revised NFF mandatory 2021/22 minimum funding amounts per pupil or core NFF funding rate as

referenced in 2.1.1, will receive the same NFF maximum allowable % uplift per pupil. And this will be up to the NFF maximum allowed 2.00% uplift per pupil, which itself remains subject to the Options declared in 10.7 to 10.10 in relation to the Central block Historic Commitment funding losses. The next December EB DSG paper will recommend an option based on the Local Authority review of these services.

Education Board are also asked to express their views at this stage:

- 2.2 On any of the options presented in 10.7 to 10.10, in relation to the funding losses for the Central Block Historic Commitments.

3 Background

2020/21

- 3.1 The updated DSG budget for 2020/21 follows the annual July 2020 release from the DfE of the latest 2020/21 DSG funding block allocations at a local authority level, where funding changes are applied to the high needs and early years block only explained further in this paper.

2021/22

- 3.2 The DSG budget planning for 2021/22 follows both the original September 2019 Government headline announcements on the future of schools funding, and continued announcement by the DfE in July 2020 and subsequent DfE's release of the "Schools revenue funding 2021 to 2022 operational guide" used to help guide Local Authorities and their Schools Forums/Education Boards to plan the local implementation of the funding system.
- 3.3 2021 to 2022 is also now the fourth year of the National Funding Formulae (NFF) reforms and is the funding basis for setting individual school block allocations. Whilst, it still remains a local decision with agreement of School Forum on the final school per pupil rates set at an individual school level, with exception now of the minimum per pupil funding rates which is mandatory.
- 3.4 The Government have also re-affirmed their position and stated in the "Schools revenue funding 2021 to 2022 guide", that the government will later this year, "put forward plans to move to a hard NFF, which will determine school funding allocations directly rather than by local funding formulae."
- 3.5 Therefore it must be noted and commended that our own Local Authority and Education Board has positioned itself well over the last four years to align our School DSG resources to the principles of the NFF, and it would therefore be financial sensible to continue to plan on that trajectory. It is also reported that in 2020/21, two thirds of Local Authorities are now following the principles of the NFF for school level allocations, and that will increase further for 2021/22.
- 3.6 It must also be noted and continually commended, that given the national and recognised pressures on High Needs Funding, that through the joint work of Southend's Local Authority, Education Board, Special Schools and Schools (where savings had been made and agreed from 2017/18 to 2019/20) combined

with further DfE funding increases from 2019/20. Southend's own DSG High needs funding position is now in a healthy and stable financial position for 2020/21, including full recovery of previous depleted DSG reserves (and this was as shared in the June EB DSG 2020/21 High Need detailed budget allocation). However, it must and continue to remain minded that the financial pressures with the distribution of DSG high needs funding are forever continually increasing so careful long term strategic financial plan must remain.

- 3.7 Whilst, 2021/22 funding headlines continue to be welcome news for both the Schools and High Needs block. The DfE, as previously reported and suspected have confirmed that the DSG Central Block Historic commitment funding element will be unwinding further by an another 20% from the 2020/21 baseline (the first 20% funding cut was applied in 2020/21 from the 2019/20 baseline). The DfE have also repeated their intention that this funding will continue to unwind until all gone.
- 3.8 The DfE have not yet made any announcements in relation to Early Years funding for 2021/22. The DfE state the guidance will be published in the Autumn 2020 term following which these announcements will then be shared in the next EB DSG December 2021/22 budget planning paper.

4 Dedicated Schools Grant 2021/22 budget planning and 2020/21 budget update

Foreword

- 4.1 In September 2019, the Government and the DfE released a statement, "that the funding for schools and high needs compared to 2019-20, will nationally rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23". Which is ofcourse a welcome announcement and 2021/22 itself is now the second year of that three year announcement, but we remain minded on a national and local basis this is on the back drop of significant national pressures on high needs funding, some schools that have been struggling financially and further required increases in teacher salaries and pension contributions.
- 4.2 The 2021/22 indicative DSG funding allocations at a total local level are presented alongside the detail of the latest 2020/21 Budget allocations as shown in "Appendix 1 – DSG Latest 2020/21 budget and Indicative budget 2021/22". The total funding allocation for 2020/21 DSG resources is now £158.431M and the total indicative 2021/22 allocation is shown as £170.630M, representing a total increase of £12.199M from 2020/21 (and of this £12.199M increase, £5.723M represents the previous and separate 2020/21 direct DfE grant funding applied for teacher pay award and pension increases in mainstream schools and now included within the DSG for 2021/22).
- 4.3 All the applicable changes to the updated 2020/21 DSG budget, and basis of the indicative 2021/22 budget allocations are explained within each DSG block of this paper.

5 Schools Block – Individual School Block (ISB) allocations 2021/22

- 5.1 The 2021/22 indicative DfE allocations published contain the actual 2020/21 primary unit of funding (PUF) and secondary unit of funding (SUF) that the DfE will use to calculate each local authority's final school block allocation. And as repeated annually, they will then also issue the updated and final total 2021/22 school block funding allocations in December 2020 based on the latest pupils numbers and adjusted funding factors recorded through the October 2020 school census.
- 5.2 The following are the key headlines related to mainstream school funding for 2021/22 released by the DfE in July 2020:
- 5.2.1 The minimum per pupil levels will be set at £4,180 for primary schools (£3,750 in 2020/21) and £5,415 (£5,000 in 2020/21), where both of these rates now include the rolling of the teacher pay and pension grants into the DSG at a rate of £180 per primary pupil and £265 per secondary pupil. And to remind, from 2020/21 the minimum amounts per pupil are also now a mandatory funding factor.
- 5.2.2 Where schools are attracting their underlying core NFF allocations, the NFF has built in an increase of 3.0% in the Pupil led funding factors from 2020/21, plus a further £180 per primary pupil and £265 per secondary pupil including the rolling of the teacher pay and pension grants into the DSG for 2021/22 attached to the basic entitlement rates.
- 5.2.3 And for those Schools whose per pupil led funding rate is already above both 5.2.1 and 5.2.2, the NFF funding floor per pupil led rate has been set at a 2.0% increase from their 2020/21 per pupil led base line, plus, again a further £180 per primary pupil and £265 per secondary pupil including the rolling of the teacher pay and pension grants (including any further 2020/21 pension supplementary funding approved by the DfE) into the DSG for 2021/22.
- 5.2.4 The per pupil led Minimum MFG (Minimum Funding Guarantee) protection from 2020/21, can be set between +0.5% and + 2% per pupil, as well as the DfE advising local authorities to add on top the further £180 per primary pupil and £265 per secondary pupil for the rolling of the teacher pay and pension grants into the DSG for 2021/22.
- 5.2.5 Local Authorities continue to be able to propose a transfer up to 0.5% of their schools block to other blocks, with school forum approval, but this transfer must exclude any additional funding attributable to the rolling of the teacher pay and pension grant into the DSG for 2021/22. And a disapplication request to the DfE continues to be required for transfer above 0.5% or any amount without school forum approval.
- 5.2.6 The government will, later this year, put forwards plans to move a 'hard' NFF in the future, which will determine school funding allocations directly, rather than allowing for local funding formulae.

- 5.3 The 2021/22 school level funding headlines are ofcourse helpful, and it is also particularly helpful to see that both the teacher's pay and employer pension contributions grant have been rolled into the DSG from 2021/22, also meaning this has now become a permanent funding allocation.
- 5.4 Now given that our local Education Board has been a strong adopter from the start of the NFF reforms and that the government's intention remains to move to a single 'hard' national funding formula to determine every school's budget, there is therefore no foreseeable reason why our Education Board would choose to move away from these NFF principles. We must also remain minded that in addition to the inclusion of the rolling of teacher pay and employer grant into the DSG for 2021/22, the 2021/22 minimum funding amounts per pupil are now a compulsory factor with core increases per pupil built in of circa 6.7% per primary pupil and circa 3% per secondary pupil, the NFF has also built in a 3% uplift to the core underlying factors , and for all remaining schools any deviation away from seeking to award up to the maximum pupil led 2.0% uplift from a Schools 2020/21 NFF baseline, is also capped by a minimum 0.5% MFG uplift from this baseline. It is therefore also a proposal that ensures all schools will receive additional per pupil led funding in 2020/21, with the lowest funded schools per pupil receiving the highest % increases per pupil led from their 2020/21 baseline.
- 5.5 It is therefore recommended (excluding the minimum funding amounts per pupil which is a compulsory factor regardless), that for 2021/22 continuing with the principles of the NFF:
- 5.5.1 Our own local individual mainstream school budget shares are set applying the fully funded 3% increase to the core NFF funding rates plus the NFF additional allowance of £180 per primary pupil and £265 per secondary pupil for the rolling of the teacher pay and pension grants into the DSG.
- 5.5.2 And for all other applicable schools, who do not benefit by larger increases from either the applied minimum funding amounts per pupil, or the 3% uplift applied to core underlying NFF rates receive the same MFG % uplift compared to their 2020/21 NFF per pupil led baseline targeted upto the maximum 2% available, plus the NFF additional allowance of £180 per primary pupil and £265 per secondary pupil for the rolling of the teacher pay and pension grants into the DSG
- 5.6 In view of the recommendations of 5.5 using the 2020/21 School block data set, the illustrative 2021/22 school level per pupil led rates are shown in Appendix 2 including a % increase comparison to their 2020/21 base line. It must remain caveated that with regard to the applied 2021/22 3% increase on the core underlying NFF funding rates and in accordance with the annual funding cycle, it will only be possible to know the actual final per pupil led rate for those applicable schools once the DfE have released in late December 2020 the updated School Block data set for 2021/22 (which is based on the October 2020 school census). The then actual final 2021/22 school allocations will be subsequently shown in the January 2021 EB DSG paper including the updated numbers of pupils on roll at each school (based on the October 2020 census) multiplied by the 2021/22 per pupil led funding rates.

6 Schools Block – Centrally retained 2021/22

6.1 The following is the key headline, released by the DfE in relation to the growth fund for 2021/22;

6.1.1 Growth funding will be based on the same methodology as last year, and local authorities that received growth funding protection in 2020 to 2021 will continue to receive protection in 2021 to 2022, meaning the maximum reduction in growth for these local authorities will be set at -0.5% of their total DSG schools block allocation in 2020 to 2021.

6.2 For Southend, we are not expected to meet the need for growth funding protection as we are now experiencing the growth in our secondary sector, and as previously agreed through EB:

6.2.1 Southend has an affordable funding plan to support growth over the life of that growth (within declared minimum tolerances, which can be set as necessary declared and agreed in the March 2019 EB DSG Growth paper).

6.2.2 And final growth rates for 2021/22 will be declared in the January 2021 EB DSG budget paper (once the final funding allocations are known for 2021/22), alongside any potential increase adjustment for the rates currently applied in 2020/21 (as agreed in the December 2019 EB DSG budget planning paper).

7 Schools Block – De-delegated 2021/22

7.1 In accordance with the annual funding cycle, any proposed amounts for 2020/21 de-delegation consideration (Voting rights maintained schools only), will be presented to the Education Board in the December 2020 EB DSG paper. And it remains minded, the only current approved funding item for delegation in 2020/21 is staff cost public duties claims allowing further buy in from Academy schools to support and therefore also be eligible for those claims.

8 Early Years Block

2020/21 Budget Update (and 2019/20 Final Budget allocation)

- 8.1 As repeated, on an annual basis, the DfE announced in July 2020 the results of the January 2020 early years census, which not only adjusts and updates the funding applied to the early years DSG resource for last financial year 2019/20 to a now final 2019/20 funding allocation, but also forms the basis of a revised indicative funding allocation for the current 2020/21 and following 2021/22 financial year.
- 8.2 The results of the Early Years January 2020 census and therefore updated PTE* funding are shown in the table below, also illustrating the revised and welcome overall net increase change in both the DSG funding allocation for 2019/20 (which is now final) and updated indicative allocation for both 2020/21 and 2021/22.

	2019/20 & 2020/21 Previous PTE*	2019/20 Final PTE*	2019/20 Equivalent Funding change Increase / (decrease)	2020/21 Revised PTE*	2020/21 & 2021/22 Equivalent Funding change Increase / (decrease)
2 year old	488	436	(£91,060)	436	(£158,474)
3 & 4 year old Universal	2,693	2,748	£80,783	2,748	£141,010
3 & 4 year old Additional	714	836	£178,751	836	£311,999
Pupil premium	£127K	325	(£17,047)	325	(£29,222)
Disability Access Fund	£58k	£58k	£0	£58k	£0
Total			£151,427		£265,313

*PTE (Part Time Equivalent). DfE defined as the number of children taking up 15hours per week over 38 weeks.

**7/12's of the 2020/21 PTE adjustment is the approximate applicable funding reduction or increase in 2019/20.

- 8.3 The £265,000 circa. net increase for 2020/21 will be used to fund the now ongoing and expected increase take up for both 3&4 year old universal and 3 & 4 year old additional extended entitlement funding, and it is particular pleasing to see the confirmed growth in the additional entitlement funding illustrating this fund is assisting Parents/Carers to go back to work. However, the reduced PTE* for 2 year old funding and pupil premium take up will be further investigated by the Early Years team, whilst in part, the reduction in 2 year old funding could be linked to reduced birth rate it does also indicate that less of our potentially eligible lower income households are accessing these funds and therefore the reasons for that need further investigation.

- 8.4 The £151,000 circa. net funding increase for 2019/20 will firstly and correctly be allocated to the DSG early years reserve as this relates to last year's funding. So this is again positive news that the Early years DSG reserves are further increased. £112,000 one off funding has been previously approved by the EB to further support early years in both 2020/21 to 2021/22 from the DSG early years reserves (as agreed in the EB Early Years Dec 2019 paper), which therefore makes use of one off funds available for one off initiatives.
- 8.5 The increase in Early DSG reserves is obviously very favourable, however, it is recommended that this isolated DSG reserve is held to a minimum £500,000 (or equivalent circa. 5% of current early years total funding) at any one time. This then allows the absorption of any one off 'adverse DSG funding reductions'* in future years, without the need to impact on going funding distributed to providers. Our early years DSG reserves are currently above this recommended minimum allocation.

Cause of an 'adverse DSG funding reduction'* - As defined by the DfE, early years funding paid out to providers is based on the 3 seasonal and separate termly head counts within a financial year, whereby actual funding received to the DSG is based on the January early census alone. There therefore continues to be risk that the January early year census returns a lower (which would lead to be an adverse DSG funding reduction) head count than the average of the 3 terms paid out in any given year.

2021/22 Budget Planning

- 8.6 As explained in 8.1 and 8.2, the indicative 2021/22 Early years funding allocation is now based on the updated January 2020 census.
- 8.7 The local authority currently awaits any further detail in relation to the Early years funding rates from 2021/22. The DfE have confirmed this will be released in the Autumn term 2020 and this will then subsequently inform the proposed 2021/22 funding rates for early years providers and will then be shared for recommendation in the December 2020 EB DSG paper.

9 High Needs Block

2020/21 Budget Update

- 9.1 The High Needs Block DSG budget has now been adjusted following the DfE's annual 'import and export adjustment*' announced in July 2020, and it has confirmed this has increased the High Needs Blocks funds by a further £66,000 to now £22.626M.
- 9.2 In reality this £66,000 does fall to support the place funded provision as it relates to further other local authority pupils requiring placements in our home authority special school provision, but given formal place funding allocations need to be confirmed with the DfE by the November of the preceding funding year (A statutory requirement of the local authority), the place funding budget has to be set regardless of this announcement and therefore cannot wait for this final adjustment (but also recognising it is often not a material adjustment by size compared to the overall high needs block allocation).

'import and export adjustment*' - relates to a DfE defined in year High Need funding adjustment compiled from the latest January school census and RO6 Individualised learner record. Whereby a local authority's high needs block funding allocation is compensated if there is a net import increase from the previous year due to more other local authority home based pupils placed in their area, or alternatively reduced if there is a net export increase from the previous year, if more local authority home based pupils are placed in another local authority area. Southend's 2019/20 High Need block allocation has therefore increased by a further £66k (£6,000 awarded per pupil for a further 11 pupils), due to an overall revised net import of 95 pupils, compared to a net import of 84 pupils for the previous year.

- 9.3 Therefore, In view that the "Detailed high needs budget allocation for 2020/21" was set and agreed in detail at the last and most recent July 2020 EB which included much needed and distributed funding growth. It is proposed that this £66,000 will simply go towards meeting any further in year pressures within the high needs block globally rather than a direct allocation, and then if it is not required, as with any underspend on DSG funds it will be ring fenced and rolled forward to support future years.

2021/22 Budget Planning

- 9.4 The following is the key headlines, released by the DfE in relation to High needs funding for 2021/22:
- 9.4.1 The funding floor will be set at 8% so each local authority can plan for an increase of at least that percentage, after taking into account changes in their 2 to 18 population estimated through the office of national statistics.
- 9.4.2 The gains cap will be set at 12%, on the basis of per head of population, allowing authorities to see up to this percentage increase under the funding the formula.
- 9.5 Therefore, for our own local 2020/21 DSG high need funding allocation this has now been indicatively been set at £25.658M, an additional £3.032M from 2020/21, applying the full gains cap at 12%, which as previously stated, is because Southend has historically remained below an uncapped formulae. We have therefore now reached for the first time the full funding allocation through the Formulae in 2021/22.

- 9.6 This therefore is obviously great news once again (as was 2020/21's funding announcement) for Southend's children and young adults who require special educational needs related support and children who require alternative education.
- 9.7 It must also be made clear that within this additional allocation of £3m for 2021/22. Circa £480k has been awarded to support the ongoing funding for the teacher pay and pension grants applicable to our Special Schools and PRU. The DfE and rightly has instructed that this funding must be passed on to the applicable settings at a rate in 2021/22 of no less than their entitlement in 2020/21.
- 9.8 And again, as per our local DSG annual funding cycle, the actual full detailed application of this additional 2021/22 funding will be considered as part of the EB June 2021/22 High Need detailed allocation budget paper.

10 Central Block

2021/22 Budget Planning

- 10.1 The following is the key July 2020 headlines, released by the DfE in relation to central block funding for 2021/22:
- 10.1.1 As stated previously, the department are continuing to reduce the element of funding within central block that some local authorities receive for historic commitments made prior to 2013 to 2014.
- 10.1.2 In 2021/22 for those local authorities that receive it, historic commitments will be reduced by a further 20% from the 2020/21 baseline.
- 10.2 The reminder detail of our Local Authority and Education Board central block historic commitments were shared in both the October 2019 and December 2019 EB DSG papers, including a position statement at that time that our local authority should now continue to plan on further funding losses in 2021/22 and beyond. This position has therefore come true for 2021/22 which now represents a further 20% increase funding loss from the 2020/21 baseline. It was also repeated that for our Local Authority and Education Board, we have only ever had services listed under the central block historic commitment definition that are classified as "contribution to combined budgets", meaning they are services which are funded from both the DSG central block and Local Authority.
- 10.3 For 2020/21 the announcement of the first 20% funding loss was shared late in the Autumn term of 2019 by the DfE, which therefore did not allow local authorities and school forums enough time to plan a response with regard to the setting of 2020/21 budgets. Therefore given this late announcement following recommendation in the December 19 EB DSG paper, the Education Board helpfully approved for 2020/21 a transfer of funds of £181,000 from the school blocks (which was in effect a small top slice to schools budgets by % terms) to

the central block to cover that 20% loss (and thus protecting the funding levels for the central block historic commitments in 2020/21). However, this was done, as stated in fairness on the conditional basis that allowed time for the local authority time to sensibly plan for continued and further funding reduction losses from 2021/22 onwards.

- 10.4 The table below simply illustrates the now confirmed DSG funding losses for our local authority central block historic commitment allocation from the start of 2019/20 through to 2021/22:

Financial Year	2019/20	2020/21	2021/22
Funding remaining	£905,000	£724,000	£579,000
% unwound*		20%	20%
Funding loss*		£181,000	£145,000
Cumulative loss		£181,000	£326,000

% and amount unwound* from the previous year.

- 10.5 Although, ofcourse now not unexpected this continued funding reduction is a disappointment for applicable local authorities. What is also not helpful for long term financial and therefore service planning within local authorities is that the DfE continue to not specifically state by how much this funding will further unwind in future years. We can therefore only assume at this time, given the last two year funding cuts applied it will now continue at a further 20% each year from the previous year's baseline, but caveated that the actual profile of that unwinding could still change from 2022/23 (more or less) whereby the local authority will only currently be aware of that change once the DfE have released the annual July funding update announcements.
- 10.6 Therefore in view of the decreased funding and now £326,000 funding loss in 2021/22, the education board are to note the following options as a way to mitigate that continued loss:
- 10.7 **Option 1 – transfer 2021/22 funding from the Schools Block to part cover or cover this loss in full.** Not currently advised or recommended on the following basis:
- 10.7.1 That the Education Board helpfully approved the top slice to the schools block to cover this loss in 2020/21 (given the late announcement) but only on the conditional basis a long term plan was developed to manage the continued funding losses from 2021/22 onwards.
- 10.7.2 That any further school block top slices are simply not a long term sustainable funding option and do divert resources away directly from mainstream schools who themselves are facing additional funding pressures.
- 10.7.3 That the government have confirmed their commitment to continue with the implementation of a hard NFF which could and will likely remove the ability to top slice school block funds regardless in future years.
- 10.7.4 That the Central Block Historic commitments for combined budgets were originally formed by top slicing mainstream school funds previous to 2013/2014, so in theory should not to be top sliced again, a DFE view point as well.

However, it must all be noted that:

- 10.7.5 Any funding transfer from the School block to the Central Block, would only effect the highest funded school per pupil. (So on Appendix 2 that highlights any school currently expected to receive a 2% uplift per pupil, but would reduce that uplift).
- 10.7.6 But, any transfer from those applicable Schools does also reduces their MFG baseline level of funding per pupil which would roll into the following financial year, meaning any transfer, also has longer term funding effects for those schools.
- 10.8 **Option 2 – Do nothing:**
- 10.8.1 To simply let the funding for the historic commitments now unwind which in turn places those services at risk (The effected services were shared as a Part 2 paper in December 2019 EB).
- 10.8.2 As the local authority is the lead commissioner of those services, it is the local authority that will need to decide the priority of those services moving forward. Ofcourse, the local authority has the option to cover or part cover the central block funding losses, but given both the local and national context of funding pressures within local authorities, these services are therefore unfortunately placed at risk and will need to be considered alongside other wider services in terms of priority to continue to support. The Local Authority has already started to plan for this eventually and this will need to be concluded for 2021/22 by the end of November.
- 10.8.3 The Local Authority is still required by statute to seek agreement from the Education Board for the continued funding of historic commitments and this would now instead be based on revised sum of £579,000 in 2021/22 (as oppose £905,000), but with the local authority proposing how that funding will be allocated for each service within.
- 10.9 **Option 3 – Seek a funding transfer from the 2021/22 High Needs block to either cover or part cover this loss:**
- 10.9.1 Under the DfE funding guidance, other block movements from either the central schools block or high needs block are not subject to any limit and can be made in consultation with the schools forum. However, on the conditional basis for funding support to historic commitments themselves, the Local Authority would have to ensure any transfer of funding was directly allocated to the support those services listed under historic commitments, it can also not be a greater total funding amount than the year before or enable the local authority to enter into any new commitments.
- 10.9.2 Now given our High Need block in 2020/21 has restored to financial balance (Not without recognition to the significant work by the Local Authority, Education Board, Special Schools and Schools) including a projected and planned forecast underspend for 2020/21 (current £1.3M forecast underspend, and this is after much needed and applied funding growth) plus the further additional £3M funding announced in 2021/22, this has now become a potential viable option based on affordability for 2021/22 alone.

- 10.9.3 However, again this could not be a long term sustainable option as the spend attributable to high needs will always be a subject to volatility and risk. These services have also never been funded by a transfer from High Needs. It would therefore only be possible that this could be considered on a year by year basis, given the context of the overall affordability to the high needs block alongside the schools and providers that funding supports, plus in recognition the required £326,000 funding loss cover in 2021/22 will also be a larger sum in 2022/23. The local authority will therefore continue to need to plan the long term mitigation of these funding losses from the Central Block, but, however in the short term for 2021/22 this would buy further time for those services (where required) and it would also allow the local authority that time to further plan moving forward the wider impact on our Children Social Care provision.
- 10.10 As stated in 10.8.2, the Local Authority as the lead commissioner of the historic commitment service is planning its response. Once this is concluded for 2021/22 alongside any early and possible considerations for 2022/23 onwards. This will be bought back to the Education Board in December 2020, alongside a recommendation based on any of the 3 listed options according to the requirement needed.

11 Latest forecast DSG reserve balances

- 11.1 The table below updates the anticipated forecast DSG reserve balances for the end of 2021/22 and updated in relation to the early years funding adjustment for 2019/20 only, as explained in 8.2.

Block	Schools – ISB	Schools - growth	Schools – de-delegated	Early Years	High Needs	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reserves surplus / (deficit)							
1 April 2020 B'fwd	0	(18)	8	776	410	73	1,248
Issued to 2021 budget	0	0	0	(112)	0	0	(112)
19/20 Early years funding adj	0	0	0	151	0	0	151
2020/21 forecast Variance	0	224	8	0	1,288	0	1,513
Transferred in year	0	0	0	0	0	0	0
31 March 2021	0	206	8	815	1,698	73	2,800

- 11.2 The DSG reserve balance does also highlight current and effective management of DSG funds over recent years through both the Local Authority and Education Board.

12 Conclusion

- 12.1 Overall, it has to be recognised that the 2021/22 funding announcements for both the Schools and High Needs block, are both a positive and welcome message for Dedicated School Grants funds and therefore the educational services provision those funds support.
- 12.2 It does however, have to remain noted, it is disappointing that the DfE intention for Dedicated School Grant funding allocations to support “historic commitments” under the Central Block in 2021/22 has continued to unwind further from 2020/21.

13 Appendices

- Appendix 1 - DSG Updated budget allocation 2020/21 and Indicative budget allocation for 2021/22
- Appendix 2 - DSG Illustrative Individual School Budget per pupil led rate funding rate 2021/22