

DEDICATED SCHOOLS GRANT 2021/22: BUDGET PLANNING

REPORT OF THE COUNTY TREASURER AND DEPUTY CHIEF OFFICER OF CHILDREN'S SERVICES

Recommendations

It is recommended that Schools Forum:

- a) Note the Dedicated Schools Grant (DSG) Deficit as set out in section 1.
- b) Note the DSG 2021/22 announcement on 17 December 2020 as set out in section 2.
- c) Note the Schools Block, Central School Services Block, High Needs Block and Early Years Block as set out in section 3 to 9

Dedicated Schools Grant 2021/22: Budget Planning

1. DSG Deficit & Management Plan

- 1.1. As part of budget preparation we are projecting to see the Dedicated Schools Grant (DSG) deficit increase by a further £27.9 millions. This is despite the fact that the DSG has increased by £10.5 millions. The main reason for this increase in the projected deficit is the continued demand being put on the service for SEN placements.

	£'000
High Needs Budget Deficit 2019/20	19,772
Estimated High Needs Budget Deficit 2020/21	30,583
Projected Deficit 2021/22	27,941
Total DSG Deficit	78,296

- 1.2. The Authority is very concerned over the ability to reduce this pressure and bring this back to a balance budget over the coming years. This could have a considerable impact on future education budgets within the DSG as well as impacting on the financial sustainability for Devon County Council. An urgent action is still required to reduce the call on EHCPs and Independent placements.
- 1.3. The service is working on potential management actions that will achieve quick gains, but it is necessary to work with all sectors and stakeholders to make deeper changes to ensure stability of the service long term.
- 1.4. Within the budget for 2021/22 are management actions totalling £2.2 millions, with a further £5.96 millions being considered at present.
- 1.5. Service and Finance colleagues are currently working on a more comprehensive management plan using the template for the overall DSG deficit produced by the DfE with the intention to have the initial draft completed for the end of January 2021, for sign off by the County Treasurer and Director of Services.
- 1.6. **Recommendation**
Schools Forum is asked to note the DSG Deficit as set out in section 1 above.

2. DSG Settlement 2020/21

- 2.1. On the 17th December 2020 the Education and Skills Funding Agency (ESFA) announced the Schools Funding allocations for 2021/22.

2.2. Note that the final allocations will be adjusted through the year for recoupment academies and the updated early year's census. Individual maintained school budget allocations will be confirmed by 28th February 2021 following ratification by the ESFA; Academies will receive their notifications directly from the ESFA.

Table 1: Notional Block Allocation at 17th December 2020

DSG Schools Block	Per pupil funding rate	No of pupils	2021/22 Allocation £m	2020/21 Adjusted Baseline £m
Schools Primary budgets, including Academies	£4,158.92	55,237	249.612	230.226
Schools Secondary budgets, including Academies	£5,534.85	36,124	200.043	182.264
Growth, Premises & Mobility			8.979	8.808
Notional Block Total			458.634	421.298

Central Schools Service Block	Per pupil funding rate	No of pupils	2021/22 Allocation £m	2020/21 Adjusted Baseline £m
Ongoing Responsibilities	£29.39	91,379	2.686	2.504
Historic Commitments			0.873	0.949
			3.559	3.453

High Needs Block	2021/22 Allocation £m	2020/21 Adjusted Baseline £m
Baseline allocation	86.645	76.122
DSG in-year Settlement - Special Schools growth	0.618	0
Deduction for direct funding of high needs places by EFA	(6.938)	(6.028)
	80.325	70.094

Early Years Block	Per pupil hourly funding rate	Pupil Part time equivalent	2021/22 Allocation £m	2020/21 Final Allocation £m
3- & 4-year olds	£4.44	9,884.78	25.016	24.678
3- & 4-year olds additional 15hrs	£4.44	3,905.04	9.883	9.749
2-year olds	£5.36	1,373.49	4.196	4.134
Maintained Nursery School Supplementary Funding			0.116	0.116
Disability Access Fund			0.171	0.161
Early Years Pupil Premium			0.255	0.255
			39.637	39.093

Total DSG settlement	582.155	533.938
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2.3. **Recommendation**

Schools Forum is asked to note the DSG 2021/22 announcement on 17 December 2020 as set out in section 2

All to note

3. Schools Block

- 3.1. The Schools Block allocation for 2021/22 is £458.63 millions, which is additional funding of £20.37 millions from the roll-in of the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG) along with £16.97 millions received the National Funding Formula (NFF) from 2020/21 and the net reduction in pupils across the sectors of 25 pupils.
- 3.2. As part of the consultation it was agreed that schools would see funding to levels set out per the NFF for 2021/22, meaning that the key factors would increase by 3% (then rounded). Schools which are already attracting their NFF allocations will attract a significant increase in both cash and real terms.
- 3.3. Minimum Funding Guarantee (MFG) for 2021/22 is set at plus 2% compared to the plus 1.84% of 2020/21. 44 Schools will receive MFG this year (compared to 36 in 2020/21), of which 18 have an MFG of less than £4,027 (equivalent to less than one pupil's worth of KS3 Basic Entitlement (AWPU))
- 3.4. Minimum per pupil funding Level (MPPL) for 2021/22 has become a mandatory factor and is set at £4,000 for Primary places and £5,150 for Secondary places prior to TPG and TPECG additions.
- 3.5. Surplus funding after allocation through the NFF has meant that the Basic Entitlement (AWPU) has increased by £14.86 per pupil due to schools forum's decision to not transfer between blocks as requested by the authority.

4. Teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG)

- 4.1. In the 2021/22 financial year the TPG and TPECG will be rolled into mainstream funding through the schools and high needs national funding formula.
- 4.2. The DfE have added a further £180 for primary pupils and £265 for secondary pupils to the AWPU, to reflect the rolling in of the grants to the NFF, and £660 per High Needs placement within the High Needs Block.
- 4.3. The TPG and TPECG will continue to be paid for academies at the start of their 2021/22 academic year. Details of the grant are set out in the [TPG methodology document and the TPECG methodology document](#).

5. Central School Services Block

- 5.1. The Central Schools Service Block recognises the Ongoing Responsibilities of Education Services Grant (ESG), Admissions, Copyrights and Schools Forum along with Historic Commitments for Termination of Employment Costs.
- 5.2. In 2021/22 the DfE have reduced the Historic Commitments by a further 20%, however after applying a disapplication to remove this reduction they have reinstated the funding to ensure that the Termination of Employment costs remain funded for the coming year of £873,000.

6. High Needs Block

- 6.1. The settlement allocation for 2021/22 is £87.26 millions (including in-year allocation of £618,000) after an additional £10.52 millions being received from the DfE.
- 6.2. The required High Needs Block budget is £122.27 millions for 2021/22 which sees a funding gap of £35.01 millions from that given in the settlement allocation.

- 6.3. The High Needs Block continues to be under considerable budgetary pressure and after taking into account funding from other grants (such as Pupil Premium and PE and Sports Grant) there has been an increase in the deficit for 2021/22 from £23.48 millions to £33.9 millions (before potential management actions of £5.96 millions) to meet the anticipated demands in year.
- 6.4. The budget required to meet the current HNB demand and agreed future growth identified with the service for 2021/22 is summarised in Table 2 below:

Table 2: High Needs Budget 2021/22

High Needs budget 2021/22	Budget 2020/21 £'000	Budget Required 2021/22 £'000	Budget Change £'000	Notes ref
Alternative Provision / Hospital Ed.	6,794	6,793	(1)	6.5
Social Inclusion and Children in Care	1,367	1,367	0	
Closing the Gap	1,500	1,500	0	
Inclusion	334	334	0	
Safeguarding Every Learner	144	144	0	
Maintained & Academy Special Schools	33,958	36,870	2,912	6.6
Nursery Plus	1,164	1,164	0	
Other Special Schools Fees	36,486	44,182	7,696	6.7
Recoupment	835	1,705	870	6.8
Mainstream SEN	12,969	19,209	6,240	6.9
Mainstream SEN – FE	3,316	5,914	2,598	6.10
SEN Services	871	932	61	6.11
Support Centre Funding	1,601	2,160	559	6.12
	101,339	122,274	20,935	

Detailed explanation of pressures and planned actions

- 6.5. **Alternative Provision (AP)** includes Hospital Education. The budget for 2021/22 has seen the TPG and TPECG funding of £191,000 included within the settlement and a £20,000 rise in demand for Post-16 AP Medical. This is offset by the removal of ten AP Medical places, additional commissioning of £185,000 and the removal of grant income of £26,000.
- 6.6. **Maintained special schools.** Part of the SEN strategy is to invest in our maintained special schools to increase our own capacity to meet growing demand for placements in this type of provision, with a net increase of £2.91 millions. Overall, the budgeted places have increased to 1,485 in 2021/22 from 1,381 in 2020/21, with an average cost of £22,889. This includes 95 new places planned for September 2021.

The removal of the TPG and TPECG grant income sees a net change built into the base budget of £199,000.

- 6.7. **Other Special Schools Fees.** There remains the overall overspend within the HNB and there continues to be an increase in the numbers on roll in the Independent sector, seeing a rise of £7.7 millions in the budget for 2021/22. This includes growth within the settlement of £674,000 and £285,000 allocated to the Non-Maintained Special Schools (NMSS) for the Pay and Pensions grants roll-in.

The budget has been set on 916 sole funded placements at an average cost of £46,900. This has allowed for the reduction of 92 placements as spaces become available from September 2021 from Mainstream Special School growth and 40 placements in Support Centres. Built into the budget as part of the overall HNB management plan are management actions for 2021/22. These are identified as a minimum 5% reduction to core costs in Independent settings with potential

savings of £1.2 millions and the ceasing of 3-5 year placements at the end of the summer term seeing savings of £975,000.

- 6.8. **Recouplement.** Exports are higher than imports for Devon and budget has been increased by £870,000 to meet the current level of funding required, based on the ESFA adjustment for Mainstream and Special Schools in both Maintained and Academy Sectors.
- 6.9. **Mainstream SEN.** Funding pressures to this budget total £6.24 millions. Pre-16 High Needs Top-up has seen a £5.9 millions increase in demand as a result of an increase in EHCPs to 2,857 (from 2,486 in 2020/21) and an increase in Plus packages to 524 (from 210 in 2020/21). The Personal Budgets and Tutoring organised by the Inclusion Team has a pressure of £623,000 and includes growth in numbers for 2021/22.
- 6.10. **Mainstream SEN – FE.** Part of the strategy to control spend across the HNB is to grow the number of placements in FE colleges for 2021/22 the budget has been built for 712 students seeing an increase of £2.25 millions. In addition, £422,000 growth has been funded within the DSG settlement offset by an element 2 correction for import / export of 13 places (£78,000).
- 6.11. **SEN Services.** Increases are due to the reinstatement of £53,000 to continue funding a post within the Economy, Enterprise and Planning team and £8,000 for the TPECG for the Early Years Complex Needs Service.
- 6.12. **Support Centre Funding.** An increase to the provision for the cost of five new support centres planned of £566,000.

7. Early Years Block

- 7.1. Funding in 2020/21 sees the third year for the additional 15-hour entitlement (the 30-hour childcare policy).
- 7.2. The formula allocates funding to local authorities for the existing 15-hour entitlement for all 3- and 4-year olds and the additional 15 hours for 3- and 4- year old children of eligible working parents. The funding rates for both entitlements have seen a rise of 6p per hour, whilst the 2-year old funding has seen an additional 8p.
- 7.3. From April 2021 Devon will be funded at £4.44 per hour for 3- and 4-year olds (national average of £4.99) and £5.36 for 2-year olds (national average of £5.62).

8. Other Schools Grants

Other Schools Grants are summarised in Table 3 below

Table 3: Other School Grants

Grant	£'000
Pupil Premium	24,266
UIFSM Grant	8,231
PE & Sports Premium	5,631
	38,128

8.1. Pupil Premium

The funding rates for Pupil Premium remain the same as for 2020/21. The illustrative budget is as per 2020/21. Allocations for 2021/22 are expected to be announced in the new year. For 2021/22 this will be allocated based on the October 2020 census rather than January 2021 census.

8.2. **Universal Infant Free School Meals (UIFSM) Grant**

The grant for universal infant free school meals (UIFSM) is at a meal rate of £2.34 for the 2021/22 academic year. We will be notified of further details by the ESFA in the new year. The illustrative budget is based on the latest available data for the 2020/21 academic year.

8.3. **PE & Sports Premium**

The illustrative budget is based on the latest available data for the 2020/21 academic year. We will be notified of further details by the ESFA in the new year.

9. **Carry Forward Decisions**

9.1. Carry forward proposals will be taken to DEF meeting on 18th March, as by early March the outturn position will be far more certain than at present.

10. **Recommendation**

Schools Forum is asked to note the Schools Block, Central School Services Block, High Needs Block and Early Years Block as set out in section 3 to 9.

All to note

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