

## London Borough of Enfield

Education Resources Group  
Schools Forum

12 January 2021  
20 January 2021

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**Subject:** DSG Budget 2021/22 - Update  
**Report Number:** 26

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**Item No:** 4b

### Purpose of Report

This report sets out details of the initial 2021/22 Dedicated Schools Grant (DSG) allocation which was announced on 17th December 2020, together with the October 2020 dataset to be used to calculate formula budget shares for primary and secondary schools.

The report provides updated information on the proposed budget position for 2021/22 for each of the funding blocks. The report also provides information on the proposed schools funding formula which will be submitted to the DfE on 21st January 2021 for approval.

The report seeks the approval of Schools Forum to finalise the unit values for the primary and secondary funding formula

### Proposal

The Schools Forum is asked to note and agree the unit values for the primary and secondary funding formula as set out in Appendix B

The Schools Forum is asked to note and where necessary agree:

- The 2021/22 DSG settlement and draft budget set out in Appendix A
- The formula allocations to schools based on the agreed formula factors and unit rates as set out in Appendix C
- Forum representatives from maintained primary schools are asked to confirm the decision made at the December 2020 meeting in relation to de-delegated services to support de-delegation for FSM Eligibility Assessment, GDPR Support, Union Duties and CLEAPPs for 2021/22 but that all other areas would cease in August 2021.
- Forum representatives from secondary maintained schools are asked to confirm the services to be de-delegated for 2021/22 as this was not confirmed at the December 2020 meeting.

### 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. Dedicated Schools Grant (DSG) Settlement 2021/22

Enfield's initial 2021/22 DSG settlement was announced on 17<sup>th</sup> December 2020 at £373.187m. Table 1 below summarises the initial and actual 2021/22 DSG Allocation.

**Table 1: DSG Allocation 2021/22**

Block	Actual 20/21	Indicative 21/22	Actual 21/22	Variance 21/22-20/21	Variance Actual-Indic
	£m	£m	£m	£m	£m
Schools	267.872	284.153	<b>283.399</b>	15.527	-0.754
Central Services	2.678	2.483	<b>2.537</b>	-0.141	0.054
Early Years	25.803	25.803	<b>26.553</b>	0.750	0.750
High Needs	54.905	59.778	<b>60.697</b>	5.792	0.920
<b>TOTAL</b>	<b>351.258</b>	<b>372.217</b>	<b>373.187</b>	<b>21.929</b>	<b>0.970</b>

**Schools Block**

The Schools Block includes a baseline adjustment of £11.986m which represents the funding previously allocated through the Teachers Pay and Pension Grants so although funding has increased by 5.8% the net cash increase is 1.32%. On a per pupil basis funding has increased by 6.75% or 1.74% net of the grant funding as shown in Table 2 below.

**Table 2: Per Pupil Funding Increase 2021/22**

21/22 DSG (Dec20)	Per Pupil	Per Pupil*
Actual 21/22	5,640	5,640
Actual 20/21	5,283	5,544
Variance	357	96
Variance %	6.75%	1.74%

An indicative 2021/22 DSG allocation was provided by the ESFA in July 2020 based on October 2019 dataset. The actual 2021/22 allocation reflects the October 2019 dataset.

Schools Block funding has decreased by £0.754m which comprises

- Reduction in funding for primary pupils due to a decrease of 572 pupils -£2.799m
- Increase in funding for secondary pupils due to an increase of 152 pupils 0.993m
- Confirmed growth funding of £1.053m

At the last meeting, the Forum agreed to the continuation of the Growth Fund at £0.150m to support the final stages of the primary expansion programme. The growth element within the Schools Block also supports academy growth within the formula allocations, which, for 2021/22 includes Wren Academy Enfield, Heron Hall, Ark John Keats and One Degree. Growth for these four academies totals £1.32m.

**Central Schools Services Block**

The CSSB has decreased by £0.141m which reflects the year on year reduction in funding for ongoing commitments. The final allocation has increased by £0.54m from the indicative allocation which represents Oct20 pupil numbers and an increase for pay/pension grant commitments.

**High Needs Block**

The High Needs Block has increased by £5.792m. The final allocation had increased by £0.92m from the indicative allocation which represents Oct20 pupil numbers in academy special schools and units and the latest projected import/export adjustments. This allocation is subject to in year adjustments.

Of the High Needs Block allocation, £2.1m will be recouped from the authority and provided direct by the Education Skills and Funding Agency to fund post 16 places in FE provision and places in mainstream academy units. This amount will be adjusted during the year to reflect any change in pupil numbers or new academy conversions.

### Early Years Block

The Early Years Block initial allocation for 2021/22 reflects the increased unit rates and January 2020 pupil numbers. The hourly rate for 3/4 Year Olds, for both 15 and 30 hours provision, has increased from £5.70 to £5.76. The hourly rate for 2 Year Olds has increased from £5.74 to £5.82. The latest guidance released in December 2020, reinforced the government's initial advice of July 2020, whereby they stated that LAs and providers will be funded based on the January 2021 Census. No further announcements have been made since the new lockdown and updates will be shared as they are received from the ESFA.

## 2.0 Draft Budget and Formula Factors 2021/22

### 2.1 Draft Budget

A draft budget has been produced based on the 2021/22 DSG settlement data and is detailed in Appendix A.

In line with the new funding arrangements introduced in 2018/19, there is less flexibility regarding the movement of funding between blocks and, other than the agreed 0.5% transfer of funding from the Schools Block to the High Needs Block, expenditure will be contained within the relevant blocks. As Schools Forum agreed the permitted 0.5% transfer at their December 2020 meeting, we were not required to submit a disapplication request. The total Schools Block funding to be distributed via the formula allocations is shown in Table 3 below.

**Table 3: Schools Block Breakdown**

Schools Block Allocations 21/22	
Total SB Allocation	283,399,339
Growth Fund	150,000
0.5% Trf to HNB	1,357,065
SB via Formula	281,892,274

### 2.2 Dataset 2021/22

The DfE dataset information, for October 2020, confirms that there has been a decrease in pupil numbers in the primary sector and an increase in pupil numbers in the secondary sector. The level of eligibility for free school meals has increased between Oct 2019 and Oct 2020 in both sectors. This data is shown in Tables 4 and 5 below.

**Table 4: Pupil Number Data**

Sector	Census Nos	ADD Academy Growth	NET Funded Pupil Nos
<b>PRIMARY</b>			
October 2019	31,275	37	31,312
October 2020	30,702	35	30,737
Variance 2019 to 2020	(573)	(2)	(575)
<b>SECONDARY</b>			
October 2019	19,214	193	19,407
October 2020	19,375	176	19,551
Variance 2019 to 2020	161	(17)	144

**Table 5: FSM Data**

	FSM Nos	Pupil Nos	% Eligibility
<b>October 2019</b>	9,341	50,719	18.4%
<b>October 2020</b>	11,407	50,288	22.7%
<b>Variance</b>	2,066	(431)	4.3%

### 2.3 Proposed Formula Factors and Unit Rates 2021/22

Formula factors for 2021/22 and associated unit values are set out in Appendix B. Following consultation, it was agreed for 2021/22 to allocate funding on National Funding Formula unit rates and indicative funding allocations were calculated on this basis using October 2019 data. Following receipt of the October 2020 dataset, the formula has been recalculated on this basis.

The final proposed unit rates for 2021/22 reflect those used in the consultation document and the Minimum Funding Guarantee (MFG) has been used to utilise the total Schools Block funding available. This has been set at 1.89% meaning that on a per pupil basis, schools will see this level of funding increase for pupil led factors. No funding CAP had been applied so schools who gain through the NFF will receive their gain in full.

Formula allocations also include protection, where necessary, to ensure that schools attract the minimum funding levels of £4,180 for primary and £5,415 for secondary. All secondary schools receive the minimum funding level via the formula factor allocations, but 8 primary schools require protection totalling £635k.

At this stage, the actual business rates charges for 2021/22 are not confirmed and an estimated 2% increased has been included in the formula allocations. The final budget allocations provided to schools at the beginning of March will include the actual rates allocations.

The PFI Shortfall allocations have increased by £78k which reflects a decrease in level of school handback due to lower pupil numbers in 3 of the 4 PFI schools.

School formula allocations for 2021/22 will vary from the consultation model due to the changes detailed above and also due to changes in pupil numbers and the impact on the other formula factors. The changes in pupil numbers on a school by school basis have been included in Appendix C to support the new allocations.

It should be noted that final checks need to be carried out on the formula allocations and the ESFA will carry out validation checks which may result in minor changes to the school's allocations included in Appendix C.

#### **Recommendation: Schools Forum is asked to note and agree:**

- the formula factors and unit rates detailed in Appendix B and formula allocations shown in Appendix C which will be submitted to the DfE by their prescribed deadline of 21st January 2021.

### 2.4 Schools Formula Budget Shares

The application of the formula factors in Appendix B and the October 2020 dataset issued by the ESFA in December produces the school's formula budget shares as set out in Appendix C. It should be noted that these figures exclude any allocations from the Growth Fund, Early Years or High Needs Blocks.

Following confirmation of the unit rates by the Schools Forum on 20<sup>th</sup> January 2021 and confirmation of our APT submission to the ESFA on 21<sup>st</sup> January 2021, indicative formula funding allocations for 2021/22 will be circulated to schools. This

early notification will enable schools to develop and finalise their budget planning to address their key school development and improvement priorities and known budget pressures for the coming year. As well as the known budget pressures, schools will also now need to consider future and not confirmed pressures such as:

**Table 6: Budget Pressures for 2021/22**

Area	2019/20	2020/21	2021/22	2022/23
Teacher – Pay Award	2.75%*	3%**	tbc	tbc
Teachers – Pension contributions	23.68%	23.68%	23.68%	23.68%
Support Staff – Pay Award	2%	2.75%	0	0
Support Staff – Pension Contribution***	24.8%	20.2%	20.2%	20.2%

\* Pay Award wef Sept19, 0.75% offset by grant funding

\*\* No additional pay grant to fund Sept20 pay award

\*\*\* Confirmed reduction following actuarial review

### 3. High Needs Block

#### 3.1 DSG Allocation

The DSG allocation for 2021/22 for the High Needs Block has been calculated on a formulaic basis.

#### 3.2 High Needs Budget Allocations

A separate report details plans for the High Needs Block. A summary of funding allocations for 2020/21 is being finalised and will be brought to the next meeting.

There continues to be significant risk in some areas of the high needs budget including

- Out of borough day/residential placements and placements in other LA special schools
- High needs support for post 16 pupils in FE provision
- New in borough developments
- Increase in exceptional needs provision in mainstream schools

### 4. Early Years Block

#### 4.1 DSG Allocation

A summary of the Early Year Block budget for 2021/22 is provided in Appendix A.

Other than the increase in hourly funding rates, there are no planned changes regarding Early Years funding and arrangements for 2021/2. The majority of the increased hourly rates will be passed to providers. 95% of funding received for 3&4 year olds and 100% of funding received for 2 year olds will be delegated to providers.

It should be noted that the initial funding allocation for 2021/22 is based on January 2020 census data. Based on latest guidance we are expecting this allocation to be revised in July 2021 to reflect January 2021. An update on the estimated change in allocation will be brought to Forum once the January 2021 data has been finalised and analysed. If this position changes due to the ongoing pandemic and new lockdown situation, an update will be provided

### 5. Risks and Uncertainties

The latest budget projections for 2021/22 are based on the information available at this time which includes data from the October dataset and our DSG allocation for 2021/22. Factors that may impact of the final 2021/22 position include

- Final 2020/21 outturn position

- Any changes resulting from final checks of the school formula allocations by LA officers or ESFA
  - Actual Rates allocations for 2020/21
- Updates on these issues will be included in future reports to the Forum as soon as information becomes available.

## 6. De-Delegated Services for Maintained Schools 2021/22

6.1 To support general duties provided to maintained schools and were previously funded from the ESG, local authorities can seek approval for money to be de-delegated from maintained schools to continue to provide these services. The approval for de-delegation is required on an annual basis. It should be noted that academies are not included in this process and may buy back these services from the Local Authority from their allocated budget share.

6.2 Table 7 lists the services where de-delegation is sought.

**Table 7 – Potential De-Delegated Service 2021/22**

Areas of Funding	Sector	Est De-Del Budget	Amount pp/fsm	Comment
Licenses & Subs – CLEAPPS	prim&sec	4,082	0.16	Statutory Requirement
Free School Meals Eligibility	prim&sec	24,109	6.4	
NQT Recruitment Support & Applicant Tracking System	prim&sec	17,374	0.87	
Union Duties	prim&sec	73,991	2.9	
School Improvement Service	prim	203,601	11.94	
Support for Schools in Difficulties	prim&sec	109,965	4.31	
General Data Protection Regulation	prim&sec	79,093	3.1	Statutory Requirement
Long Service Awards	prim&sec	3,827	0.15	if service not de-del, then a charge will be made to the individual school's budget for the cost of any employee eligible for 25 years service award

6.3 At the December meeting, members from maintained primary schools indicated that they would continue with de-delegation for CLEAPPS, FSM Eligibility Service, GDPR and Union Duties. De-delegation for the other services will cease in August 2021. Members are asked to confirm this decision.

6.4 A decision could not be made for the secondary sector due to the lack of representatives. Members for maintained secondary schools are asked to consider and agree to the de-delegation of services listed in table 7. If the representatives decide not to continue to de-delegate any service that the change is implemented for the start of the academic year 2021. This will enable each service to manage the change both in terms of service delivery and restructuring their service.

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Report Author: Louise McNamara, Finance Manager – Schools and Education  
 Louise.mcnamara@enfield.gov.uk  
 0208 132 1272

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### Appendices

None

### Background Papers

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