

Southend-on-Sea Borough Council

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

To
Education Board
On
15th December 2021

Agenda
Item No.

Report prepared by:
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Dedicated School Grant Budget Planning 2022/23 And Forecast Outturn 2021/22

1 Purpose of Report

To present the Education Board with the Dedicated Schools Grant (DSG):

- Final indicative 2022/23 DSG budget allocations for any de-delegated maintained school block allocations and central block funded services.
- Updated forecast outturn for 2021/22

2 Recommendations

Education Board (EB) are asked to agree for 2022/23:

- 2.1 The amounts and services that will continue to be funded centrally from the Central Block where the local authority holds a statutory responsibility for all schools (As referenced in 9.2).
- 2.2 [Maintained School voting rights only] the de-delegation of funding to be centrally retained from the Schools block for the following services: (As referenced in 5.2)
- Staff cover costs (public duties)
- 2.3 And therefore on the basis of the decisions undertaken through both this and the previous October 2021 EB DSG paper, that this December 2021 DSG paper and the following January 2022 DSG EB paper (which is for EB noting only), will be recommended to Council for final approval in February 2022.

Asked to Note:

- 2.4 In line with the EB decision of the October 2021 EB DSG paper, that the per pupil rates of individual school block allocations for 2022/23 will continue to adopt the principles of the National Funding formulae (NFF) in full and therefore (As referenced in 4.1.1 to 4.1.3):
- 2.4.1 Any mainstream school that attracts their core NFF pupil led funding factors (i.e. with no MFG or funding floor protections applied), to benefit from the full NFF applied circa 3% increase to those core funding factors per pupil.
- 2.4.2 And all remaining mainstream schools whose per 2021/22 per pupil led funding rates are either above the revised NFF mandatory 2022/23 minimum funding amounts per pupil or core NFF funding rate per pupil as referenced in 2.1.1, will receive the same NFF maximum allowable 2% uplift per pupil.
- 2.5 In line with the EB decisions of both the March 2019 EB DSG paper and the December 2020 EB DSG paper, that the growth fund to support schools will continue to be held centrally within the Schools block and distributed to provide the extra required planned places within the authority. (As referenced in 6.1)

3 Background

- 3.1 This reports follows on from the previous October 2021 “DSG 2022/23 budget planning and DSG budget update 2021/22” paper, presented and agreed at the EB on 18th November 2021. That paper ultimately set the continued and agreed NFF trajectory for Individual School block allocations in 2022/23 and highlighted the then known Department for Education (DfE) indicative DSG budget changes for 2022/23 covering the Schools Block, High Needs block, Central block with the exception of the Early Years block which at the time of writing that and this paper, still remains outstanding subject to further detailed DfE announcements and will now be considered at the January 2022 EB.
- 3.2 The Government’s Autumn term 2021 budget announcements released on the 27th October 2021 have also provided head line **national** funding allocations for the DfE up to and including 2024/25. Specific announcements related or linked to national DSG funds are highlighted as follows:
- 3.2.1 The DfE’s overall funding allocation presents a real terms average growth rate of 2% per year from 2021/22 to 2024/25
- 3.2.2 An additional £4.7 billion targeted to core schools budgets by 2024/25.
- 3.2.3 Reaffirmed their intention to rebuild 500 schools over the next decade.
- 3.2.4 Reaffirmed their commitment to increase teacher starting salaries to £30,000 per year (date yet to be confirmed).
- 3.2.5 For early years entitlements, an additional £160 million in 2022/23, £180 million in 2023/24 and £170 million in 2024/25, compared to 2021/22, to increase the hourly rate paid to early years providers and anticipated changes in eligible children.
- 3.2.6 £2.6 billion in capital funding from 2021/22 to 2024/25 for school places for children with special educational needs and disabilities.

- 3.2.7 The DfE have also at a subsequent funding event on the 25th November 21 announced an additional per pupil funding grant of 2% from 2021/22 (which didn't make it in time to be built into the DSG NFF funding allocations for 2022/23) to contribute towards the costs of the Health and Social Care National Insurance Levy, increase teacher pay and other inflationary pressures. The actual funding distribution mechanism for this grant itself has yet to be announced.
- 3.2.8 We of course await the detail in terms of specific future year DSG funding allocations 2023/24 and 2024/25 for Southend following these national announcements. It is also worth noting outside of DSG funding allocations, there has yet been no specific detailed announcements relating to mainstream Post 16 educational funding for 2022/23.

4 Schools Block – Individual School Block (ISB) allocations

2021/22 Budget to Forecast Outturn – on line to budget

2022/23 Individual Schools Budgets

Indicative DSG funding allocation £135.824M (Final tbc in January 2022)

- 4.1 As per the recommendations approved in the last DSG EB October 2021 paper report and associated Appendix 2. The 2022/23 per pupil funding amounts for each school will be set on the following basis continuing with the principles of the NFF:
- 4.1.1 The minimum per pupil levels will be set at £4,265 for primary schools (£4,180 in 2021/22) and for secondary schools £5,525 (£5,415 in 2021/22), both with an equivalent circa 2% increase from 2021/22. And to simply remind, from 2020/21 the minimum amounts per pupil are also now a mandatory funding factor.
- 4.1.2 Where schools are attracting their underlying core NFF allocations, the NFF has built in an increase of circa 3.0% from the 2021/22 Pupil led funding factors: basic entitlement, free school meals at any time in the last 6 years, income deprivation affecting children index (IDACI). Lower prior attainment (LPA), English as an additional language (EAL), a circa 2% increase on Free Schools Meals (FSM) from 2021/22, and separately a 3.0% increase on the lump sum from 2021/22.
- 4.1.3 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 2021/22 per pupil led base line.
- 4.2 And as referenced, in the last DSG EB paper, with the exception of those schools who will attract the 2022/23 minimum per pupil funding levels or a 2.0% per pupil led uplift, all other school per pupil funding rates (i.e. those illustratively attracting their core underlying NFF funded rate per pupil) are indicative and therefore subject to minor changes once the DfE have processed and released the October 2021 school census data. **And please note** - the then actual final

2022/23 individual school allocations will be subsequently shown in the January 2022 EB DSG paper which will include the updated numbers of pupils on roll at each school (based on the DfE's October 2021 census) multiplied by these now 2022/23 per pupil led funding rates to form the final 2022/23 funding allocations.

- 4.3 Following the DfE's 2021/22 consultation in relation to the physical payment of School Business Rates. From 2022/23 and onwards Schools are still required to retain the liability and income for School Business rates within their accounts as annual notional accounting entries, but the physical payment will now be paid by the ESFA direct to those billing authorities. From 2022/23, therefore Local Authorities are no longer required to include a funding estimate for School Business Rates within the Individual School Block allocations and instead asked to simply list them for 2022/23 only as an aid to the new process. After 2022/23 they will no longer be shown as part of the Individual School Block allocations. Local Authorities and Schools will have observer access to an online rates billing portal and the information it holds to inform their accounting figures. Liable parties will continue to retain responsibility for any late payment where they are at fault, i.e. for example if an academy converter fails to inform their billing authority of their conversion.

5 School block – Centrally retained de-delegated public duties (Voting rights Maintained Schools only)

2021/22 Budget to Forecast Outturn – on line to budget

- 5.1 The final in year 2021/22 balance on this small fund will be confirmed at year end, currently 4 academy schools are expected to buy in for the academic year 2021/22, in addition to the de-delegate sum from the maintained schools and a couple of claims have been processed so far.

2022/23 Indicative DSG funding allocation £2,783 (Final tbc in January 2022)

- 5.2 In continuation of the decision undertaken last year, and the only current proposed item for de-delegation, Maintained Schools are asked to approve the continued de-delegation of public duties funds at the continued rate of £0.50 per pupil for 2022/23 (£0.50 rate at 2021/22), which will be multiplied by their Numbers on Roll as at the October 2021 Census to form the final 2022/23 de-delegated sum for each school. The continued rate of £0.50 per pupil in 2022/23 is proposed, given the fund itself continues to hold an adequate reserve balance as at the 1st April 2021 of £14,280 compared to the in year size of the fund and previous claims processed. The indicative de-delegated amount for each maintained School (based on October 2020 numbers on roll), are expected to continue in a range for each maintained school from £122 per year up to £334 per year, so they remain a very small sum.
- 5.3 To remind, this is an historical fund that enables Maintained schools within the Borough to reclaim staff cover cost paid at standard hourly rates, of staff who undertake Public Duties (usually jury service or sitting as a magistrate), and to undertake trade union duties in work time in accordance with the facilities agreement for schools.

- 5.4 And Academy Schools can continue to be able to buy in to this fund and therefore those that buy in are eligible to claim from this fund with the same charge rates as shown in 5.2.

6 Schools Block – Centrally retained Growth Fund

2021/22 and 2022/23 Budget Planning

- 6.1 As referenced and agreed, in the March 2019 EB “DSG Growth Fund application 2019/20 and future years” paper and the December 2019 EB “DSG budget planning 2020/21” paper:
- 6.1.1 The application of applied Growth fund is now managed on a long term basis, allowing any one year to either overspend or underspend against the DfE’s allocated amount for Growth provided that the total distribution of the growth fund is affordable over the life of the planned growth. The per pupil Growth rates to be paid out from September 2022 can also be no lower than the minimum agreed per pupil rate tolerances declared in the March 2019 EB DSG paper.
 - 6.1.2 The actual total growth fund amount for 2022/23 will be shown by the DfE in late December 2021, separated and shown within the Final 2022/23 School Block funding allocations.
 - 6.1.3 Therefore, in accordance with the previous agreement and conditions, the growth fund rates from September 2022 will be presented in the next January 2022 DSG paper, alongside any potential for growth funding rates to be increased from September 2021 if affordable over the planned life of the growth. The growth model will therefore be revised and displayed as an Appendix in that paper.
- 6.2 The current £44,000 overspend on 2021/22 growth remains as stated in the October 2021 DSG paper, whereby the growth spend forecast has been updated from the January 2021 DSG paper following a required additional secondary school intake class from Sept 2021. Again as above, any considerations to over or underspend in year will simply be factored into the funding model on a longer term basis. We would also expect the DfE DSG funding formulae for growth in 2022/23 to be increased as the projected numbers on roll between the October 2021 and October 2020 school census’s should therefore have also increased incorporating this additional growth.
- 6.3 As part of the governments consultation proposals to move to a Hard NFF, it is intended at the point the Hard NFF is to be implemented growth funding will be allocated on a national and standardised criteria basis. We therefore just have to wait further announcements to understand any impact in terms of transitioning from our currently agreed local growth distribution model, to a nationalized basis and from what year that would take effect.

7 Early Years Block

2021/22 Budget to Forecast Outturn – held on line to budget

- 7.1 In terms on any further budget updates for 2021/22, the position remains the same at the time of writing this paper as explained in the last EB DSG October 2021, whereby we are awaiting any funding adjustments to be announced by the DfE for 2021/22. However, from headcount payment data we are aware that in board terms currently, 2 year old funding remains fairly consistent to 2019/20's allocation (pre-Covid), both 3 and 4 year old universal and extended entitlement are lower than 2019/20 by 10% to 15%, where as Early Years pupil premium claim have increased from 2019/20 by nearly 70%. And as previously highlighted, the DfE will be adjusting 2021/22 funding now on a termly basis for headcount submissions. Therefore the position will continue to presented on line to budget until we have any further updates relating to final funding adjustments for each term.

2022/23 Budget Planning

- 7.2 At the time of writing this paper, we are also still awaiting the 2022/23 early years funding announcements from the DfE. Given these announcements have now fallen late into the Autumn term, and to therefore allow appropriate Local Authority time for planning and considerations to early years funding rates for 2022/23, they will now have to be presented for recommendation at the next Education Board in January 2022.

8 High Needs Block

2021/22 Budget to Forecast Outturn – a projected (£0.925M) under spend against current services lines expenditure.

- 8.1 Appendix 1 – displays the most up to date 2021/22 forecast outturn for High Needs on a line by line basis, which is also summarized in the table below including a comparison to the previous forecast as shared at the June 2021 EB DSG High need budget setting paper. It has to remain heavily caveated, that these forecasts do remain subject to material change, particularly as always on independent providers placements but also including final EHCP banded top up funding amounts paid for the Autumn 2021 term which await final adjustments.

Summary Heading	2020/21 Final Spend	2021/22 Final Budget (B)	2021/22 Opening Forecast (June 21)	2021/22 Current forecast (Dec 21)
Place funding	£7.854m	£8.254m	£8.188m	£8.217m
Special and PRU/AP top up funding	£5.502m	£6.781m	£6.770m	£6.758m
Subtotal	£13.356m	£15.035m	£14.958m	£14.957m
Schools, early years, post-16 top up funding	£3.718m	£4.480m	£4.480m	£4.100m
Independent Providers	£1.400m	£1.950m	£1.950m	£1.750m
Other Provisions including SLA's	£1.444m	£1.964m	£1.907m	£1.729m
Total services line total	£19.918m	£23.429m	£23.295m	£22.554m
Funding allocations to support required future permanent growth in high need provision		£1.800M		
Remaining balance held aside from service provision to support any in year high need funding pressures		£0.177m		
Total	£19.918m	£25.456m	£23.295m	£22.554m

- 8.2 Although, heavily caveated, the table does indicate that all current spend forecasts positively remain within their budgeted allocation. LA lead officers Head of SEND and Head of Access and Inclusion continue to work on plans relating to funding allocations held aside to support permanent future growth, and they will be shared with EB when they are in a position for required EB consultation.

2022/23 Budget Planning - Indicative allocation of £27.718M (explanation covered in the last October 2021 DSG report, and resulting service expenditure allocations will be set as planned in the pre-agreed June 2022 High Need detailed allocation paper). It remains minded that June was the agreed date through Education Board to set the detail of the high need budget for the following academic year, as this then allows both sufficient time for the most accurate planning of expected banded top up funding amounts in 2022/23 and also therefore considering any affordable uplifts alongside.

9 Central Block

2021/22 Budget to Forecast Outturn – held on line to budget

2022/23 Budget Planning

Indicative Total allocation of £1.435M (Final tbc in January 2021)

- 9.1 EB approval is required each year to approve the amounts and funded services listed within the Central Block DSG allocation.
- 9.2 In the last October 2021 EB DSG paper and previous papers, it was explained about the continuation of DfE funding losses in the combined budgets (historic commitments), but with the current expectation and plan as agreed in EB DSG December 2020 paper agreed, that the now funded commitments for individual service allocations moving forward at this time within the combined budgets can hopefully be sustained until 2025/26 through drawing on remaining reserve balances with the Central block. And it remains minded, those remaining service allocations were presented as a Part 2 Appendix (not for public view) in the December 2020 paper, given natural sensitivities around those proposals.
- 9.3 The Education board are therefore asked to approve the allocation of the Central Block 2022/23 funds as follows, which distributes the full amount available to these services lines and in line with previous years decisions and no new commitments are being entered into:

	2022/23 Indicative Amount
From Central Services Block	
Combined Budgets (historic commitments)	£463,303
CLA/MPA Licences	£137,486
Schools Admissions	£275,617
Servicing of Schools Forum	£18,700
Centrally employed teacher contr.	£95,322
ESG Retained Duties*	£444,790
	£1,435,228

ESG Retained Duties * - ongoing funding (former Education Service Grant) to support LA Statutory duties - Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

10 DSG Funding

2021/22 Budget to Forecast Outturn – £45,000 final 2020/21 adjustment for Early Years DSG income

- 10.1 On the 18th November 2021, the DfE have now announced the final DSG funding adjustment for the 2020/21. And, as previously explained in the June 2021 EB DSG 2020/21 Final Outturn paper this was based on the Early Years headcount funding adjustment for the spring term of 2021 only. The funding adjustment itself was a reclaim of £255,322 (naturally due to the lower EY headcount due to the pandemic). Although, as before, with praise to Southend early years providers funded provision in 2020/21 still remained above 90%. Again, as highlighted in the June 2021 EB DSG paper, an estimated 2020/21 accounting adjustment was made of £210,000 expecting a reclaim, so the difference of £45,322 between the estimated figure and now final figure will naturally fall to the Early Years DSG reserve balance to cover reducing the previous reserve forecast. The funding adjustment has no effect on ongoing payments and again simply continues to support the need to hold reserve balances to absorb any funding adjustments.

2022/23 Budget Planning

- 10.2 The current indicative DSG funding allocation for 2022/23, is shown as £176.524M. However, we continue to note that the total school block funding allocation will also be updated once the October 2021 census has been processed by the DfE, with the results released late December 2021, and therefore will be displayed in the next January 2022 DSG EB paper.

11 Latest forecast DSG reserve balances

- 11.1 The table below updates the current expected DSG reserve balance by year end, reflecting any updated forecasts for 2022/23 presented within this paper. The reserve balance table now also includes as formally agreed through the last EB DSG October 2021 paper, the presentation of recommended minimum reserve balances for each block, and where reserve forecast balances are now above those minimum recommended balances the following DSG expenditure conditions apply for the one off use of those reserve balances:
- 11.1.1 That any one off cumulative use of reserve balances below £50,000 in any one financial year has the required LA lead officer approval to proceed, but on the conditional basis this is reported through to EB.
- 11.1.2 That any single expenditure item or where the cumulative use of reserve balance was to fall above £50,000 in any one financial year then EB approval is firstly required. If the item or the matter is urgent, then approval can be given by an urgent virtual EB agreement but with a subsequent note to the actual and following scheduled EB meeting for formal minuting.

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 2021 B'fwd	0	182	14	1,105	3,003	177	4,481
Agreed Issue to 2021/22 budget	0	0	0	(112)	0	0	(112)
Early years funding adjustment 2020/21	0	0	0	(45)	0	0	(45)
2021/22 current forecast variance	0	(44)	0	0	2,903	149	3,008
31 March 2022	0	138	14	948	5,906	326	7,332
Recommended Minimum Reserve balance	0	138	14	500	2,217	326	3,196
One off Funding Available for DSG Conditional Use	0	0	0	448	3,689	0	4,136

12 Conclusion

- 12.1 Overall, it has to continue to be recognised that the 2022/23 funding announcements for both the Schools and High Needs block are a welcome message for Dedicated School Grants funds and therefore the children and educational services provision those funds support.
- 12.2 And both the positive DSG reserve balance position does also continue to highlight current and effective management of DSG funds over recent years through both the Local Authority and Education Board. This continues to therefore further support long term and sustainable funding for Southend pupils and our educational community.

13 Appendices

Appendix 1 - DSG Budget 2021/22 and Forecast Outturn 2021/22 and Indicative budget allocation for 2022/23

