



Northumberland County Council

Wellbeing and Community Health

Agenda Item 8

SCHOOLS FORUM

12 February 2020

Setting the Dedicated Schools Grant (DSG) 2020/21

1. Purpose of the Report

To inform Schools Forum of the estimated overall DSG for 2020/21 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 2020/21 School Budget Shares, in line with the Cabinet decision of 14 January 2020, 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 20 November 2019.
- the 2020/21 High Needs Block Budget including the ongoing pressures identified with high needs;
- the proposed values in relation to the 2020/21 Early Years budget, and
- the 2020/21 Central 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.

It should be remembered that as presented to previous Forum meetings and demonstrated by the figures in Table 1, the majority of formula values are now in line with NFF values. There remain a few differences, notably at AWPU, FSM and Primary Low Prior Attainment, and this is a result of Northumberland historically paying rates that were higher than the NFF values. These will need to remain under review as and when further information becomes available.

4 Schools Block

- 4.1 In January 2020 we reported the proposed Formula Values to be used by Northumberland to Schools Forum and these were submitted to the ESFA by the 21 January 2020 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 in order to attempt to minimise volatility in School Budgets and the majority of formula funding values are in line with NFF figures.

The final 2020/21 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 £186,061,902, excluding the Growth Fund of £112,722 to be distributed subsequently. The estimated final de-delegated sum is £776,462, though this is subject to change as a result of any further academisation.

- 4.2. A request was made at the last Schools Forum for information as to the likely impact of the additional “£14 billion” headline funding announced for Education in the subsequent financial years 2021/22 & 2022/23. It is impossible to provide definitive information at this stage as the details are not confirmed, but we can estimate the likely overall impact of the increases announced.

As can be seen from the overall figures below, while the headline figures increase for 2021/22 and 2022/23, this is due to the accumulative impact of previous increases. The year on year percentage increases could see increases of 4.7% and 4.6% for 2021/22 and 2022/23 respectively, broadly in line with 2020/21 figures. As is the case in 2020/21, this cannot be assumed to be an “across the board” increase and schools are advised to work closely with their finance staff to consider the potential implications for their school.

	2019/20	2020/21	2021/22	2022/23
	National	National		
	34,502,592,771	36,277,830,614	}	
	6,279,123,139	7,072,662,653	}	to be confirmed for 21/22 & 22/23
	3,602,732,770	3,658,374,517	}	
	467,514,756	428,780,086	}	
	44,851,963,435	47,437,647,870	49,651,963,435	51,951,963,435
Increase on 2019/20 £		2,585,684,435	4,800,000,000	7,100,000,000
Year on Year Increase %		5.8%	4.7%	4.6%
Headline figure		£2.6 billion	£4.8 billion	£7.1 billion

- 4.3 Circulated as a separate schedule is the draft 2020/21 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.

4.4 Schools Forum is requested to:

- **note the formula funding values reflected in Table 1 for the distribution of the Schools Block DSG for 2020/21**
- **invite the Formula Funding Committee to continue to consider the position as to how to proceed in relation to the NFF, in particular for those values that remain different to NFF.**

Table 1

FORMULA FUNDING VALUES FOR 2020/21 (all values £)

Factor	NFF Values 2019/20	NCC Values 2019/20	NFF Values 2020/21	FINAL NCC VALUES 2020/21
AWPU Primary	2,747	2,807	2,857	2,919
KS3	3,863	3,863	4,018	4,018
KS4	4,386	4,580	4,561	4,763
Lump Sum Primary	110,000	110,000	114,400	114,400
Middle	110,000	110,000	114,400	114,400
High/Secondary	110,000	110,000	114,400	114,400
Deprivation - Free School Meals Primary	440	676	450	510
Secondary	440	676	450	510
Deprivation – FSM6 Primary	540	540	560	560
Secondary	785	785	815	815
Deprivation – IDACI:				
Primary Band F	200	200	210	210
Band E	240	240	250	250
Band D	360	360	375	375
Band C	390	390	405	405
Band B	420	532	435	435
Band A	575	575	600	600
Secondary Band F	290	290	300	300
Band E	390	390	405	405
Band D	515	515	535	535
Band C	560	560	580	580
Band B	600	725	625	625
Band A	810	810	840	840
Low Attainment Primary	1,022	518.44	1,065	555
Secondary	1,550	1,550	1,610	1,612
EAL Primary	515	515	535	535
Secondary	1,385	1,385	1,440	1,440
Sparsity (max): Primary	25,000	25,000	26,000	26,000
Middle	n/a	52,000	n/a	46,800
Secondary/All Through	65,000	60,000	67,600	67,600

Totals Adjusted by Capping and Scaling rates:

Capping				4%
Scaling				50%
Minimum Funding Guarantee level	-	0%	-	1%
TOTAL FUNDING DISTRIBUTED TO SCHOOLS :		£177,927,593		£186,174,624

5 High Needs Block

The Schools Forum at the last meeting on 15 January 2020 were informed that the indicative High Needs Block allocation for 2020/21 is £37,265,807 before any deductions by the EFA for direct funding of places.

The current 2020/21 allocation after these deductions is £33,450,807, but this figure will be revised following January 2020 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 **before** the application of the 0.5% transfer from the Schools Block, there would be an estimated 2020/21 budget shortfall of £549,976, between the income figure available of £33,450,807 million and the most realistic current estimate of expenditure at £34,000,783.

This also does not take into consideration the anticipated 2019/20 High Needs deficit of £770,000. As previously reported the key pressures remain SEN Top Ups, Independent Special School placements and costs arising from permanent exclusions.

The combined effect of this is a projected reduced deficit of £385,797 at the end of 2020/21. In order to help to monitor the High Needs position, after discussions with Corporate Finance it has been agreed to set the budget on that basis.

Schools Forum are requested to note the 2019/20 High Needs Block budget of £34,000,783 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). This resulted in a basic funding rate of £4.00 an hour, after the appropriate provisions were made for the required deprivation elements and the EY team, but has been increased to £4.38 for 2020/21.

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 in 2019/20, the same % as in 2018/19. Historically Northumberland County Council (NCC) has retained less than 5% centrally.

The initial allocation for the Early Years Block for 2020/21 is £17,294,542, including the £155,162 initial allocation for the early years pupil premium and £80,565 for Disability Access Fund. This is shown in the Dedicated School Grant (DSG) allocation summary at **Annex 1**. It includes an initial allocation of £10,470,366 for the 4,193.85 part time equivalent (pte) 3 and 4 year olds and an allocation of £3,894,796 for 1,560.04 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 £2,693,653 for the 895.02 pte disadvantaged 2 year old children.

All these allocations are indicative and are based on the January 2019 census, but they will be further revised in the light of the January 2020 and January 2021 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 2020, Autumn 2020 and Spring 2021.

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 is estimated that a 3 and 4 year old rate of £4.18 can be paid.

This is calculated by reference to:

	£
Previous 2019/20 Payment Rate	4.00
Increase in 3 & 4 Year old rate by DfE	0.08
Additional NCC increase to base rate (from underspending due to census numbers variations)	0.10
PROPOSED 2020/210 3 and 4 YEAR OLD RATE	4.18

The 2 year old rate will increase in line with the 8p uplift to £5.28 per hour.

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 be paid and it is believed that this will address the overspending on deprivation arising from the previous IDACI postcode based model.

The proposed hourly payment rates for 2020/21 are therefore:

	£
3 and 4 Year Old Rate	4.18
2 Year Old Rate	5.28
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

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 2020/21 allocation for this block is £2,732,756, a figure £394,855 (12.6%) lower than the 2018/19 allocation of £3,127,611. The majority of this decrease has come as a result of a 20% decrease in the historic commitments element of the funding. While the ESFA had previously indicated an intention to reduce this, there had been no indication as to the scale of the reduction or the timescale. Work continues to assess and manage the implications of this.

Schools Forum are requested to note the budget for the Central Schools Services Block will be set at £2,732,756 as set out in Appendix C

Appendix A

DEDICATED SCHOOL GRANT (DSG) ALLOCATION 2020/21

		Pupils	Unit Value		Funded Hourly Rate
Schools Block	Main Primary	23,161	4,281.80	99,170,770	
	Main Secondary	15,974.5	5,257.12	83,979,864	
	Premises			2,860,814	
	Growth			1,097,355	
				187,108,803	
	0.5% to High Needs Block			-934,179	
			186,174,624		
Proposed De-delegation			-776,462		
			185,398,162		
Central School Services Block	Pupil nos	39,135.5	32.44	1,269,556	
	Historic Commitments (NB 20% Reduction)			1,463,200	
			2,732,756		
Early Years Block	3/4 Year Olds	4,193.8500	2496.60	10,470,366	4.38
	3/4 Year Olds - Additional 15 hours	1,560.0400	2496.60	3,894,796	5.28
	2 Year Old Entitlement	895.0200	3009.60	2,693,653	
	Disability Access Fund			80,565	
				17,139,380	0.53
	Initial Allocation early years pupil premium	513.61	302.1	155,162	
			17,294,542		
High Needs Block	TOTAL 2020/21 allocation (incl basic entitlement)			37,265,807	
	HN deductions				
	Mainstream Academy Pre 16	0	6000	0	
	Mainstream Academy Post 16	32	6000	-192,000	
	Special Academy Pre 16	180	10000	-1,800,000	
	Special Academy Post 16	26	10000	-260,000	
	Special Schools Post 16	0	10000	0	
	Mainstream Post 16	0	6000	0	
	ILP and FE	54	6000	-324,000	
	Total Deductions to HN Block for Direct Funding of Places by ESFA			-2,576,000	
	Import Export Adjustment	206.5	6000	-1,239,000	
	TOTAL HIGH NEEDS BLOCK AFTER DEDUCTIONS			33,450,807	
TOTAL 2020/21 DSG			240,586,907		

2020/21 De-delegation Summary :		2020/21 ~Rates per Pupil"
Contingency	368,618	20
Trade Union Facility time	59,901	3.25
EAL	36,159	220
FSM Eligibility	18,162	6
Behaviour Support	293,622	97
	776,462	

Appendix B

2020/21 HIGH NEEDS DSG BUDGET

2020/21 grant as per DFE	2020/21 High Needs Block
Total Grant before deductions	36,026,807
Less Recoupment for ISB	-2,576,000
Total after recoupment	33,450,807
Transfer from SB to High Needs	934,179
Revised Allocations	34,384,986
Planned expenditure	
E_001004: Special Schools Default	8,024,170
E_001100: Pupil Referral Unit	400,000
E_015003: Sensory Support Service	988,900
E_014000: Education Provided Other Than At School	1,118,530
E_014130: Education Psychology	323,840
E_014140: Speech and Language	623,351
E_014141; Literacy	204,109
E_014150: Autism Support	327,280
E_017008: Education Welfare Service	294,430
E_017009: Inclusion	1,710,090
E_017000: Education for Looked After Children	-
E_010061: Equalities and Schools	140,470
E_015002: Pre School Special Education	268,430
E_014005: Independent Special Schools	5,565,000
E_014016: SEN top-ups	11,576,563
E_014017: SEN Other	1,288,900
E_022101: SEN Home to School Transport DSG	1,146,720
Total Cost	34,000,783
# Potential Annual Deficit without Transfer	- 549,976
Deficit from previous year	- 770,000
Deficit Carried forward	- 385,797

Appendix C

2020/21 CENTRAL SCHOOLS SERVICES BLOCK (CSSB) BUDGET

Expenditure	Budget Set 2019/20	Proposed Budget 2020/21		
		Cash Limited	Non Cash Limited	Total
Admissions and Supply of School places	226,760		238,030	238,030
Schools Forum	6,930		6,930	6,930
Capital Financing Costs	755,000	755,000		755,000
Historic Enhanced Pension Costs	550,000	550,000		550,000
Contribution to Residential School Placements	482,230	89,200		89,200
Administration costs of Academy conversions	69,000	69,000		69,000
Longridge Towers	101,660		101,600	101,600
Copyright Licensing Agency	250,960		254,360	254,360
ESG Statutory Retained Duties	685,070		661,636	661,636
SACRE	-		7,000	7,000
TOTAL CSSB 2020/21	3,127,610	1,463,200	1,269,556	2,732,756