

# Southend-on-Sea Borough Council

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

## Education Board

on

19<sup>th</sup> January 2021

(Following the 2021/22 funding principles agreed at the Education Board on the 20<sup>th</sup> October 2020 and 15<sup>th</sup> December 2020)

Agenda  
Item No.

Report prepared by:  
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### Dedicated Schools Grant budget 2021/22

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#### 1 Purpose of Report

To present the 2021/22 Dedicated Schools Grant (DSG) budget including the DSG Individual School budgets for 2021/22.

#### 2 Recommendation

- 2.1 That the proposed 2021/22 Dedicated Schools Grant Budget, be noted, and this has been set as agreed in accordance with the approved funding principles of both the last 15<sup>th</sup> December 2020 and 20<sup>th</sup> October 2020 DSG Education Board finance papers.

#### 3 Background

- 3.1 This paper sets out the proposed Dedicated Schools Grant Budget for the financial year 2022/22 which is also to be set by the Council as part of the annual budget cycle finalized in February 2021.
- 3.2 This paper also follows both previous and detailed DSG Education Board (EB) funding papers considering the 2021/22 budget, as presented, and approved for EB recommendation in both the October 2020 and December 2020 board meetings. The principle funding decisions approved at both of those previous boards are made clear for reference within each section of this paper.
- 3.3 This paper now also follows the Department for Education (DfE) DSG 2021/22 funding block announcements made on the 18<sup>th</sup> December 2020, and release of the 2021/22 DfE Authority Proforma Tool (APT) on the 15<sup>th</sup> December 2020.
- 3.4 The DfE release of the 2021/22 APT, therefore enables the Education Board to also formally set the final distribution of the 2021/22 school block funds to Individual Schools, using the updated numbers on roll for each School as per

the latest DfE October 2020 school census data, and in line with the previous funding agreements of the last two Education Board meetings. The APT will be submitted back to the DfE by the Local Authority.

3.5 This paper also displays the final 2021/22 DSG funding allocations for de-delegated funds, growth fund, central schools block, early years block (remains DfE provisional) and high needs block (High needs in totality only and remains DfE provisional).

3.6 And as agreed, at the March 2019 EB Board Meeting, and the December 2019 Board meeting, this paper presents the provisional growth fund rates for 2021/22, as well as an updated and now final growth funding rates for 2020/21.

#### 4 Dedicated Schools Grant Allocations 2021/22 (Set by the DfE)

4.1 The Department for Education (DfE) has set out the following funding blocks for Southend's Dedicated Schools Grant for 2021/22 (col.A);

|  | A              | B              | A – B             |
|--|----------------|----------------|-------------------|
|  | 2021/22*<br>£M | 2020/21*<br>£M | Inc / (dec)<br>£M |
| Schools Block                            | 128.038        | 123.600        | 4.438             |
| Schools Protected pay and pension grants | 5.780          | 0              | 5.780             |
| <b>Schools Block Subtotal</b>            | <b>133.818</b> | <b>123.600</b> | <b>10.218</b>     |
| Early Years Block (Provisional)          | 10.773         | 10.631         | 142               |
| High Need (HN) Block (Provisional)       | 25.076         | 22.512         | 2.564             |
| HN Protected pay and pension grants      | 0.482          | 0              | 0.482             |
| <b>High Needs Block Subtotal</b>         | <b>25.558</b>  | <b>22.512</b>  | <b>3.046</b>      |
| Central Block                            | 1.461          | 1.574          | (0.113)           |
| Central Block Protected pension grants   | 0.095          | 0              | 0.095             |
| <b>Central Block Subtotal</b>            | <b>1.556</b>   | <b>1.574</b>   | <b>(0.018)</b>    |
| <b>Grand Total</b>                       | <b>171.705</b> | <b>158.317</b> | <b>13.388</b>     |

2020/21\* High Need Block is Final, Early Years remains Provisional until July 21, Protected teacher pay and employer pension grants were paid separately from the DSG in 2020/21.

2021/22\* DSG now includes the previous and separately paid teacher pay and employer pension contributions grants.

Appendix 2 – “DSG budget 2021/22”, provides the detailed allocation including movement from the latest 2020/21 budget.

4.2 Although the Education Board and Local Authority remain responsible for allocating the entirety of DSG, the final actual DSG amount awarded to the Local Authority will exclude funding for Academies, High Need place funding for both colleges and further education providers, and free special schools (referred to as recoupment), as these excluded amounts are paid directly to those settings by the Education and Skills Funding Agency. Therefore the final estimated allocation expected to be awarded to the Local Authority is £55.6M, after considering these estimated recoupment deductions of £116.1M which are also listed separately for each funding block in Appendix 2.

#### 4.3 Within the Schools Block funding allocation:

- 4.3.1 The primary pupil led funding element has been set at £65.734M based on a total unit of funding of £4,383.76 per primary pupil (£4,062.70 in 20/21) for 14,955 number of pupils (15,068 in 20/21). The total uplift % per pupil is 7.9% of which 4.4% relates to the protected teacher pay and pension grants and remaining 3.5% as a result of the Core National Funding Formulae (NFF) changes applied.
- 4.3.2 The secondary pupil led funding has been set at £66.237M based on a total unit of funding of £5,782.65 per secondary pupil (£5,380.73 in 20/21) for 11,455 number of pupils (11,188 in 20/21). The total uplift % per pupil is 7.5% of which 4.9% relates to the protected teacher pay and pension grants and remaining 2.5% as a result of the Core National Funding Formulae (NFF) changes applied.
- 4.3.3 The premises factor funding is allocated at £1.075M (£1.122M in 20/21) and the funding for growth is allocated at £0.771M (£1.063M in 20/21).

4.4 The DfE Early Years funding rates applied to the DSG allocation for 2021/21 have been set at £4.54 per hour for 3 & 4 year olds (uplift of 1.3% from £4.48 in 20/21) and £5.40 per hour for 2 year olds (uplift of 1.5% from £5.32 in 20/21). The total early years block allocation remains provisional for 2021/22 as the allocations will be adjusted for take up of provision by the DfE in July 2021 and a further final adjustment in July 2022 (based on the January 2021 and January 2022 early years census data).

4.5 The high needs block is still provisional until the final funding allocation is expected to be announced in July 2021, where by the DfE will be updating the final funding allocation in recognition that the authority meets all the high need place funding costs in their home area regardless of the pupil's own home authority residence (excluding free special schools). And this is known in the DfE high need funding terminology context as the "high need import and export funding adjustment". Therefore the home authority will be compensated in relation to high need place funding where that authority supports more pupils (than the previous year) who live outside of the home resident authority area than pupils they have been required to place in another local authority area, or on the contrary, a reduction in the local funding adjustment will be applied if the opposite event occurs.

4.6 The high needs block provisional allocation has been increased by a further £3.046M in 2021/22, £0.482M of which relates to former teacher pay and employer pension grants now included in the DSG and must be passported through to relevant settings in addition to high need place and top up funding. The remaining £2.564m funding increase, is a result of the DfE applying an underlying 12% funding gains cap on the per head of child population within the high need funding formulae. As previously reported, Southend remained below an uncapped funding formulae but positively now 2021/22 is therefore the first time Southend's allocation has reached its full funding allocation after this gains cap increase has been applied.

4.7 The Central Block allocation has been set with an amount of £0.882M for ongoing responsibilities (£0.850M for 20/21) funded at a rate of £33.31 per pupil for 26,450 pupils (£32.39 rate per pupil and 26,256 pupils in 20/21) funding for

historic commitments is now set at £0.579M (£0.724M in 20/21), and finally the new addition of the protected centrally employed teacher employer pensions contribution of £0.095M funded at a rate of £3.63 per pupil (based on the 20/21 pupil count).

## **5 Schools Block – Individual School Block (ISB) allocations - £132.901M**

- 5.1 As illustrated for each School in “Appendix 1 - 2021/22 final Individual school budget allocations”. The DfE release of the December APT enables the Local Authority to formally set the distribution of the 2021/22 school block funds to individual schools, using the updated numbers on roll (NOR) for each School as per the latest DfE October 2020 school census data, and in line with the previous funding agreements approved at the Education Board at both the 15<sup>th</sup> December 2020 and 20<sup>th</sup> October 2020 meetings to distribute agreed funding amounts per pupil for each school.
- 5.2 Therefore the funding per pupil (as illustrated in Appendix 1) for individual school allocations have been set on the following agreed principles:
- 5.2.1 The NFF mandatory minimum per pupil 2021/22 funding levels will be set at £4,180 for primary schools (£3,750 in 2020/21) and £5,415 (£5,000 in 20/21), 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.
- 5.2.2 Within the funding formulae itself, the core pupil led NFF factors have been set and applied in line with the NFF for 2021/22, and therefore a 3% uplift applied to those core 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 who per pupil led amounts are already funded above the NFF minimum funding rates per pupil for 2021/22 or the 3% uplift applied to the core NFF factors, have received the same maximum available - Minimum Funding Guarantee (MFG) % funding uplift of 2%, again, 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.
- 5.3 Premises factor funding – Again, as shown and required in Appendix 1 all funding allocations have separately been updated for 2021/22 business rate charges and previous DfE approved exceptional funding items.

### **Other key points for noting in the NFF funding formulae and APT:**

- 5.4 Basic entitlement rates per pupil have been set as per the NFF rates, at;

|             |           |
|-------------|-----------|
| Primary     | £3,134.02 |
| Key Stage 3 | £4,419.55 |
| Key Stage 4 | £4,980.52 |

- 5.5 The Primary to Secondary funding ratio is now set at 1:1.31.

- 5.6 The numbers of pupil on roll (NOR) in and registered in the APT as per the October 2020 census compared to the October 2019 census, has increased by a net of 194 pupils, which is a growth of 266 pupils in secondary offset by a reduction of 72 pupils in primary. The total NOR in the October 2020 is therefore now 26,454 pupils (split Primary 14,988 and Secondary 11,456), compared to the previous year of 26,260 pupils (split Primary 15,070 and Secondary 11,190).
- 5.7 The total Individual School block allocation for the 2021/22 funding formula is an increase in the totality of Individual School block allocations of £10.553M from the 2021/22 allocation, which is due to both an overall increase in the NOR and funding factors referred to in 5.2 above, as well as the incorporation of the teacher pay and pension employer grants of £5.780M.
- 6 Schools Block – Centrally retained de-delegated lines – £2,783 (applicable to maintained schools only)**
- 6.1 The de-delegated per pupil funded amounts have been set as agreed in the EB December 2020 paper, at £0.50 per pupil for staff costs covering public duties returning an annual de-delegated sum of £2,783.
- 7 Schools Block – Centrally retained growth fund - £0.914M**
- 7.1 The DSG 2020/21 growth fund amount has been set in accordance with the principles agreed in the EB March 2019 and December 2019 paper, where by the 2021/22 DSG amount awarded for growth will be held centrally and distributed to schools who have been required by the Local Authority to increase their number of intake classes. And it continues to remain minded, that as agreed in the March 2019 EB paper growth to ensure funding allocations are sensibly managed and distributed, that growth funding is managed on a long term basis allowing any one year to either over or under spend but provided the total application of the growth fund remains affordable within the life cycle of the planned growth.
- 7.2 The EB December 2019 paper, also included a further agreement that if affordable to the long term growth model, that as well as formally setting the growth funding rates for the following September (in this case from September 2021), a back dated increase from the previous September (in this case September 2020) rate can now also be applied.
- 7.3 Therefore Appendix 3 displays an updated growth fund model (the original model itself was first shared at the March 2019 EB). And as previously advised and shown in the model, the growth funding allocations are determined by the DfE, using an annual funded rate per pupil for primary and secondary schools, multiplied by their respective positive middle super output area pupil growth (MSOA) between the two most recent October census's. MSOA has always been highlighted as a difficult measure to predict, so hence why it is important, and continues to be that model is refreshed on an annual basis.

MSOA\* - is defined by the office for national statistic, as a small enough geographical area to detect pockets of growth, based on school post codes grouped within a particular area.

- 7.4 It is therefore welcome to confirm that the now updated growth model (as shown in Appendix 3) has further benefitted from three updated factors.
- 7.4.1 The first factor, is DfE have updated the 2021/22 growth funded per pupil rates (funding coming into the DSG) by 2.1% from 2020/21.
- 7.4.2 The second factor, is to remind, MSOA growth is not only driven by the requirement of new intake classes but also any further throughput pupil growth within a school, for example, if the number of current year 11 pupils are less than the current number of year 7 pupils in a school (which can occur regardless of any new approved intake class). Our secondary sector continues to positively perform well on this factor in some schools and has been further increased moving forward.
- 7.4.3 The third factor, is the growth fund allocation itself has now further been topped up from residual one off funding available from the 2021/22 Individual School block (ISB) allocation by £143K. There is no way this could have been predicted previously before the final 2021/22 funding allocations were announced in December 2020, and it is simply a fortunate fall out of the restricted NFF applications applied within the ISB formulae despite the additional max ISB NFF growth applied within as shown in 5.2.1 to 5.2.3. As a fund transfer from ISB to growth fund remains with the same DSG funding School block, this welcome internal movement itself requires no further consultation from the Education Board. It must also be minded, that this £143k compared to the totality of the ISB allocation of £132.901M is a very small sum itself representing 0.11% of that funding.
- 7.5 Therefore, based on these factors above the growth rates applied from September 20 can now be increased by a further 5% to £3,158 per primary pupil and £3,745 per secondary pupil, and the opening rates from September 2021 can be further uplifted by 5% to £3,316 per primary pupil and £3,932 per secondary pupil. The rates still remain below the NFF minimum rates per pupil distributed in the ISB, but it also remains minded, these rates are not intended to be at the NFF minimum rates as growth is only temporary support funding for new intake classes until that year's pupil growth is formally captured in the annual October census. But none the less welcome that this funding increase can still be applied.
- 7.6 And as previously agreed, the Growth Fund model will continue to be updated on an annual basis, shared in this annual January paper declaring rates for the following academic year (within the minimum tolerances rate levels as set in the March 2019 EB paper, used only, if required to remain affordable to the allocation), and with the additional step of a backed dated funding increase only, if affordable, to the rates declared at the start of the current academic funded year.

## **8 Early Years Block (Provisional) - £10.885M in total**

- 8.1 As previously advised and shared in the EB DSG December 2020 paper, the DfE have now released on the 18<sup>th</sup> December 2020 the updated Early Years funding rates for 2021/22. The EB December 2020 principle approved decision was provided the 2021/22 rates were uplifted by no more than 2.5% from 2020/21 that any increase to help to continue to sustain funded provision would simply be passported through to providers on the core 2 year old and 3&4 year

old hourly paid out amounts. The DfE have also currently presented the total 2021/22 allocation based on the current 2020/21 expected Part Time Equivalent (PTE) take up (which remains provisional as described in 4.4), multiplied by the updated hourly 2021/22 hourly rates.

PTE\* as DfE defined, assumes all children access the full 15hrs per week support over 38 weeks in the year.

- 8.2 Therefore, as the DfE announced on the 18<sup>th</sup> December 2020 a £0.06 per hour increase for 3&4 year olds in 2021/22 (equivalent 1.3% uplift), and a £0.08 per hour increase on 2 year olds (equivalent 1.5% uplift). These increases will be applied and passported through to the providers on the core rates from the 1<sup>st</sup> April 2021. Appendix 4 – Early Years funding rates 2021/22 shows the actual rates which will be applied including this increase, alongside the previously approved compulsory deprivation funding factor for 3 and 4 year olds and small amount for centrally retained which includes training for early years providers and special educational needs inclusion fund.
- 8.3 The 2021/22 3&4 year old provider funding rates set, continue to ensure a passport funding rate through from the DfE to providers of 98%, which is also 3% above the minimum statutory requirement of 95%. Which recognises the continued importance of ensuring a high level of passport funding rate through to providers to assist with both quality and sustainability of 3 & 4 year old early years child care provision in Southend.
- 8.4 As displayed in Appendix 4, The DfE have also set the 2021/21 allocations for both the Disability Access Fund (DAF) and Early years pupil premium.
- 8.5 The original 2021/22 early years budget has also been set with the agreed EB December 2019 decision to apply additional one off investment (funded from the available one off resources in the Early Years DSG reserve) to further support and expand service delivery as shared in that Early Years investment request paper. Therefore an additional one off £112,000 has been allocated to the central retained 2021/22 DSG budget allocation (which is also the final year of the 2 year total £224,000 agreed investment amount).

## **9 High Needs Block (Provisional) - £25.558M**

- 9.1 As first shared in the October 2020 EB DSG report, including an explanation of and explained in 4.6 above. The 2021/22 High Needs block under NFF has seen much needed and confirmed growth in funding from the DfE of £3.046M compared to the latest 2020/21 budget allocation (£0.482M of which relates to former teacher pay and employer pension grants now included in the DSG and must be passported through to relevant settings).
- 9.2 And, as previously agreed with the EB (and annual cycle of DSG funding papers), the detailed funding allocation of the 2021/22 high need funding to service lines will be presented at the June 2021 Education Board, as this then allows both sufficient time for the most accurate planning of expected top up funding amounts in that year and also therefore considering any affordable uplifts alongside.

## 10 Central Block - £1.556M

- 10.1 The central block budgets have been set in accordance with agreement of the December 2020 DSG EB paper. Which also included the set out management of the DSG DfE applied funding losses for Combined budget / historic commitments for the next 3 years 2021/22 to 2023/24, based on the continued assumption that the funding continues to unwind at a rate of 20% for each of those years from the previous years bases line.
- 10.2 Alongside the introduction of the Central Block protected teacher employer pension grant funding to the DSG of £95,332. The 2021/22 ongoing responsibilities funding element of Central Block has seen a net slight increase of £31,297. This increase is due to both an the increase in the school pupil head count from 2020/21 whereby a proportion of the central block funding ongoing responsibilities funding is determined by any changes in head count, multiplied by a slight increase on the central rate per pupil of 2.8%, as explained in 4.7.
- 10.3 The final 2021/22 amounts are therefore confirmed as;

| <b>From Central Schools Services Block</b>                         | <b>Amount</b>     |
|--|-------------------|
| Combined budgets / historic commitments                            | £579,129          |
| Copyright Licences*  | £137,486          |
| Schools Admissions   | £275,617          |
| Servicing of Schools Forum   | £18,700           |
| Protected centrally employed teacher employer pension contribution | £95,332           |
| Retained Duties*   | £449,909          |
|  | <b>£1,556,174</b> |

Copyright Licences\* - annual copyright licence charge set by DfE.

Retained Duties\* - Former Education Services Grant - ongoing funding to support LA Statutory duties – for Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management



## 11 DSG current anticipated reserve levels as at 31<sup>st</sup> March 2021

| Block                                   | Schools<br>– ISB | Schools<br>-<br>growth | Schools –<br>de-<br>delegated | Early<br>Years | High<br>Needs | Central   | Total        |
|---|------------------|------------------------|-------------------------------|----------------|---------------|-----------|--------------|
|   | £'000            | £'000                  | £'000                         | £'000          | £'000         | £'000     | £'000        |
| <b>Reserves surplus<br/>/ (deficit)</b> |                  |                        |                               |                |               |           |              |
| 1 April 2020 B'fwd                      | 0                | (18)                   | 8                             | 776            | 410           | 73        | 1,248        |
| Issued to 2021<br>budget                | 0                | 0                      | 0                             | (112)          | 0             | 0         | (112)        |
| 19/20 Early years<br>funding adj        | 0                | 0                      | 0                             | 151            | 0             | 0         | 151          |
| 2020/21 forecast<br>Variance            | 0                | 200                    | 2                             | (310)          | 1,783         | 0         | 1,676        |
| Transferred in year                     | 0                | 0                      | 0                             | 0              | 0             | 0         | 0            |
| <b>31 March 2021</b>                    | <b>0</b>         | <b>182</b>             | <b>10</b>                     | <b>506</b>     | <b>2,193</b>  | <b>73</b> | <b>2,964</b> |

- 11.1 The only change to the anticipated reserve levels from what was presented in the last December 2020 paper, is the updated allocation for schools growth in 2020/21 where further available funding has been distributed (as referenced in 7.5).

## 12 Conclusion

- 12.1 The overall position set out for 2021/22 is a balanced DSG budget, with a current expected adequate level of DSG funding reserves carried forward into 2021/22.
- 12.2 It has to continue 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 DSG funds and therefore the children and educational services provision those funds support. Combined with the positive forecasted DSG reserve balance position which continues to highlight current and effective management of DSG funds over recent years through the Local Authority and Education Board. This all contributes to support long term and sustainable DSG funding, a very welcome and positive financial position for Southend, Southend Schools, pupils and our educational community.

## **Appendices**

Appendix 1 – DSG Final Individual Schools Budget allocations 2021/22

Appendix 2 – DSG Budget 2021/22

Appendix 3 – DSG Growth fund rates from Sept-21 and updated from Sept-20

Appendix 4 – Early Years funded rates 2021/22