

SCHOOLS FORUM

THURSDAY, 21ST JANUARY, 2021

At 2.00 pm

in the

VIRTUAL MEETING - ONLINE ACCESS, [RBWM YOUTUBE](#)

SUPPLEMENTARY AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
5.	<u>DEDICATED SCHOOLS GRANT BUDGET ALLOCATION 2021/22 AND DEFICIT MANAGEMENT PLAN</u> To receive the above report.	1 - 8

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Report Title:	Dedicated Schools Grant Budget 2021/22 and Deficit Management Plan
Contains Confidential or Exempt Information?	No – Part I
Lead Member:	Councillor Stuart Carroll - Deputy Chairman of Cabinet, Adult Social Care, Children's Services, Health and Mental Health
Meeting and Date:	Schools Forum 21 January 2021
Responsible Officer(s):	Kevin McDaniel - Director of Children's Services James Norris - Head of Finance Achieving for Children (RBWM)
Wards affected:	All

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REPORT SUMMARY

The purpose of this report is to provide the Schools Forum with:

- an update on the indicative settlement 2021-22 for the Dedicated Schools Grant (DSG); Schools Block, Central School Services Block, Early Years Block and High Needs Block.
- an update on the submission of the draft Authority Pro-forma Tool (APT) for schools block funding 2021/22 to the Education Skill Funding Agency (ESFA).
- an update on the Dedicated Schools Grant Deficit Management Plan.

1. DETAILS OF RECOMMENDATION

1.1 **RECOMMENDATION:** That Schools Forum notes the contents of the report and:

- Provides comments on the settlement and submission of the APT
- Identifies any further options that could be considered within the Deficit Management Plan

2. BACKGROUND

2.1 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local authority.

- Schools Block – funds mainstream primary and secondary schools through the school formula, and growth funding for new growing schools/bulge classes

- High Needs Block – funds places in special schools, resource units and alternative provision, and top up funding for pupils with EHCPs in all settings including non-maintained, independent, and further education colleges
- Early Years Block – funds nursery schools, nursery classes in mainstream schools, and early year's settings in the private, voluntary and independent (PVI) sector through the free entitlement for 2, 3 & 4 year olds
- Central Schools Services Block – funds services provided by the local authority centrally for all schools, such as the admissions service.

2.2 The DSG must be deployed in accordance with the conditions of grant and the latest School and Early Years Finance (England) Regulations. Detailed guidance is contained within various operational guidance documents issued by the Education Funding & Skills Agency (EFSA).

3. DEDICATED SCHOOLS GRANT FUNDING 2021-22 – December 2020

3.1 Table 1 sets out the DSG December settlement for 2021-22 for each block compared with the provisional allocations received in summer 2020. The Early Years block funding is due to be updated in July 2021 to reflect the January Census.

Table 1: Gross DSG Block Grant 2021-22

DSG Block Funding	Provisional Gross DSG (July 2020)	DSG Settlement (Dec 2020)	Movement
	£'000s	£'000s	£'000s
Schools Block - Base	93,478	94,418	940
Schools Block - Grants	4,469	4,513	44
High Needs	24,052	24,186	134
Central School Services	1,008	1,097	89
Subtotal	123,007	124,214	1,207
Early Years	TBC	9,024	
Schools Growth Fund	TBC	680	
Gross Grant Funding		133,918	
Less:			
Academy recoupment	TBC	TBC	
Direct Funding (HN)	TBC	2,394	

- 3.2 The increases shown in the Schools Block funding in table 1 is to be delegated in full to RBWM schools via the local Funding formula and recent consultation.
- 3.3 The Central School Services grant has increased by £89,000, £81,500 of which relates to the Teachers Pensions grant for central teaching staff, for services such as Sensory Consortium Service.
- 3.4 The Direct Funding deductions from the gross DSG has increased for 2021-22, reflecting increases in places at Free Schools and FE Colleges within Royal Borough of Windsor and Maidenhead. The Direct Funding figure will be updated in year to reflect the Place Change notification completed by local authorities in November 2020.

4. BASE BUDGET SETTING 2021-22

- 4.1 The RBWM Annual budget process for 2021-22 was completed in autumn 2020, based on the provisional grant settlement. In April 2021 the base budget will be reset to reflect the latest indicative settlement.
- 4.2 The Schools block grant increases will be allocated in full to schools via the 2021-22 formula budget shares. There are no budget movements between funding blocks planned for 2021-22.
- 4.3 Since the original 2021-22 budget process was completed, forecasts of High Needs Block spend have identified further in year pressures. The budget estimate for the High Needs block allocated additional grant funding to known growth areas for 2021-22, such as FE Colleges and school top up funding, meeting a number of the current year overspends identified by autumn of 2020 and expected new year growth.
- 4.4 The latest funding settlement includes an increase in the gross High Needs Block (in table 1) and a reduction in the 2021-22 budgeted estimate for Direct Funding deduction. The impact of these changes has made available further grant funding to meet increased pressures for the independent special schools placements detailed in the January 2021 monitoring report.

5. AUTHORITY PRO-FORMA TOOL

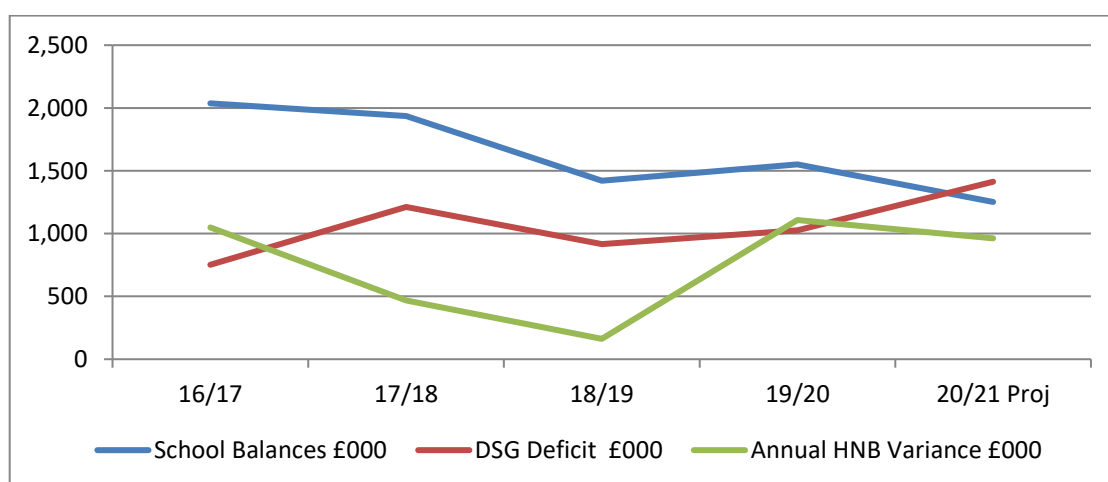
- 5.1 The Local Authority (LA) is required to submit the draft Authority Pro-forma Tool (APT) to the Education Skills Funding Agency (ESFA) by the 21st January 2021. This submission demonstrates the proposed application of the schools block funding for the 2021/22 financial year.
- 5.2 The APT is a standard model issued by the ESFA that is completed by Local Authorities outlining the proposed local funding formula for the Schools Block. It ensures there is consistency between the basis of allocation for both maintained (distributed by the LA) and academy schools (distributed by the ESFA).
- 5.3 The latest published APT contains the updated pupil population data set taken from the October 2020 school census. The deadline for the final submission of

the draft formula to the ESFA is 21st January 2021. This formula will be subject to ratification by the Council on the 23rd February 2021.

6. DEFICIT MANAGEMENT PLAN

- 6.1 The Dedicated Schools Grant (DSG): conditions of grant 2020 to 2021 paragraph 5.2, requires that any local authority (LA) with an overall deficit on its DSG account at the end of 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend.
- 6.2 At the end of the financial year 2019/20, RBWM's overall DSG deficit was £1,025,000 due to pressure in the High Needs Block. Despite an increase in the budget for 2020/21, a further overspend of £388,000 is being reported due to further demand on the High Needs Block resulting in a forecast total DSG deficit of £1,413,000 by the end of financial year 2020/21.
- 6.3 The latest monitoring report shared at this Forum identifies potential further cost pressures relating to increased costs and volume of pupils attending Independent Special Schools and Further Education establishments. Once finalised these pressures will be reflected in the next monitoring report, therefore, resulting in a further adverse impact of the financial position.
- 6.4 Since 2016/17 the Dedicated Schools Grant deficit has increased by almost 100% from £752,000 to a projected £1,413,000 by the end of 2020/21. This has been as a direct result of pressures within the High Needs Block. During this same timeframe Schools Balances have fallen by 40% from £2,037,000 to a projected £1,252,000 by the end of 2020/21.
- 6.5 This trend is set out in Chart 1.

Chart 1: Dedicated Schools Grant Deficit & Schools Balances since 2016/17



- 6.6 The expectation of the DfE is that local authorities should plan to recover their deficit in a 3-year period although a 5-year plan may be considered. The local authority is proposing action to mitigate the deficit by 2024/25.

- 6.7 Table 2 sets out the projected Dedicated Schools Grant and future expenditure projections based on recent trend data excluding any deficit management plan savings.

Table 2 High level projected grant and expenditure projections excluding any deficit management plan savings

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m
	ACTUAL	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
High Needs Block	1.031	0.983	0.749	1.328	1.976	2.699
Brought Forward Deficit	1.031	1.031	1.413	2.162	3.490	5.467
Other Blocks	0.000	-0.595	0.000	0.000	0.000	0.000
Net exc. High Needs Block	0.000	0.436	1.413	2.162	3.490	5.467
Deficit Carried Forward	1.031	1.413	2.162	3.490	5.467	8.166
Projected Deficit 31st March 2020/21						1.413
HNB Cumulative Deficit 2021/22 to 2024/25						6.753

- 6.8 The following assumptions have been factored into the high level projection:
- Annual grant has been estimated to increase by 5.0% from 2022/23
 - Education Health Care Plans increase by 4.8% based on the trend since 2017
 - Inflation increases 2.4% based on the increase between 2019/20 and 2020/21
- 6.9 If no management action is taken the cumulative high level projection for the High Needs Block of a deficit of £8,166,000 by the end of 2024/25.
- 6.10 The management of future DSG spend requires three main elements.
- Short-term reduction in spend of approximately £375,000 per annum to recover the accumulated deficit over 4 years from 2021/22 to 2024/25
 - The sustainable reduction in annual expenditure of around £400,000 to remain within the annual budget based on 2020/21
 - The sustainable reduction in annual expenditure to contain the projected net High Needs Block increased costs and increases in volumes £1,275,000
- 6.11 The total cost reduction from 2021/24 to 2024/25 is £8,200,000 as reflected in table 3 demonstrating annual savings of £2,050,000. On the assumption the recovery plan is delivered in full, the accumulated deficit from 2020/21 will have been recovered, the annual savings would reduce to £1,675,000 from 2025/26.

Table 3. Indicative Savings Plan Profile 2021/22 to 2024/25

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
	SAVINGS	SAVINGS	SAVINGS	SAVINGS	SAVINGS
Short term reduction to recover accumulated deficit	0.375	0.375	0.375	0.375	0.000
Annual reduction to meet current projected pressures based on 2020/21	0.400	0.400	0.400	0.400	0.400
Annual reduction to meet future cost and volume increases	1.275	1.275	1.275	1.275	1.275
Total reduction	2.050	2.050	2.050	2.050	1.675
Cumulative reduction	2.050	4.100	6.150	8.200	9.875

- 6.12 The savings have been reflected on a linear basis, however, it is expected they will be delivered at various stages which may result in an adverse impact on the deficit position before it fully recovers.
- 6.13 There is no single approach to developing and delivering a successful Deficit Management Plan, however, a successful plan needs to have effective, coordinated and well-executed leadership and management which impacts positively on organisational culture and means that organisational performance is strong and consistent. It also requires engagement from a variety of stakeholder groups including school leaders and other partner organisations.
- 6.14 It is recognised that whilst the initial proposal reflects a recovery period to 2024/25 there is likely to be some slippage whilst proposed actions are implemented especially in light of the COVID pandemic and the impact on our schools and support services.

7. PROPOSED DEFICIT MANAGEMENT PLAN ACTIONS

- 7.1 There have been a number of key themes identified to be considered that will lead to a reduction in costs. The main themes are set out below:
- Block transfers - funding realignment
 - Review exiting Specialist Resource Provision
 - Open new Resource units
 - Improved commissioning including annual reviews, inflation negotiations
 - Increased contributions from partners
 - Local SEND place sufficiency plan
 - Post 16 pathway planning and proactive promotion of vocational pathways
 - Annually review the use and value for money of notional SEN funding with evidence that it is being used built in to processes
 - Review of High Needs Block activities for cost effectiveness
 - Review other block expenditure projections

- 7.2 The options are being considered and assessed for their financial and non-financial impact. A summary will be shared at the appropriate Schools Forum.

8. FINANCIAL DETAILS / VALUE FOR MONEY

- 8.1 The financial implications are set out in sections 3 to 7.
- 8.2 Local authorities are required to submit a Deficit Management Plan to the DfE and their respective Schools Forums. Prior to submission plans are required to be approved by the Section 151 officer.

9. LEGAL IMPLICATIONS

- 9.1 There are no legal implications arising from this report.

10. RISK MANAGEMENT

- 10.1 There are no potential risks arising from this report.

11. POTENTIAL IMPACTS

- 11.1 Equalities. Equality Impact Assessments are published on the [council's website](#). The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. It has been assessed that there are no Equality Impact risks arising from this report. Link to Equality Impact Assessments. <https://www.rbwm.gov.uk/home/council-and-democracy/equalities-and-diversity/equality-impact-assessments>
- 11.2 Climate change/sustainability. There are no climate change/ sustainability risks arising from this report.
- 11.3 Data Protection/GDPR. There are no data protection/ GDPR risks arising from this report.

12. BACKGROUND DOCUMENTS

- 12.1 This report is supported by the following background documents:
- Dedicated schools grant: conditions of grant 2021 to 2022 (updated December 2020) <https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2021-to-2022>
 - Schools revenue funding 2020 to 2021 Operational guide (updated February 2020) <https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2020-to-2021>
 - Dedicated schools grant (DSG) deficit management plan guidance <https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-deficit-management-plan>

13. CONSULTATION

13.1 There is no requirement for stakeholder consultation arising from this report.

14. TIMETABLE FOR IMPLEMENTATION

14.1 There is no timetable for implementation of any actions arising from this report.

15. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Stuart Carroll	Deputy Chairman of Cabinet, Adult Social Care, Children's Services, Health and Mental Health	14-01-21	
Duncan Sharkey	Managing Director	14-01-21	
Vacant	Director of Place	14-01-21	
Adele Taylor	Director of Resources/S151 Officer	14-01-21	14-01-21
Kevin McDaniel	Director of Children's Services	14-01-21	14-01-21
Hilary Hall	Director Adults, Commissioning and Health	14-01-21	14-01-21
Andrew Vallance	Head of Finance	14-01-21	
Elaine Browne	Head of Law	14-01-21	19-01-21
Mary Severin	Monitoring Officer	14-01-21	14-01-21
Nikki Craig	Head of HR, Corporate Projects and IT	14-01-21	
Louisa Dean	Communications	14-01-21	14-01-21
Karen Shepherd	Head of Governance	14-01-21	14-01-21

REPORT HISTORY

Decision type: Schools Forum For information	Urgency item? No	To Follow item? Yes
Report Author: James Norris - Head of Finance Achieving for Children (RBWM)		