

London Borough of Enfield

Education Resources Group – 01 December 2020
Schools Forum – 09 December 2020

Subject: DSG Budget 2021/22 - Update

Item:

Purpose of Report

This report provides details of the latest DSG budget position for 2021/22 based on initial funding announcements made in July 2020. The government funding settlement for 2021/22 is expected in mid to late December. A draft budget has been prepared based on initial projections of Dedicated Schools Grant (DSG) and estimated pupil data; this is subject to the actual settlement and dataset to finalise the allocations. Further reports will be presented to Schools Forum in January 2021 to agree the application of the DSG for 2021/22, including finalisation of the Schools Funding Formula.

Proposal

1. The Schools Forum is asked to note the draft budget position for the Schools Block for 2021/22.
2. The Schools Forum is asked to agree, for 2021/22, the following recommendations:
 - a) the continuation of the growth fund at a cost of £0.15m.
 - b) transfer of 0.5% from the School's Block to the High Needs Block to support the current arrangements for exceptional needs pupils in mainstream schools

Relevance to the Council's Council Plan

The Dedicated Schools Grant (DSG) is a ringfenced grant which funds schools and some central education functions. Updates on the DSG position are provided on a quarterly basis to EMT and Cabinet as part of the council's overall financial monitoring reports.

Main Considerations for ERG and Schools Forum

1. Schools Budget – Monitoring Position 2020/21

The DSG budget monitoring position as at the end of October 2020 is detailed in a separate report. A summary of the position is shown in Table 1 below and indicates a projected overspend of £7.03m.

Table 1: Summary Monitoring Position 2020/21

	£000
DSG Accumulated b/f 19/20	4,482
2020/21 MONITORING POSITION	
Schools Block	0
Central Schools Services Block	(44)
Early Years Block	(361)
High Needs Block	2,953
TOTAL NET PRESSURES 20/21	2,548
NET MONITORING POSITION 20/21	7,030

At this stage, it has been assumed that the delegated element of the Early Years Block will have a net balanced position. Due to Covid, providers were funded on 2019 census numbers for the summer and autumn terms and the position regarding the spring 20 term is still to be confirmed by the DfE.

The DSG budgets will continue to be closely monitored for the remainder of the financial year and some further pressures are expected, particularly in relation to exceptional needs funding. Updates will be presented to the Forum at future meetings.

2. Schools Budget 2021/22

2.1 Indicative DSG Allocation 2021/22

As in previous years, the DSG settlement and datasets will not be announced until mid to late December, following which the funding formula and budget allocations will be reviewed and reported back to Schools Forum in January 2021. Indicative DSG funding allocations for 2021/22 were published by the ESFA in July and are summarised in Table 2 below. This information indicated a net increase in funding of £22.13m across the 4 funding blocks.

The Schools Block allocation includes Teachers Pay and Pension Grant funding of £11.986m which has been subsumed into the formula with effect from 2021/22. Excluding this funding, the increase to the Schools Block is £5.466m which equates to just over 2%.

Table 2 – Indicative DSG Allocation 2021/22 (ESFA July 2020)

Blocks	2020/21 Actual Allocation	2021/22 Indicative Allocation	Variance	Variance
	£m	£m	£m	%
Schools**	266.701	284.153	17.452	6.5%
High Needs	54.905	59.778	4.873	8.9%
Early Years*	25.803	25.803	0	0%
CSSB	2.678	2.483	(0.195)	(7.3%)
Total	350.087	372.217	22.130	6.3%

*Early Years Block – no indicative allocation for 21/22 at this stage

**Schools Block – excludes growth funding

2.2 Pupil Number Data

Indicative pupil number data from the October 2020 census is shown on Table 3 below. These numbers exclude nursery and 6th form pupils and reflect the data that will be used to calculate the Schools Block funding and corresponding formula allocations for 2021/22. The trend over the last 5 years has been a decrease in primary numbers and an increase in secondary numbers with a net overall reduction in the last 2 years. The position will be confirmed when we receive the ESFA October 2020 dataset in December.

Table 3: Pupil Number Data (Gross Census Nos)

Sector	OCT 2016	OCT 2017	OCT 2018	OCT 2019	OCT 2020	Variance 2020 - 2019
PRIMARY	32,333	32,296	31,923	31,269	30,726	(543)(1.7%)
SECONDARY	18,160	18,445	18,934	19,211	19,442	231 1.2%
TOTAL	50,493	50,741	50,857	50,480	50,168	(312)(0.6%)

The impact of changing pupil numbers can vary significantly between individual schools. Schools have been advised that the year on year change in pupil numbers and other factors can have a significant impact on their formula funding allocations and that this should be factored into their budget planning for 2021/22 and future years.

2.3 Schools Block

A detailed breakdown of the Indicative Schools Block allocation is shown in Table 4 below. The primary and secondary units of funding are fixed but the actual allocation will be based on October 2020 pupil numbers once these have been validated.

Table 4: Pupil Number Data (Gross Census Nos)

Sector	Prim	Sec	TOTAL
Pupil Nos	31,269	19,211	50,480
Unit of Funding	4,894.22	6,530.94	
TOTAL	153,037,273	125,465,798	278,501,071
Premises			5,649,903
Schools Block pre growth			284,152,974
0.5% to HNB (excl Pay & Pension Grant trf)			1,360,834
TOTAL Funding Formula			282,792,141

The formula modelling included in the 2021/22 Funding Consultation Document was based on the estimated Schools Block funding available as shown in Table 4.

Of the total Schools Block Allocation received

- Growth Funding will be retained centrally for any additional classes required outside the formula process
- 0.5% will be transferred to the High Needs Block to support inclusive schools, dependent on the outcome of the consultation exercise

The balance of funding will be allocated via the funding formula based on the chosen model following the outcome of the consultation exercise with schools. The model may have to be tweaked due to affordability and to fully utilise the funding available. Schools should note that their actual formula funding allocation for 2020/21 may vary from the indicative amounts shared in the consultation exercise but should follow a similar trend. Reasons for any variation will include

- Variation in Schools Block allocation
- Change in pupil nos between Oct 19 and Oct 20
- Variation in percentage of pupils attracting funding through other factors
- Final formula unit rates
- Business Rates increase
- PFI Shortfall
- Funding for new secondary school
- MFG rate and impact for individual schools

2.4 High Needs Block

Officers are in the process of calculating expected expenditure from the High Needs Block for 2021/22. Early indications are that pressures are likely to exceed the additional funding available and will include

- Full year effect of 2020/21 expansions/additional places
- Additional in-borough provision 2021/22
- Increased funding for pupils with EHCP in mainstream
- £1m agreed for early interventions
- Increased speech & language provision

2.5 CSSB and Early Years

An update on the Central School Service Block is included in a separate report.

The indicative DSG allocation for 2021/22 issued in July 20 did not provide an update for Early Years. An initial allocation for 2021/22 will be included in the December announcement and will be shared with Forum at the next meeting.

Report Author: Louise McNamara
Finance Manager – Schools and Education
Louise.mcnamara@enfield.gov.uk

0208 132 1272

Date of report Dec 2020

Appendices

None

Background Papers

DSG Updates to ERG/Schools Forum during Summer Term 2020/21.