

REPORT TO: Schools Forum
DATE: 14th October 2020
REPORTING OFFICER: Operational Director - Finance
SUBJECT: Funding for 2021-22
WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

To report to the Schools Forum the Dedicated Schools Grant provisional funding for 2021-22.

2.0 RECOMMENDATION: That

2.1 The report is noted.

3.0 SUPPORTING INFORMATION

3.1 Overview

The Dedicated Schools Grant provisional settlement was announced on 27th July using the 2021-22 cash values against the 2020-21 pupil numbers. We have drawn up a draft budget based on current knowledge and expectations. This will change over the coming months as plans are moved forward and numbers firmed up.

Within the draft budget, all staffing costs have been increased by 3% to take account of any pay awards. Supplies and services budgets have largely been kept at the same level as this year, except where we expect to see increased costs, such as for Out of Borough placements. For these budgets we have built in current year expected costs or calculated expected costs using forecast numbers.

3.2 Schools Block

The provisional Schools Block allocation for 2021-22 is £98,686,606 based on the October 2019 census. This will change once the October 2020 census has been received by the DfE. This is an increase of £6,105,581 on the current Schools Block allocation of £92,581,025.

It should however be remembered that the Schools Block from April 2021 includes the Teachers' Pay Grant and the Teachers' Pension Employee Contribution Grant which are both separate to DSG this year. It is estimated that these two specific grants will total £3.17M in 2020-21. Both grants will be rolled into the Basic Entitlement factor and will also be reflected in the Minimum Per Pupil funding Level and the Minimum Funding Guarantee.

Therefore the estimated increase in Schools Block funding is in the region of £2.94M, subject to actual pupil numbers.

There are some technical changes to the National Funding Formula (NFF) for 2021-22. The Deprivation factor is now using the data from the 2019 update to the Income Deprivation Affecting Children Index which has resulted in slightly different band widths.

3.3 Central Schools Services Block

The provisional CSSB allocation for 2021-22 is £674,932 compared to the current allocation of £665,450. The funding for historic commitments is again reducing by 20%. As this is based on total pupil numbers the actual allocation will be known in December.

A detailed breakdown of the budget allocations and requests for the de-delegation of funding for specific services for maintained schools will be provided as normal at the January meeting for approval.

3.4 High Needs Block

The provisional allocation of High Needs Block funding for 2021-22 is £21,221,875 compared to the current allocation of £19,040,582. The draft budget is using the current spend forecast or current pupil numbers costed for a full year and totals £17,917,609. This is £255,266 under the provisional allocation which is good.

However, the pressure point of Out of Borough placements is still seeing an increase in numbers and one placement extra could incur up to an additional £80k in costs pa. We are also expecting to see an increase in EHCP top-up funding costs but this has not been quantified at this point in time so has not yet been built into the draft budget.

The High Needs Safety Valve Funding now requires local authorities to carry the full DSG deficit forward to set against the schools budget in the next financial year, or to carry part of the deficit forward to set against the schools budget in the next financial year and carry the rest of it forward to the following financial year.

A detailed High Needs budget will, as normal, be presented at the February meeting for approval.

3.5 Early Years Block

While the Operational guidance and technical notes have been released for the Schools Block, CSSB and High Needs Block we have not yet received the guidance for the Early Years Block. Nor have we received any indication of the funding we are likely to receive for 2021-22. The EY information is typically released in December for the following financial year.

3.6 Transfer from Schools Block to High Needs Block

As we are seeing an increase to the High Needs Block we are not requesting a transfer from the Schools Block to the High Needs Block for 2021-22. This is to allow schools to receive their full allocation of Schools Block funding which we believe is required to support the additional costs incurred due to the pandemic that are not covered by specific grants and to allow time for more inclusive practices to bed in.

However, as we are expecting to see a deficit balance at the end of March 2022, it is likely that we will have to ask for such a transfer for 2022-23 if the HN costs continue to increase as they have been over the last year.

3.7 Minimum Funding Guarantee

Local authorities can set their MFG between +0.5% and +2.0% per pupil. The MFG protects schools from excessive year-on-year changes other than for changes in pupil numbers. As in previous years, it is difficult to predict what level of MFG will be needed until we get the final allocation and pupil numbers in December.

3.8 Consultation

We are not required to consult on the changes to the IDACI data or the rolling in of the Teachers' Pay and Pension grants as these are national changes. We will be issuing a consultation on the use of the National Funding Formula going forward and for the Minimum Funding Guarantee rate to be used next year.

3.9 Key Dates

1 st October 2020	School Census Day
11 th October 2020	Deadline for certain disapplication requests
Mid-November 2020	Deadline for submission of HN place change workbooks
20 th November 2020	Deadline for disapplication requests including transfer from Schools Block to HN Block
December 2020	Publication of 2021-22 DSG Schools Block, CSSB, initial HN Block and initial EY Block allocations
Mid-January 2021	Schools Forum consultation and political approval required for final 2021-22 funding formula.
21 st January 2021	Deadline for submission of APT for 2021-22
28 th February 2021	Deadline for confirmation of school budget shares to mainstream maintained schools.
31 st March 2021	Deadline for confirmation of general annual grant for academies open by January 9 th

4.0 FINANCIAL IMPLICATIONS

- 4.1 Where a local authority ends the year with a deficit balance on its DSG is required to provide information to the Department for Education about its plans for managing its DSG, including information on pressures and potential savings on its high needs budget. We are required to keep the Schools Forum regularly updated about the DSG balances.

The ESFA have recently issued a Management Plan template, a substantial spreadsheet asking for data and figures for the years 2017-18 to 2024-25 inclusive, along with estimated pupil numbers, EHCPs and savings etc. While it is not mandatory to complete this, it is expected of LAs to do so. A quick comment around the NW group has indicated that most LAs will be using this document to support their plans for bringing DSG back to a balanced position.

If we do not bring the DSG back to a balanced position, where we are spending up to but not above the grant we are allocated for the year, we will end up in a position where the following year's grant is eaten away by the current year's deficit.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None.

5.4 A Safer Halton

None.

5.5 Halton's Urban Renewal

None.

6.0 RISK ANALYSIS

- 6.1 Failure to keep expenditure within the total grant allocated will create pressure on following year(s) budgets.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.