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|  | Schools Forum 05 November 2020 |
| | Report from the Strategic Director of Children and Young People |
| Dedicated Schools Grant Funding update 2021/22 | |

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| Wards Affected: | All |
| Key or Non-Key Decision: | N/A |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | N/A |
| No. of Appendices: | 0 |
| Background Papers: | Schools Forum 17 June 2020 - Update on Split Site Funding Allocations and Early Years Deprivation Funding Adjustments |
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1. Purpose of the Report

1.1. To inform Schools Forum of:

- a.) The provisional DSG block funding allocations announced for 2021/22.
- b.) An update from discussions held by the split site funding working group.

2. Recommendations

- 2.1. Schools Forum is asked to note the 2021/22 allocations which will form the basis for further detailed work to allocate funding to individual schools and settings at the January 2021 meeting.

3. Summary of Provisional DSG Funding allocation 2021/22

- 3.1 Provisional funding allocations announced in July 2020 indicated that core school funding will increase nationally by £4.8bn in 2021/22 and £7.1bn in 2022/23 compared to 2019/20.
- 3.2 In 2021/22 for Brent, the overall Schools Block will increase by just under £4.2 million, which represents a 1.73% increase. The High Needs Block will also see an increase of £5.8 million representing a 10% increase. The Central block will see a 4% reduction. The Early Years Block increase is yet to be confirmed.

Table 1: Provisional DSG Funding 2021/22

| | Schools Block | High Needs Block | Central Services Block | Early Years Block | Total |
|--------------------------------------|----------------------|-------------------------|-------------------------------|--------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Brent 2020/21 | 234,700 | 60,386 | 2,204 | 22,900 | 320,190 |
| Add: TPG and TPEG (Estimate*) | 11,352 | | | | 11,352 |
| Deduct: Growth Factor | (3,272) | | | | (3,272) |
| Total 2020/21 | 242,780 | 60,386 | 2,204 | 22,900 | 328,270 |
| Allocation 2021/22 | 246,979 | 66,179 | 2,109 | 22,900 | 338,167 |
| Increase/(Reduction) | 4,199 | 5,793 | (95) | 0 | 9,897 |
| % Change | 1.73% | 10% | (4%) | | |

4. Schools Block

- 4.1. The Government is still moving towards implementing a full National Funding Formula (NFF), but recognises the efforts in meeting the challenges of Covid-19, therefore there are no further changes to Local Formulas, which will remain in place for 2021/22.
- 4.2. The DfE is expected to consult in the near future on how to transition to the NFF. The total Schools Block set for Local Authorities in 2021/22 is calculated by a National Funding Formula plus any guaranteed minimum funding increases.
- 4.3. For 2021/22, the main technical changes and updates announced are;
- NFF allocations from 2021/22 will now include as core funding, the teachers' pay grant, and the teachers' pension employer contribution grant including the supplementary fund. This will be an additional £180 per pupil for primary schools and £265 per pupil for secondary schools.
 - The Income Deprivation Affecting Children Index (IDACI) previously based on 2015 data, will be based on updated 2019 data and banding will now be based on ranks and not scores. The implications of this change will be

modelled and highlighted as part of the detailed Authority Proforma Tool (APT) modelling.

- Overall the school funding through the NFF will see an increase of 4%
- Key factors include the basic per pupil funding and additional needs funding. These pupil led funding factors within the NFF have increased by 3%.
- A minimum per pupil funding level - £4,000 in the primary phase and £5,150 in the secondary phase.
- At least 2% more pupil-led funding per pupil compared to the 2020-21 NFF baseline.

4.4. The 3% increase to the key NFF factors is a positive step towards matching the current local Brent formula nonetheless there is no clear advantage to adopting the NFF locally until such time as the funding catches up with the local funding formula. Currently in Brent, local formula funding levels per pupil averages £5,143 for primary pupils and £6,553 for secondary pupils.

5. High Needs Block

5.1. The additional £5.8 million represents a 10% increase in the High Needs Block income, which would be enough to cover the current 2020/21 forecasted imbalance between High Needs expenditure and income. This increase includes the teachers' pay and pensions funding at £660 per pupil added to the basic entitlement factor. However, the increase will not be sufficient to also cover the brought forward 2019/20 DSG deficit of £4.9 million, the forecast deficit of £4.2 million in 2020/21 and any further demand rises in EHCPs in 2021/22.

5.2. The High Needs Block received a transfer of 0.5% of the Schools Block income in 2020/21 and continuing this transfer in 2021/22 would enable potential pressures arising from growth in EHCPs to be mitigated or go towards mitigating the brought forward DSG deficit from 2019/20 and 2020/21.

5.3. The DfE had announced a SEND review in 2019 five years on from the 2014 reforms but the review has been delayed due to the Covid-19 pandemic. The DfE are working towards consulting on the review in Spring 2021. The focus of the review will be on;

- High quality outcomes by education, health and social care;
- Supporting mainstream schools to meet the needs of the majority of children with SEND;
- Making the EHCP process streamlined and consistent having recognised that the 2014 reforms were overly focussed on EHCPs;
- Increase capacity in the specialist sector to place children close to home, at a sustainable cost.

6. Early Years

- 6.1. At the time of writing this report, no announcement has been made regarding the Early Years block funding for 2021/22. An Early Years 2020/21 funding report will be brought to Schools Forum in January 2021 once funding rates have been announced by the DfE.
- 6.2. Due to the Covid-19 pandemic, the funding allocation for the 2020 autumn term by exception is based on the January 2020 census data. The DfE intend to return to the normal early years funding process from the start of 2021 and intend to use the January 2021 census count to drive funding allocations for the 2021 spring term. However, this will be kept under review and further guidance will be issued to confirm any changes in approach.
- 6.3. The four maintained nursery schools in Brent receive a specific allocation of just under £0.8 million. It was announced that this grant would continue in the academic year 2020/21 but it is not known if it will continue beyond then. Given the importance of this funding to the maintained nursery schools, this situation will need to be closely monitored.

7. Central Funding Block

- 7.1. The Central Funding Block has been reduced by £95k for 2021/22. For ongoing responsibilities that local authorities continue to have for all schools, this is expected to increase by 4% while funding for historic commitments within this block will decrease by a further 20% for those local authorities in receipt of this funding. For Brent the net impact is a 4% reduction. This reduction reflects the DfE's expectation that Local Authorities are, over time, unwinding the historic commitments, which have been funded by the DSG.
- 7.2. This will create a budget pressure in the central block, as most of the historic commitments are long-term commitments, which cannot be rapidly reduced or easily funded by a constrained General Fund. As part of the 2020/21 monitoring, there are some reported underspends in the Central block and officers will seek to balance the position for the 2021/22 budget.

8. Split Site Funding Task group update

- 8.1. As requested by Schools Forum, a task group of representative schools, in receipt of split site funding and chaired by the Operational Director Safeguarding, Partnerships and Strategy, was convened on 8th October to review the current split site funding arrangements. Representatives from schools contributed a number of points on the financial impact of operating on split sites:
 - Operating two sites requires a different structure including additional staffing, more entrance gates (requiring more security), additional libraries, caretakers, canteen facilities and science laboratories;
 - Additional time staff spend travelling between sites;
 - A larger senior leadership team is required;

- Higher premises costs;
- Increased challenges for health and safety and safeguarding particularly with vulnerable children.

8.2. It was discussed that an initial benchmarking exercise with statistical neighbours with published split site funding allocations showed that Brent's split site funding is slightly higher than the other local authorities. The group was informed that further work would benchmark wider areas of DSG funding where Brent appears to be an outlier, using information from the Society of London Treasurers. The group suggested that benchmarking should prioritise the largest areas of spend and budget pressure within the DSG. It was also noted that the current impact of the Covid-19 pandemic might affect the appropriate timeline for any analysis to be undertaken.

9. Financial Implications

9.1. The financial implications have been detailed in the body of this paper.

10. Legal Implications

10.1. There are no legal implications for this report.

11. Equality Implications

11.1. Not applicable.

12. Consultation with Ward Members and Stakeholders

12.1. Not applicable.

13. Human Resources/Property Implications (if appropriate)

13.1. Not applicable.

Report sign off:

Gail Tolley

Strategic Director of Children and Young People