|  |  |
| --- | --- |
| **Schools Forum 22nd March 2022** | Item 4 |

**SUBJECT: Dedicated Schools Grant (DSG) update 2021-22 and 2022-23**

**LEAD OFFICER: Pat Harvey**, Children, Schools and Families

**RECOMMENDATIONS**

**That the Forum:**

1. **Notes the Dedicated Schools Grant (DSG) allocation for 2022/23.**
2. **Notes the confirmed de-delegation of budgets for 2022/23 with regards to Tree Maintenance.**
3. **Notes the Authority Proforma Tool (APT) approval by the Education Skills and Funding Agency (ESFA).**
4. **Notes the draft school budget allocations 2022-23 distributed to schools and formal Ratification by Cabinet.**
5. **Notes the indicative period 10 DSG outturn for 2021-22.**
6. **Notes consultation feedback and School Forum queries from last meeting.**
7. **Purpose of report and executive summary**
	1. The Government announced the DSG allocation on 16th December 2021, and Merton’s allocation is split over the four blocks as Table1 below and there have been no changes since 13th January reporting:

|  |
| --- |
| **TABLE 1 - DEDICATED SCHOOLS GRANT ALLOCATIONS**  |
| **Description** | **2022/23 £'000** | **2021/22 £'000** | ***% increase*** |
|  |
| Schools Block | 139,774 | 137,499 | *2%* |  |
| Central Schools Services Block | 1,106 | 1,094 | *1%* |  |
| Early Years Block | 15,486 | 16,518 | *-6%* |  |
| High Needs Block | 43,161 | 40,081 | *8%* |  |
| **Total** | **199,526** | **195,192** | *6%* |  |
| Academy recoupment | -33,194 | -30,446 | *9%* |  |
| **Final allocation for the year** | **166,332** | **164,746** | *5%* |  |
| *Overall % increase* | *2%* | *6%* |  |  |

* 1. The DSG allocation for 2022/23 and 2021-22 both includes the allocation for the Teachers’ Pay Grant (TPG) and Teachers’ Pension Employer Contribution Grant (TPECG) within the DSG school block baseline.
	2. As previously reported on the 13th of January meeting that from 2022/23 the National and Non-Domestic Rates (NNDR) payments will **NOT** be administered by the Education and Skills Funding Agency (ESFA) on behalf of schools and schools will still be required to administer (pay) the rates as in previous years from their 2022-23 School budget allocation.

**Recommendation (a)**

School Forum notes the DSG allocation for 2022/23 published 16 December 2021 and notes there are no further updates apart from the treatment of NNDR for schools.

1. **Schools Block**
	1. As reported to the Schools’ Forum meeting 13th January, the Schools Block allocation of £139.774m is split into the following expenditure types as table 2 below and for transparency de-delegated items and per pupil amount is confirmed in table 3 below.

|  |  |  |  |
| --- | --- | --- | --- |
| **TABLE 2 - Schools Block** | **2022/23** | **2021/22** | ***% Increase*** |
| **Description** | **£'000** | **£'000** |
| Growth Fund/Falling Rolls |  300  | 640 | *-53%* |
| Transfers to the High Needs Block (0.5%) |  698 | 656 | *6%* |
| *Secretary of State approval (cash trsf £500k to High Needs block)*  | *\* 500*  |  | *0%* |
| De-delegated items |  1,910  | 1,905 | *0%* |
| Central duties to maintained schools (ESG) |  629  | 628 | *0%* |
| Individual School Budgets |  135,737 | 133,670 | *1.5%* |
| **Total Schools Block** | **139,774** | **137,499** | *2%* |

2.2 **De-delegated budgets 2022-23**

At the last Schools’ Forum meeting, members approved the de-delegation of services for schools as part of budget setting 2022-23 *(decision (e) school forum minutes 13th January 2022, page 4)* and to confirm the de-delegated cost of **Tree Maintenance** £65,000 to both primary and secondary sector based upon a per pupil cost of £3.40 as table 3 below for transparency reporting *(highlighted in yellow):*

***Appendix A*** attached details the school-by-school changes of this inclusion for school budgets De-delegated 2022-23.



(NOR= Number on Roll; EAL= English additional language, Low Att= Lower Attainment factor for low cost, high incidence SEN)

|  |
| --- |
| **Recommendation (b)**Schools Forum notes the confirmed de-delegation of budgets for 2022/23 with regards to Tree Maintenance costs and £3.40 per pupil for both primary and secondary sector. |

2.4 **Authority Proforma Tool (APT)**

The Education and Skills Funding Agency (ESFA) confirmed the 109 data and NFF compliance checks were approved on 21st February 2022 that includes the revised De-delegated costs to schools.

***Appendix B*** reports the final school by school allocation and

***Appendix C*** reports the local authority approved APT 2022-23.

|  |
| --- |
| **Recommendation (c)**Schools Forum notes the Authority Proforma Tool (APT) approval by the Education Skills and Funding Agency (ESFA). |

2.5 **Cabinet Ratification of School Budgets 2022-23**

The School Budgets 2022-23 including APT was ratified at Cabinet on 2nd March 2022 and due to the ratification being after the local authority statutory deadline of issuing school budgets 2022/23 by 28th February 2022, **draft** budgets were emailed to schools with indicative estimates. Final ratified school budgets for 2022-23 will be re-distributed with updated elements that have caused some schools problems with setting a balanced 2022-23 revenue budget. To confirm:

* Final approved school budgets 2022-23 will be distributed
* Final de-delegated allocations included for 2022-23 (Tree maintenance)
* Final approved SEN 2.5% allocations to those schools with more than 2.5% EHCPs recorded on autumn 21 census
* Final ARP commissioned places and therapy recharges for 2022-23
* Final Special school budget allocations including therapy recharges for 2022-23
* Final Pupil Premium Grant (PPG) allocations based upon census from autumn 21, *nb first payment to schools’ and confirmed numbers from the DfE will be published June 22*
* Supplementary Grant allocations calculated as per published tool (issued after 28th February 2022 to local authorities) and final published allocations by the DfE will be spring 22.
* Three-year budgets will be issued to those schools currently facing financial difficulties and in the process of a licenced deficit and to assist schools unable to set a balanced budget for 2022-23.

|  |
| --- |
| **Recommendation (d)**Schools Forum notes the Cabinet Ratification 2nd March 2022. |

1. **DSG forecast outturn 2021-22**

3.1 The latest DSG forecast for 2021-22 is a pressure of £12.6m in year as reported at period 10. This is in line with the Merton Safety Valve reporting to the DfE and part of the DSG Management Plan modelling. The cumulative DSG deficit for 2020-21 was £24.981m, therefore forecast deficit reporting of £37.5m. This is within the High Needs block of the DSG and primarily due to children being placed at suitable provision and settings to meet their needs outside of the borough.

**Recommendation (e)**

School Forum notes the 2021-22 forecast deficit of £12.6m.

1. **Consultation**
	1. As part of local authority School Budget setting exercise for schools’ and settings, it is good practice to conduct a consultation exercise with questions on proposed changes and revisions within the school budget and seek views of all schools as part of the process of the APT prior to submission for final approval by the ESFA/DfE and to work with School Forum prior to Cabinet ratification. A consultation was conducted November 2021.
	2. At the last School Forum meeting, members raised questions on:
* How many secondary schools submitted a response?

*6 schools responded (5,982 pupils).*

* Did the local authority receive a response from Harris Academy Trust? *No response was received to the consultation response email -**Jayne.Ward@Merton.gov.uk*
	1. Members requested confirmation from the school consultation on numbers of responses to the proposal of transferring (5%) from the Schools Block to the High Needs Block as in previous years, estimated to be about £698,000. Summary and pupil numbers for weighed response as table below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Primary | *Pupil numbers* | Secondary | *Pupil numbers* | Special  | *TOTAL Pupil numbers* | Weighted % |
| Yes | 17 | *6221* | 6 | 5982 | 0 | *12203* | 97% |
| No | 1 | *406* | 0 | 0 | 0 | 406 | 3% |
|  | 18 | *6627* | 6 | *5982* | 0 | 12609 | 100% |

* 1. Also, in support of the DSG Recovery Plan an additional £500,000 (for one year) from the Schools Block to the High Needs Block in support of the deficit recovery plan and working in conjunction with the DfE. Summary and pupil numbers for weighted response as table below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Primary | *Pupil numbers* | Secondary | *Pupil numbers* | Special  | *TOTAL Pupil numbers* | Weighted % |
| Yes | 7 | 2251 | 5 | 5342 | 0 | 7,593  | 60% |
| No | 11 | 4376 | 1 | 640 | 0 | 5,016  | 40% |
|  | 18 | 6627 | 6 | 5982 | 0 | 12609 | 100% |

 **Recommendation (f)**

Notes consultation feedback and School Forum questions from last meeting 13 January 2022.

1. **Financial, resource and property implications**
	1. The financial implications are detailed in the main body of this report.
2. **Legal and statutory implications**
	1. No legal implications at this stage.
3. **Human rights, equalities and community cohesion implications**
	1. None at this stage.
4. **Appendices**
	1. Appendix A: 2022-23 De-delegated allocations
	2. Appendix B: 2022/23 and 2021/22 comparable funding allocations
	3. Appendix C: 2022/23 Final APT

1. **Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:**
	1. Centrally held financial information and other papers held by the Children Schools and Families Finance Team.
2. **Report lead author**

Pat Harvey, CYP Financial Adviser

0208 545 3946

Patricia.Harvey@merton.gov.uk

Further information about Merton Council can be obtained from its web site [www.merton.gov.uk](http://www.merton.gov.uk)