

Agenda Item 4

Dedicated Schools Grant Budget Setting Proposals 2022-2023

Purpose of the Report

1. Further to the illustrative Dedicated Schools Grant (DSG) allocation figures tabled in agenda item 3, this report presents the budget proposals for the next financial year based on those allocations. The report also includes details of central expenditure budgets that require Schools Forum approval on an annual basis.

Recommendations

2. The Schools Forum is requested to:-
 - i. Approve the continuation of the existing 0.5% transfer from schools block to high needs block for 2022-2023.
 - ii. Endorse the draft DSG budget proposals in Appendix A for approval by Council.
 - iii. Approve the central spend budgets in Appendix B

Background





3. The indicative DSG allocation for 2022-2023 was made available by the Education and Skills Funding Agency (ESFA) in December 2021 forms the basis of the budget proposals for 2022-2023.

Budget setting proposals 2022-2023

4. Appendix B outlines budget proposals for approval by Schools Forum for the Individual School Budgets (ISB), central school's services, early years and high needs spend. Draft proposals would see increases in ISB of £13.975m, £5.795m to high needs budgets and reductions of £0.072m to early years and £0.201m to central services. These proposals are based on the principles outlined in the following paragraphs.
5. In accordance with the DfE requirement to ringfence the schools block allocation, 99.5% of the schools block will be allocated through the funding formula approved by Cabinet in November 2021. This assumes the continuation of the existing 0.5% transfer to other funding blocks will be approved by Schools Forum as requested in the consultation with schools conducted in December 2021. The table below shows the 48 responses received to the consultation question which are largely in support of maintaining the transfer. The change in value of the transfer for 2022-2023 is

£86k which is the difference in 0.5% of the total allocation to last year's transfer.

Considering the continuing pressure on funding from the high needs block, do you agree with the proposal to continue to transfer up to the existing 0.5% of funding from the schools block for a further year in 2022-23?

Answer Choices		Response Percent	Response Total
1	Strongly agree		47.92% 23
2	Agree		41.67% 20
3	Neither agree or disagree		4.17% 2
4	Disagree		6.25% 3
5	Strongly disagree		0.00% 0
		answered	48

6. In view of the expectation of continuing growth in high needs provision, the following approach is being recommended to set the budget for the High Needs Block.
- Of the additional high needs block allocation, £1.165m will be required to meet the continuation of existing commitments based on the forecast spend in 2021-2022 (as at Third Review). This is mainly to meet the increased cost to date of independent school placements less net variances across other high needs budgets based on the current forecast.
 - Based on the assumption that growth in spend will continue as in 2021-2022, a further £3.496m will be required to meet the increasing demand. This is shown across the budget headings for mainstream and specialist support as spend has been incurred in 2021-2022.
 - This leaves £1.135m available for further growth and investment in specialist provision and support services for increasing demand and costs of provision. Priorities for the next financial year will be determined in consultation with Schools Forum and Local Authority Priority Working Group and this includes identified needs in; speech and language therapy, development of specialist provision, support for increasing early years SEND, supplementary funding to specialist provision for cost pressures and funding of placements in other local authority provision through the net import/export of pupils.
 - In view of the existing commitments and anticipated further growth, there will be limited scope for any recovery of the existing DSG deficit in 2022-2023.
7. For the early years block, the proposed budget changes reflect the indicative DSG allocations. The changes include the national increases to the funding

rates and take up of entitlements which result in an overall decrease in the budgets. It is the intention to allocate the additional funding rates to providers however, the DfE are yet to provide confirmation of the 2021-2022 funding. This will determine whether any adjustments will be needed in view of any over/under funding in the current financial year. This information is due to be received later in January and therefore the base rate to be allocated to providers will be tabled at the February Schools Forum meeting. There will be no requirement to increase centrally retained spend in 2022-2023 with pay awards for central teams being budgeted from vacancy savings target across the DSG.

8. In view of the reduction in the Central Schools Services Block funding, it has been necessary to further reduce the budgets for historic commitments. This will be achieved by reducing the DSG funding previously allocated for school improvement activities which is to be replaced by a growth in Council funding (subject to Council approval in February 2022). Further Council funding has also been requested to fund the increasing costs of ongoing commitments in central services which are not being met from an increase in DSG funding under the national funding formula allocation. DSG budgets will be replaced by Council funding for some existing statutory duties so that the increasing cost of copyright licences and pay inflation for central teams can be met from the DSG allocation.

Approval of Central Spend

9. Under the School and Early Years Finance Regulations, the Schools Forum have the responsibility for deciding on the budgeted level of funding for a list of central spend activities as defined and reported in the Section 251 budget statement. Decisions are required on the budgets for the activities for 2022-2023 under the section of Central Provision for the Schools Budget. As outlined in Appendix B, there are changes proposed to two of the centrally held budgets in 2022-2023 in line with the budget setting proposals in Appendix A. Some central spend lines are subject to restriction in that the regulations specify they may not exceed the value committed for 2013-2014 for the purpose for which expenditure has already been committed. In all cases where restrictions apply, the proposed value of the budget has not been increased since 2013-2014.

Next Steps

10. For the proposed allocations and budget proposals to form the opening budget for 2022-2023 for approval by Council on 17 February 2022.

Further detail on early years funding rates and high need funding arrangements to be tabled for discussion with Schools Forum at the meeting in February 2022.

To include the central spend budgets in the 2022-2023 Section 251 Budget statement submission to the DfE for April 2022.

Ref		Schools Block £000	High Needs £000	Early Years £000	Central Services £000	Total £000	
1	Additional funding through the Schools Block funding formula						
	Operation of approved funding formula	7,177				7,177	Based on formula agreed by Cabinet and October 2021 census pupil numbers Based on the indicative allocation to be passported to mainstream schools Change in value of 0.5% contribution from 2021-2022
	Supplementary funding allocation	6,885				6,885	
	Transfer to high needs block	-86				-86	
Subtotal - school funding formula	13,975	0	0	0	13,975		
2	Growth in high needs budgets to meet current level of expenditure						
	Increase independent school fees budget		1,265			1,265	Net change in high needs budgets to reflect the forecast level of expenditure and variance from 2021-2022 budget (as at Third Review)
	Net reduction in other high needs budgets		-100			-100	
Subtotal	0	1,165	0	0	1,165		
3	Growth in high needs - previous year's annual growth						
	Independent school placements		1,983			1,983	Funding for further growth in demand for specialist placements and support in mainstream schools for high needs pupils based on the same level of growth as in 2021-2022.
	Inter authority school placements		276			276	
	Alternative provision top up funding		54			54	
	Mainstream top up funding		446			446	
	Special school top up		298			298	
	Post 16 top up funding		438			438	
Subtotal	0	3,496	0	0	3,496		
4	Growth in high needs - further investment	0	1,135	0	0	1,135	Investment in specialist provision and support services for increasing demand and costs of provision. Priorities for the next financial year will be determined in consultation with Schools Forum and Local Authority Priority Working Group.

Ref		Schools Block £000	High Needs £000	Early Years £000	Central Services £000	Total £000	
5	Early years allocation to providers						
	Decrease for 3 and 4 year old universal entitlement			-299		-299	Budgets adjusted in line with national funding formula allocations
	Allocation increase for Disability Access Funding			19		19	
	Allocation increase for extended hours entitlement			36		36	
	Allocation increase for two year old entitlement			175		175	
	Allocation decrease for Early Years Pupil Premium			-4		-4	
	Subtotal	0	0	-72	0	-72	
6	Centrally held budgets						
	Increase on copyright licence deduction				15	15	To match increased charge from DfE
	Reduction in DSG school improvement budget				-241	-241	To reflect the reduction in DSG historic commitment funding
	Reduction in vacancy management central teams				25	25	Increase ongoing responsibilities budgets to reduce vacancy management savings target
	Subtotal	0	0	0	-201	-201	
	Net change in budgets	13,975	5,795	-72	-201	19,498	
	Change in allocation	14,062	5,709	-72	-201	19,498	
	Transfers between funding blocks	-86	86	0	0	0	

Appendix B Central Spend Budgets 2022-2023

Table 1 – Central spend budgets by Section 251 activity

Line Description	Restriction to previous year's expenditure	2021-2022 £000	2022-2023 £000	Change £000	Reason for Change
Central expenditure on children under 5	No	*839	*839	0	No change proposed
Contribution to combined budgets	Yes	*405	*164	-241	See table 2 - Reduction in budgets following reduction in CSSB allocation. LA funding is to be allocated to School Improvement (subject to Council approval) which does not require approval in this report.
School admissions	No	*760	*760	0	No change proposed
Servicing of schools forums	No	*48	*48	0	No change proposed
Termination of employment costs	Yes	0	0	0	No expenditure
Falling rolls fund	No	0	0	0	No expenditure
Capital expenditure from revenue	Yes	0	0	0	No expenditure
Prudential borrowing costs	Yes	430	430	0	No change proposed
Fees to independent schools without SEN	No	120	120	0	No change proposed. Please note that this is a nominal budget should such places be required and this budget will be used flexibly for high needs provision in year.
Equal pay - back pay	No	0	0	0	No expenditure
Pupil growth/ Infant class sizes	No	307	307	0	No change proposed
Central provision within schools budget (Education Welfare, Asset Management and Statutory Duties)	No	*704	*655	-49	Retained funding for services previously funded from the ESG retained duties rate applicable from April 2017. Reduction in budgets to meet reduction in CSSB funding.
Central provision within schools budget (Education Welfare, Asset Management and Statutory Duties)	No	0	0	0	Retained funding for services previously funded from the ESG general duties rate applicable from April 2017. No change proposed.

*Gross budgets before vacancy management savings attributed to activities.

Table 2 – Combined and Miscellaneous budgets

Service delivery area	Proposed Allocation in 2022-2023	Allocation in 2021-2022	Purpose of the budget
Schools' contribution to the LSCB	£89,000	£89,000	Subscription for all schools towards the work and function of the Local Safeguarding Children's Board (LSCB)
School Improvement and Intervention Team		£241,000	This funds the School Intervention Team, including the team of Associate School Improvement Advisers. The small central team focuses on the co-ordination, deployment and quality assurance of a larger team of ASIAs. This larger team of ASIAs is not only ensuring that effective monitoring and challenge of schools is taking place but is contributing to the delivery of priorities for the Education Improvement Board. Budget to be reduced by £241,000. £241,000 of LA funding is to be allocated to this activity (subject to Council approval).
Primary statutory national curriculum assessments	£20,000	£20,000	To deliver support for Primary National Assessments including moderation activities.
FFT License	£30,000	£30,000	To pay for the Fischer Family Trust (FFT) license for all schools (maintained and academies).
Support for Duke of Edinburgh Activities	£25,000	£25,000	To provide a centrally allocated resource to commission Edsential to deliver a Duke of Edinburgh programme across all schools in the borough. Funded from £25,000 transfer from schools block.
Total	£164,000	£405,000	