

BOURNEMOUTH, CHRISTHCURCH and POOLE (BCP) SCHOOLS FORUM



Subject	DSG Settlement and Draft Budget for 2021-22
Meeting Date	14 January 2021
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Classification	For information
Executive Summary	<p>1. The initial DSG Settlement was received on 17 December 2020. It provided:</p> <ul style="list-style-type: none"> a. Initial allocations for the early years block based on the January 2020 census incorporating the £0.08 per hour increase in 2- year old funding and £0.06 per hour for those aged 3&4. b. Final allocations for the school's block based on the October 2020 schools census. The increase in funding through the schools NFF for 2021-22 totals £10.1 million (4.7%). Higher funding values account for £7.9 million (3.6%), as reported in October, with additional pupils at census providing a further £2.2 million. Funding for in-year pupil growth at September 2021, has decreased by £0.4 million compared with last year. c. Final allocations for the central school services block provide a reduction compared with last year of £30,000 for on-going LA functions with previous levels of funding restored for historic commitments. d. Indicative allocations for the High Needs Block have increased by £0.5 million compared with the October report. However, an element of funding remains dependent on the January 2021 census with allocations to be updated again in summer 2021. <p>2. A draft DSG budget is provided in the Appendix to provide context for decisions on the meeting agenda. The funding gap for high needs pupils is projected to grow to £10.8 million in 2021/22.</p>
Recommendations	To note the contents of the report.
Reasons for Recommendations	Other papers on the agenda consider the impact of the Settlement and DSG budget in detail.

2021-22 DSG Settlement on 17 December 2020

1. The December Settlement information for 2021-22 compared with the forecast for 2020-21 is included in Table 1 below:

Table 1 – DSG December Settlement 2021-22

Funding Block	Forecast 2020-21	Forecast 2021-22	Annual Change	%
	£000's	£000's	£000's	
Early Years				
2-year olds Entitlement	2,391	2,427	96	1.5%
3-year olds Entitlement	18,408	18,661	253	1.4%
Pupil Premium	78	77		
Disability Access Fund (DAF)	118	118		
Total Early Years	20,995	21,283	288	1.4%
Schools Block				
Primary	108,304	117,756		
Secondary	97,330	108,010		
Teachers pay grant	10,025	0		
Total NFF	215,659	225,766	10,107	4.7%
Premises	1,659	1,679	20	
Growth	1,858	1,435	(423)	
Total Schools	219,176	228,879	9,704	4.4%
Central School Services				
NFF	1,746	1,767	21	
Teacher's pension grant	51		-51	
Commitments	291	291	0	
Total Central School Services	2,088	2,058	-30	-1.4%
High Needs (estimated gross*)				
NFF	42,969	47,756		
Teachers pay grant	769	0		
Total High Needs	43,738	47,756	4,018	9%
Total DSG Funding	285,997	299,976	13,980	4.9%

*Place funding of £5,464k deducted in net allocation tables

Early Years Block

2. The published information includes indicative allocations only and these will be updated in summer 2021 and 2022 based on future data returns.
3. The early years estimates for both 2020-21 and 2021-22 use the January 2020 early years census data. The growth in funding for those aged 2, 3 and 4 olds in table 1, therefore, represents the hourly funding increase announced for 2 years olds of £0.08 per hour and for 3 and 4-year olds of £0.06 per hour.
4. The early years funding will be updated from census take up of free entitlement hours in January 2021 and January 2022, (or alternative method due to the January 2021 national lockdown) with all funding being finalised in summer 2022.

Schools Block

- School Block allocations are now final for 2021-22 with the mainstream school NFF allocations updated to reflect pupil numbers at the October 2020 census and with Growth Fund allocations determined according to the national approach.
- Compared with 2020-21 the increase in the NFF total is £10.1 million (4.7%). This comprises £7.9 million (3.6%) from the increase in unit values (as shown in the October report) with a further £2.2 million (1.1%) from rising pupil numbers as shown in Table 2 below.

Table 2: Mainstream Schools Final NFF 2021-22

	October Report (based on October 2019 census)			December Settlement (based on October 2020 census)			Change
	Pupil Numbers	Unit Value £	Funding £000's	Pupil Numbers	Unit Value £	Funding £000's	Funding £000's
Primary	27,692	4,273.40	118,339	27,555	4,273.40	117,756	(583)
Secondary	18,661	5,635.49	105,164	19,166	5,635.49	108,010	2,846
Total NFF	46,353		223,503	46,721		225,766	2,263

- The October 2020 census contained an additional 368 pupils (0.8% increase) compared with the previous year, comprising 137 fewer primary and 505 more secondary pupils. Secondary growth is expected to continue in September 2021. The growth fund proposals in a separate paper consider how this in-year growth is to be funded. DSG funding for growth has reduced by £0.4 million compared with last year.
- Updated school data from the October 2020 census is not reflected in the NFF primary and secondary units of funding until 2022-23. The school level census data used to calculate individual school budgets arrived also in December with options for the formula evaluated and considered further in a separate paper on the agenda.

Central School Services Block (CSSB)

- The funding rates for the CSSB for on-going functions have been increased to incorporate within the DSG the previously separate teacher's pension grant of £51,000 attributable to these services. This has increased the funding rate from £36.72 (which included the programmed 2.5 per cent reduction from the previous year equating to £44,000 as shown in the October report) to £37.83 per pupil. The rise in pupil numbers at census has provided an increase of £14,000 to provide the comparative reduction between years of £30,000.
- The funding for historic commitments has been restored to previous levels following provision of evidence of expenditure and further consideration by the ESFA.

High Needs Block

- The High Needs Block allocations were announced in October with changes made in December to reflect the autumn place return. This has resulted in an additional £0.5 million due to the continued rise in the number of pupils with an EHCP, taking the final total increase for the year to £4 million. The final

adjustment to reflect the cross-border flow of pupils based on the January 2021 census will be made in summer 2021.

Draft DSG Budget 2021-22

12. The Appendix includes an illustrative draft budget for 2021-22 with the budget for 2020-21 shown for comparison. Note that the high needs DSG funding shortfall for 2021-22 is projected at £10.8 million. This compares with the projected 2020-21 gap of £8.3 million (without the benefit of the school block transfer of £1 million and reflecting the estimated overspend of £1.4 million).
13. The assumptions in the draft budget for 2021-22 include:
 - a. the growth fund is shown using the recommended option within the school funding consultation paper on the meeting agenda. If an alternative is agreed, then the amount of the school's block surplus would change by an equivalent amount.
 - b. New high needs places are delivered in the year as planned.
 - c. the high needs adjustment in summer 2021 will be minimal and not change the funding gap (funding could increase or decrease dependent on high needs placements at January 2021).
 - d. no funding transfer has been included.
 - e. the central schools services block is set at the level of funding.
 - f. the early years block continues a central retention at the same level as last year with no transfer to high needs proposed.
14. The above assumptions provide an annual funding gap of £10.8 million without:
 - a. transfers of funding from other expenditure blocks
 - b. further cuts to high needs services (for example, outreach) which may be considered during the year
 - c. further activities to reduce the budget requirement.

Central School Services Block

15. The proposed budget for this block is shown in the appendix with further detail in the separate paper on the agenda. Service restructuring is on-going with continued refinement of activity and costs.
16. The latest budget proposal included in the Appendix is largely consistent with the information in the school funding consultation document. The only changes being to reflect the funding uplift from the teacher's pay grant, change in pupil numbers and cost of DfE licenses notified in the December settlement.

Financial Implications and Risks

17. The DfE has recognised that historically there has been insufficient funding in the high needs block to implement the 2014 policy reforms. Although council are not

permitted to add funds from their own resources to clear a DSG deficit, they are expected to manage the account and bring it into balance in the medium term.

18. There is currently a projected potential DSG deficit at the end of March 2022 of £21.4 million that could be reduced to £20.1 million as follows:

Table 3 : Summary position for dedicated schools grant

	£m
Accumulated deficit 1 April 2020	4.6
Budgeted high needs shortfall 2020/21	6.0
School funding block surplus 2020/21	(1.0)
Projected savings on other blocks 2020/21	(0.4)
Projected pressure in high needs block 2020/21	1.4
Projected deficit 31 March 2021	10.6
Projected high needs funding shortfall 2021/22	10.8
Projected deficit 31 March 2022	21.4
Potential 0.5% transfer of surplus school's block funding to high needs 2021/22	(1.1)
Potential unallocated surplus schools block funding 2021/22	(0.2)
Proposed projected deficit 31 March 2022	20.1

19. There continues to be a risk that projected costs will rise further with activities to reduce budget demand not delivering outcomes as required.

Legal Implications

20. Schools Forum must be advised of the DSG Settlement for 2021-22 and consider the Budget needed to meet the needs of all pupils.

21. The Council must manage its finances to maintain a sustainable position

Background Papers

October 2020 Schools Forum Papers

Appendix

Dedicated Schools Grant	2020-21 Budget	Draft Budget 2021-22				
		Early Years £000's	Schools £000's	Central Services £000's	High Needs £000's	Total £000's
DSG 2 - year olds NFF	(2,582)	(2,427)				(2,427)
DSG 3/4 -year olds NFF	(18,394)	(18,661)				(18,661)
DSG NFF other blocks (final)	(250,486)		(225,765)	(2,058)	(47,756)	(275,579)
DSG Premises (final)	(1,658)		(1,679)			(1,679)
DSG Growth fund NFF (final)	(1,858)		(1,435)			(1,435)
DSG Pupil Premium	(89)	(118)				(118)
DSG Disability Access Fund	(78)	(78)				(78)
Total Funding	(275,145)	(21,284)	(228,879)	(2,058)	(47,756)	(299,977)
Providers – 2 - year olds	2,431	2,288				2,288
Providers – 3/4 - year olds	17,803	18,114				18,114
Providers SEN top up grants	557	501				501
Early Years Pupil Premium	89	118				118
Disability Access Fund	78	78				78
Early Years LA duties	185	185				185
Mainstream Schools Formula	206,608		227,333			227,333
Surplus above NFF	0		1,266			1,266
Growth Fund	500		280			280
School Admissions	423			423		423
Licences Purchased by DfE	235			234		234
Servicing Schools Forum	18			18		18
Ex ESG Services (all schools)	1,007			1,088		1,088
Premature retirements	20			20		20
ASD Base / other	275			275		275
Place Funding	11,327				13,058	13,058
Looked after children	0				244	244
Top up Funding - State Sector	14,587				17,651	17,651
Top up Funding - Independent/NMSS	13,280				15,555	15,555
Top up Funding - Post Schools	3,883				4,333	4,333
Top up Funding - Pre schools	204				78	78
Top up Funding – Excluded/AP	1,799				1,850	1,850
Outreach	1,083				1,113	1,113
Hospital Education Top up	128				100	100
Bespoke SEN /Therapies	1,964				3,120	3,120
Support for Inclusion	241				141	141
Early Years Central SEN support	612				587	587
Sensory Impaired Service	758				758	758
Total Expenditure	280,095	21,284	228,879	2,058	58,588	310,809
Budget (Surplus) / Deficit	4,950	0	0	0	10,832	10,832
Outturn variance	1,013					
Brought forward	4,644					10,607
Carried forward Deficit	10,607					21,439