



# Northumberland County Council

## Wellbeing and Community Health

### Agenda Item 6

## SCHOOLS FORUM

24 February 2021

### Setting the Dedicated Schools Grant (DSG) 2021/22

#### 1. Purpose of the Report

To inform Schools Forum of the estimated overall DSG for 2021/22 as notified to Northumberland by the Education and Skills Funding Agency (ESFA) and the proposed allocation of funds within the 4 DSG Blocks.

#### 2. Recommendations

It is recommended that Schools Forum notes:

- the proposal for the Schools Block formula values and the resulting 2021/22 School Budget Shares, in line with the Cabinet decision of 12 January 2021 including the delegation of the approval of the final formula values to the Executive Director of Adult Social Care & Children's Services and the Lead Member for Children's Services and Deputy Leader of the Council in line with the principles agreed at Schools Forum on 18 November 2020.
- the 2021/22 High Needs Block Budget including the ongoing pressures identified with high needs;
- the proposed values in relation to the 2021/22 Early Years budget, and
- the 2021/22 Central Schools Services Budget.

#### 3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). Information from the Department for Education (DfE) has confirmed their intention to move to a National Funding Formula (or "Hard" Formula) but there is no definitive information as to when this will be implemented. Once the NFF Hard Formula is fully implemented, local authorities will have no discretion in the values of the individual factors used to distribute funding to schools, as is the case at the moment, within the overall framework provided by the ESFA Revenue Funding Guide and the associated Authority Proforma Tool (APT) used to calculate individual school budget shares.

At the 18 November 2020 meeting, for 2021/22 Schools Forum agreed a two-step approach towards the adoption of National Funding Formula figures. This meant that those values that were significantly over (Primary and KS4 Age Weighted Pupil Unit (AWPU)) or under (Primary Low Prior Attainment) National Funding Formula Values would have this gap closed in two equal steps. It was felt that this approach would provide a substantial increase to those schools in receipt of Primary Low Prior Attainment while offering a degree of protection to schools who currently benefit from receiving AWPU rates in excess of NFF

figures. Importantly overall this was felt to be consistent with the established Schools Forum view of progressing towards NFF in a gradual and smooth transition.

It should be remembered that most formula values are now in line with NFF values. While there remain differences at AWPU, FSM and Primary Low Prior Attainment, there is now an agreed strategy for managing that transition.

#### 4 Schools Block

- 4.1 As in previous years we reported the proposed Formula Values to be used by Northumberland to Schools Forum in November 2020 and January 2021. In the January report we highlighted that there was a slight (0.1%) difference between the £201.8 million figure used for projections and modelling and the final figure of £202.1 available for distribution to schools.

After careful consideration, two minor amendments were made to the Formula Factor proposed at the previous meetings:

**Increase in the FSM Factor for Primary and Secondary from £510 to £570 per pupil:** Members may be aware of the changes implemented by the ESFA in relation to the data used to distribute Pupil Premium with effect from April 2021. Whereas previously January census data would be used for the distribution of Pupil Premium funding, now the previous October figures will be used “to bring pupil premium in line with how the rest of the core schools budget is calculated” (ESFA).

Further details of the change are available at:

<https://www.gov.uk/government/publications/pupil-premium/pupil-premium>

If free school meal numbers (FSM) were stable, this would not have a significant impact, but we have seen a significant increase in the numbers eligible for FSM over the last year, due to the impact of covid-19. It is estimated that numbers increased from 8,426 to 8,717 between the October 2020 and January 2021 School Census dates, but schools will not receive pupil premium for these pupils until the following financial year 2022/23. It was therefore felt appropriate to increase FSM values within Northumberland’s Funding Formula for 2021/22 though any future increases will be entirely dependent on affordability within the overall funding available.

**Increase in the Capping Factor from 4% to 4.65%**

School Forum members will be aware that capping and scaling is one mechanism we have used to fund AWPU values over NFF. The original proposal agreed by Schools Forum set values at 4% and 50% respectively. This meant that any gains by Schools over 4% (after adjustments for Teacher Pay and Pension Grant changes) were reduced by 50% and redistributed via the funding mechanism. Following receipt of the final Schools Block DSG figure, we were able to revise the capping level from 4% to 4.65%, thereby enabling Schools to retain more funding before scaling applies.

- 4.2 As in previous years, final proposals were submitted to the ESFA by the 21 January 2021 deadline. We have subsequently had communication from the ESFA which stated:

*“The authority’s adherence to the finance regulations and proforma appear to meet the required criteria, and we would like to thank you for the work done to achieve this.”*

In line with previous Schools’ Forum decisions, we are moving gradually towards NFF values to minimise volatility in School Budgets. Most formula funding values are in line with NFF figures.

The final 2021/22 Formula Funding values used are shown in Table 1 on the following page. In line with the figures at Appendix A, the final figure for distribution for schools is £202,159,543, prior to de-delegation. The estimated final de-delegated sum is £457,063, though this is subject to change as a result of any further academisation.

- 4.3 Forum members are aware that a Growth Fund was created in 2020/21 to enable the Council to flexibly manage the demand for places. While originally there was no intention to allocate funding to the growth fund in 2021/22 but potential demand for additional places from within the Schools catchment area has emerged at Year 5 within the Morpeth Partnership Area (Chantry and Newminster Middle Schools), and Year 7 in Bedlington (St Benet Biscop) . Discussions are taking place with the schools involved, and therefore funding totalling £141,038 has been reserved within the Growth Fund to fund pupils in line with the AWPU value, in line with the Growth Policy agreed in 2019.
- 4.4 Circulated as a separate schedule is the draft 2021/22 School Budget Share statements for all schools. This includes all maintained schools and academies, although it should be remembered that academies are included for indicative purposes only, they will receive their final funding statements covering the period from September 2020 to August 2021 subsequently from the ESFA. This will be shared with all schools as soon as possible, ahead of the 28 February deadline.
- 4.5 **Schools Forum is requested to:**
- **note the formula funding values reflected in Table 1 for the distribution of the Schools Block DSG for 2021/22**
  - **provide any comments or suggestions as to the format of the School Budget Share statements; and**
  - **invite the Formula Funding Committee to continue to consider the position as to how to proceed in relation to the NFF.**

Table 1

**FINAL NFF and NCC FORMULA FUNDING VALUES FOR 2021/22**

(all values £)

FINAL 2021/22 NFF and NCC School Funding Formula Values					
Factor (all figures £)	NFF Values	NCC Values	NFF Values (As published July 2020)	Final NCC Values	Change in NCC Values
	2020/21	2020/21	2021/22	2021/22	20/21 to 21/22 %
AWPU Primary	2,857	2,919	3,123	<b>3,154</b>	8.05%
KS3	4,018	4,018	4,404	4,404	9.61%
KS4	4,561	4,763	4,963	<b>5,064</b>	6.32%
Lump Sum Primary	114,400	114,400	117,800	117,800	2.97%
Middle	114,400	114,400	117,800	117,800	2.97%
High/Secondary	114,400	114,400	117,800	117,800	2.97%
Deprivation - Free School Meals Primary	450	510	460	<b>570</b>	11.76%
Secondary	450	510	460	<b>570</b>	11.76%
Deprivation – FSM6 Primary	560	560	575	575	2.68%
Secondary	815	815	840	840	3.07%
Deprivation – IDAC:					
Primary Band F	210	210	215	215	2.38%
Band E	250	250	260	260	4.00%
Band D	375	375	410	410	9.33%
Band C	405	405	445	445	9.88%
Band B	435	435	475	475	9.20%
Band A	600	600	620	620	3.33%
Secondary Band F	300	300	310	310	3.33%
Band E	405	405	415	415	2.47%
Band D	535	535	580	580	8.41%
Band C	580	580	630	630	8.62%
Band B	625	625	680	680	8.80%
Band A	840	840	865	865	2.98%
Low Attainment Primary	1,065	555	1,095	<b>840</b>	51.35%
Secondary	1,610	1,612	1,660	1,660	2.98%
EAL Primary	535	535	550	550	2.80%
Secondary	1,440	1,440	1,485	1,485	3.10%
Sparsity (max): Primary	26,000	26,000	45,000	45,000	73.08%
Middle	n/a	46,800	70,000	70,000	49.57%
Secondary/All Through	67,600	67,600	70,000	70,000	3.55%
<b>Totals Adjusted by Capping and Scaling rates:</b>					
<b>Capping</b>		<b>4%</b>		<b>4.65%</b>	
<b>Scaling</b>		<b>50%</b>		<b>50%</b>	
<b>Minimum Funding Guarantee level</b>	-	<b>1%</b>		<b>2%</b>	

## 5 High Needs Block

At the last meeting on 13 January 2021 Schools Forum were informed that the indicative High Needs Block allocation for 2020/21 is £41,902,888 before any deductions by the ESFA for direct funding of places, or the import/export adjustment.

The current 2021/22 allocation after these deductions is £38,364,888 but this figure will be revised following January 2021 census information in respect of the import export adjustment which reflects the movement of high needs pupils and students between local authorities.

It was agreed that the more detailed breakdown for services within that budget would be set at the February meeting. The proposed budget is attached at Appendix B.

It should be noted that the 0.5% transfer from the Schools Block to the High Needs Block has been marginally reduced as part of the overall balancing of the DSG, this is not anticipated to have a material impact on the overall financial position but has been factored into the new figures.

Without the transfer from the Schools Block it should be noted there would be an estimated in year 2021/22 budget shortfall of £414,582 between the income figure available of £38,364,888 and the most realistic current estimate of expenditure at £38,779,470.

This also does not take into consideration the anticipated 2020/21 High Needs deficit of £594,000. As previously reported the key pressures remain SEN Top Ups, rising special school numbers and independent special school placements, driven by increasing demands, demonstrated by the increasing EHC Plan numbers in the November 2020 SEN paper to Schools Forum. Costs arising from permanent exclusions also continue to be a factor. 2021/22 also sees the full year financial impact of the decision to make most SEN Support Services from the Northumberland Inclusive Education Service free at the point of delivery.

The combined effect of this is a projected reduced deficit of £45,891 at the end of 2021/22. Additional costs will arise in 2022/23, such as from the opening of the new SEN Free School, but in reducing the carried forward deficit we will be in the best position possible to finance any required growth in 2022/23.

**Schools Forum are requested to note the 2021/22 High Needs Block budget of £39,373,470 as set out at Appendix B.**

## 6 Early Years Block

Since April 2017 the Early Years Block has been subject to a National Funding Formula. The Early Years National Funding Formula hourly rate funding rate had been unchanged between 2017/18 and 2019/20 at £4.30 per hour (3 and 4 year old rate), it was increased to £4.38 for 2020/21 and has been further increased to £4.44 for 2021/22.

The “pass through” level of funding (i.e. the % that must be paid directly to providers) is 95% of 3 and 4 year old funding. Historically Northumberland County Council (NCC) has retained less than 5% centrally.

Due to the reliance on January census data for EY block funding, Schools Forum will be aware that we have historically reported underspending on the EY Block, due to the average of the January census figures used for funding purposes being higher than the cumulative annual Autumn, Spring and Summer term payments. Because of this, it was estimated that a 3 and 4 year old rate of £4.18 could be paid for 20/21 after the appropriate provisions were made for the required deprivation elements and central costs. The recommended 3 and 4 year old rates for 2021/22 are highlighted below.

For 2 year olds the rate received should be passed on directly to providers. This rate has increased from £5.28 (2020/21) to £5.36 (2021/22).

The initial allocation for the Early Years Block for 2021/22 is £17,593,993, including the £147,585 initial allocation for the early years pupil premium and £83,640 for Disability Access Fund. This is shown in the Dedicated School Grant (DSG) allocation summary at **Annex 1**. It includes an initial allocation of £10,853,412 for the 4,288.53 part time equivalent (pte) 3 and 4 year olds and an allocation of £3,956,400 for 1,563.30 pte 3 and 4 year olds of working parents eligible to access the additional 15 hours free childcare. In addition, there is an initial allocation of £2,552,956 for the 835.61 pte disadvantaged 2 year old children.

All these allocations are indicative and are based on the January 2020 census, but they will be further revised in the light of the January 2021 and January 2022 census data. However, payments will continue to be made to schools and PVI settings based on actual pupil numbers in each of the three terms, Summer 2021, Autumn 2021 and Spring 2022.

Schools Forum will also recall that we agreed to introduce deprivation payments based on EY pupil premium with effect from April 2020. An additional premium of 75p per hour will continue to be paid for 2021/22.

The proposed hourly payment rates for 2021/22 are therefore:

	£
3 and 4 Year Old Rate	4.24
2 Year Old Rate	5.36
EY Pupil Premium rate	0.53
Additional Deprivation rate paid on basis of pupil premium	0.75

It is believed that this can be funded from within the overall EY DSG budget.

**Schools Forum is requested to note the revised EY payment rates for 2020/21:**

**The 3 and 4 year old rate will increase with the 6p uplift from £4.18 (2020/21) to £4.24 per hour (2021/22)**

**The 2 year old rate will increase in line with the 8p uplift from £5.28 (2020/21) to £5.36 per hour 2021/22).**

## **7 Central Schools Services Block**

This block was newly created in 2018/19 and comprises of funding for ongoing statutory responsibilities of the Council and a cash sum for historic commitments. The 2021/22 allocation for this block is £2,757,343, a figure £24,587 (0.9%) higher than the 2020/21 allocation of £2,732,756. The initial allocation in respect of Historic Commitments was £1,170,560 which less than the ongoing costs arising from the Prudential Borrowing and the Termination of Employment Costs which the ESFA have committed to fund from the Historic CSSB element so following representations, this has been increased to £1,305,000. Work continues to assess and manage the implications of this, both for 2021/22 and longer term.

**Schools Forum are requested to note the budget for the Central Schools Services Block will be set at £2,753,343 as set out in Appendix C**

## Appendix A

## DEDICATED SCHOOL GRANT (DSG) ALLOCATION 2021/22 - FINAL

		Pupils Unit Value				2021/22		2021/22		
						"Rates per		Number		
						Eligible Pupil"		of Pupils		
<b>Schools Block</b>	Main Primary	23,049	4,646.45	107,096,027						
	Main Secondary	16,034.5	5,726.05	91,814,349						
	Premises			3,535,223						
	Growth			676,635						
					<b>203,122,234</b>					
	0.5% to High Needs Block				-962,691					
					<b>202,159,543</b>					
	Proposed De-delegation				-457,063					
					<b>201,702,480</b>					
<b>Central School Services Block</b>	Pupil nos	39,083.5	37.16	1,452,343						
	Historic Commitments (NB 20% Reduction)			1,305,000 #						
				<b>2,757,343</b>					# This has been increased since the initial indicative allocation as a result of representations to the ESFA	
<b>Early Years Block</b>	3/4 Year Olds	4,288.5300	2530.80	10,853,412		4.44				
	3/4 Year Olds - Additional 15 hours	1,563.3000	2530.80	3,956,400		4.44				
	2 Year Old Entitlement	835.6100	3055.20	2,552,956		5.36				
	Disability Access Fund			83,640						
					17,446,408					
	Initial Allocation early years pupil premium	488.53	302.1 #	147,585		0.53				
				<b>17,593,993</b>						
<b>High Needs Block</b>	<b>TOTAL 21/22 allocation (incl basic entitlement)</b>			41,902,888						
	<b>HN deductions</b>									
	Mainstream Academy Pre 16	0	6000	0						
	Mainstream Academy Post 16	30	6000	-180,000						
	Special Academy Pre 16	177	10000	-1,770,000						
	Special Academy Post 16	28	10000	-280,000						
	Special Schools Post 16	0	10000	0						
	Mainstream Post 16	0	6000	0						
	ILP and FE	47	6000	-282,000						
	Total Deductions to HN Block for Direct Funding of Places by ESFA			-2,512,000						
	Import Export Adjustment	177	6000	-1,026,000						
	Add Transfer from HN Block			962,691						
	<b>TOTAL HIGH NEEDS BLOCK AFTER DEDUCTIONS &amp; TRANSFER</b>			<b>39,327,579</b>						
										265,376,458
	<b>TOTAL 2021/22 DSG</b>			<b>262,801,149</b>						264,350,458
									1,026,000	

## 2021/22 De-delegation Summary :

Contingency	345,443	20	17272.17
Trade Union Facility time	56,135	3.25	17272.17
EAL	34,677	220	157.62
FSM Eligibility	20,808	6	3468
	<b>457,063</b>		

265,376,458  
264,350,458 | DfE published figure is AFTER Import Export Adjustment but before other adjustments.

## Appendix B

## 2020/21 HIGH NEEDS DSG BUDGET

	2021/22 High Needs Block
<b>Total Grant before deductions</b>	41,902,888
<b>Less Recoupment for ISB</b>	- 2,512,000
<b>Less Import Export Adjustment</b>	- 1,026,000
<b>Total after recoupment</b>	38,364,888
<b>Transfer from SB to High Needs</b>	962,691
<b>Revised Allocations</b>	39,327,579
E_001004: Special Schools Default	9,274,200
E_001100: Pupil Referral Unit	426,400
E_015003: Sensory Support Service	1,002,020
E_014000: Education Provided Other Than At School	1,153,860
E_014130: Education Psychology	365,140
E_014140: Speech and Language	682,670
E_014141; Literacy	230,410
E_014150: Autism Support	345,860
E_014125: Behaviour Support	431,060
E_017008: Education Welfare Service	355,820
E_017009: Inclusion	1,878,990
E_010061: Equalities and Schools	141,520
E_015002: Pre School Special Education	283,290
E_014005: Independent Special Schools	6,504,040
E_014016: SEN top-ups	12,830,000
E_014017: SEN Other	1,294,330
E_022101: SEN Home to School Transport DSG	1,146,720
SEN Post 16 costs	150,000
HN Teacher Pay and Pension Grant Costs	283,140
b/f 2020/21 # Deficit	594,000
<b>Total Estimated Expenditure</b>	<b>39,373,470</b>
a. Potential Annual Deficit without Transfer - incl b/f Deficit	- 1,008,582
b. Potential Annual Deficit without Transfer - in -year	- 414,582
# Deficit from previous year	- 594,000
<b>Forecast 2021/22 YE Position :</b>	<b>- 45,891</b>



## Appendix C

## 2021/22 CENTRAL SCHOOLS SERVICES BLOCK (CSSB) BUDGET

Expenditure	Budget Set 2020/21	Proposed Budget 2021/22		
		Cash Limited/ (Historic Commitments)	Non Cash Limited/ (Ongoing Commitments)	Total
	£	£	£	£
Admissions and Supply of School places	238,030		240,120	240,120
Schools Forum	6,930		6,930	6,930
Prudential Borrowing Capital Financing Costs	755,000	755,000		755,000
Termination of Employment Pension Costs	550,000	550,000		550,000
Contribution to Residential School Placements	89,200		133,627	133,627
Administration costs of Academy conversions	69,000		69,000	69,000
Longridge Towers	101,600		75,520	75,520
Copyright Licensing Agency	254,360		258,510	258,510
ESG Statutory Retained Duties	661,636		661,636	661,636
SACRE	7,000		7,000	7,000
<b>TOTAL CENTRAL SCHOOLS SERVICES BLOCK</b>	<b>2,732,756</b>	<b>1,305,000</b>	<b>1,452,343</b>	<b>2,757,343</b>
Funded By :				
CSSB - Historic Commitments	1,463,200	1,305,000		1,305,000
CSSB - Ongoing Commitments	1,269,556		1,452,343	1,452,343
	<b>2,732,756</b>	<b>1,305,000</b>	<b>1,452,343</b>	<b>2,757,343</b>