



# Northumberland County Council

## Wellbeing and Community Health

### Agenda Item 8

## SCHOOLS FORUM

27 February 2019

### Setting the Dedicated Schools Grant (DSG) 2019/20

#### 1. Purpose of the Report

To inform Schools Forum of the estimated overall DSG for 2019/20 and the proposed allocation of funds to Schools for 2019/20.

#### 2. Recommendations

It is recommended that Schools Forum notes:

- the proposal for the Schools Block formula values and the impact on 2019/20 School Budget Shares, in line with the Cabinet decision of 15 January, 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 21 November 2018.
- the 2019/20 High Needs Block Budget including the ongoing pressures identified with high needs;
- the proposed values in relation to the 2019/20 Early Years budget, subject to any findings from the current consultation exercise ; and
- the 2019/20 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) with effect from 2021/22, though this is subject to agreement in the next Comprehensive Spending Review. 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 it remains the Government's intention to fully implement the NFF, and for local authorities to adopt values in line with this, highlighting in the December 2018 guide :

***"We are pleased to see significant progress across the system in moving towards the national funding formula."***

## 5 2019/2020 Funding :

### 5.1 Schools Block

It should also be remembered that while the NFF cannot be fully implemented until 2021/22 at the earliest it is still a key factor in the formula for 2019/20, as reflected in the guidance:

***In 2019/20 the national funding formula sets notional allocations for each school, which have been aggregated and used to recalculate the total schools block received by each local authority***

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, and the figures circulated at the January 2019 Schools Forum. The only values amended were the Free School Meal Values for both primary and secondary, which remain above NFF values. Depending on overall levels of funding, schools may also receive a level of protection against this via MFG.

The final 2019/20 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 £177,048,245, after an adjustment for de-delegation from maintained schools. The estimated final de-delegated sum is £878,208, though this is subject to change as a result of academisation.

Schools' Forum may be aware of the Re-organisation of the Ponteland Partnership area from 3 to 2 tiers, with Ponteland High School taking students from Year 7 from September 2019.

We have been in discussions with the ESFA exploring the possibility of additional funding to support this transition where these places would not be covered via the usual School census lagged basis, due to the significant number of pupils involved and potential amount of funding (£1.4 million).

Unfortunately we were informed on 12 February 2019 that the ESFA were not going to provide additional funding and instead directed us to fund the Year 7 & Year 8 places by moving places from the middle schools involved.

This is the approach we have taken in relation to the APT submitted to the ESFA, and we were told on 20 February 2019 that this has been accepted though await formal written confirmation of this.

As a local authority we feel we have exhausted all available avenues in relation to this, and as all schools involved are now operating as academies, it is suggested that any remaining issues in respect of this should be directed to the Regional Schools Commissioner and the respective Academies Funding team within the ESFA.

The overall impact is that schools should see some stability in the school budget shares for 2019/20, depending on their pupil numbers. 7 Schools were identified who saw a fall in their budget share from 2018/19, but in each case this related to changes in the rates charged to the schools so this should have no overall net impact.

### 5.2 Schools Forum is requested to note:

- **the formula funding values reflected in Table 1 for the distribution of the Schools Block DSG for 2019/20**
- **invite the FFC to give early consideration as to how it proceed in relation to the NFF**

Table 1

**FORMULA FUNDING VALUES FOR 2019/20** (all values £)

		<b>NFF Values</b> <i>(source : Schools Block National Funding Formula : technical note Sept 2017)</i>	<b>2018/19 Final Values</b>	<b>2019/20 Proposed Final Values</b>	
AWPU	Primary	2,747	2,807	2,807	
	KS3	3,863	3,863	3,863	
	KS4	4,386	4,580	4,580	
Lump Sum	Primary	110,000	110,000	110,000	
	Middle	110,000	110,000	110,000	
	High/Secondary	110,000	110,000	110,000	
Deprivation - Free School Meals	Primary	440	757	676	
	Secondary	440	777	676	
Deprivation – FSM6	Primary	540	540	540	
	Secondary	785	785	785	
Deprivation – IDACI:	Primary	Band F	200	200	200
		Band E	240	240	240
		Band D	360	360	360
		Band C	390	390	390
		Band B	420	532	532
		Band A	575	575	575
	Secondary	Band F	290	290	290
		Band E	390	390	390
		Band D	515	515	515
		Band C	560	560	560
		Band B	600	725	725
		Band A	810	810	810
Low Attainment	Primary #	1,022	1,050	£518.44	
	Secondary	1,550	1,550	1,550	
EAL	Primary	515	515	515	
	Secondary	1,385	1,385	1,385	
Sparsity (max)	Primary	25,000	25,000	25,000	
	Middle	n/a	52,000	52,000	
	Secondary/All Through	60,000	60,000	60,000	

# Changes to the low prior attainment performance measure, and a consequent increase in the number of eligible pupils has meant that it is necessary to reduce the level of the Formula Value from £1,050 to £518.44 – there is no reduction to the overall amount of funding distributed using this measure.

## 6 High Needs Block

The Schools Forum on 16 January heard that the indicative High Needs Block allocation for 2019/2019 is £33,202,367 before any deductions by the EFA for direct funding of places.

The current 2019/20 allocation after these deductions is £29,981,073, but this figure will be revised following January 2019 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 1% transfer from the Schools Block, there is a likely budget shortfall of £1.061 million, between the income figure available of £29.981 million and the most realistic current estimate of expenditure at £31.042 million. This also does not take into consideration the anticipated 2018/19 High Needs deficit of £1.953 million. 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 £1.218 million at the end of 2019/20. In order to help to monitor the High Needs position, after discussions with Corporate Finance it has been agreed to set the budget on the basis, with an aim to eliminate the deficit by the implementation of NFF in 2021/22

**Schools Forum are requested to note the 2019/20 High Needs Block budget of £31,042,770 as set out at Appendix B.**

## 7. Early Years Block

It was reported to Schools Forum in January that it was intended to set EY formula funding values at the same level as 2018/19, with the exception of the IDACI rates used to target deprivation funding that were running at a level approximately twice of the budgeted figures. Following discussions at Formula Funding Committee on 4 February, it was considered that a funding method based on EY pupil premium was the preferred approach, but the timing and implementation of such changes would need to be considered. A preferred phased proposal was developed that :

- Retained all current funding values from April 2019; then
- Removed Band C IDACI payment rate of 69p per hour for those eligible children with effect from 1 September 2019;
- Introduced a system based on paying enhanced pupil premium rates rather than the current IDACI deprivation payments with effect from April 2020. Based on current figures this would see an increase of 75p in the EY Pupil Premium hourly rate, but this would be reviewed ahead of the April 2020 implementation.

Notwithstanding the decision to continue to pay the same rates from April 2019, a consultation exercise in relation to the above proposed changes opened on 15 February and will run until 08 March.

payments will continue to be made to schools and PVI settings based on actual pupil numbers in each of the three terms, Summer 2019, Autumn 2019 and Spring 2020.

**Schools Forum is requested to note the intention to :**

- **to remove the Band C IDACI payments with effect from September 2019, and**
- **move to a EY Pupil Premium based rate for deprivation payments from April 2020.**

## **8. Central Schools Services Block**

This block was newly created in 2018/19, and comprises of funding for ongoing statutory responsibilities of the LA and a cash sum for historic commitments. The allocation for this block is £3,127,611, a figure £35,413 (1.1% lower than the 2018/19 allocation. Attached at Appendix C is the proposed CSSB budget for 2019/20 including the required £35413 savings in order to deliver a balanced budget for 2019/20

**Schools Forum are requested to note that the budget for the Central Schools Services Block will be set at £3,127,611 as set out in Appendix C**

## Appendix A

DEDICATED SCHOOL GRANT (DSG) ALLOCATION 2019/20						
		Pupils	Unit Value		Funded	
					Hourly Rate	
<b>Schools Block</b>	Main Primary	23,375	4,087.98	95,556,533		
	Main Secondary	15,658	5,042.49	78,952,787		
	Growth, Premises and Mobility			5,214,370		
				<b>179,723,690</b>		
	1% to High Needs Block			-1,797,237		
				<b>177,926,453</b>		
	Proposed De-delegation			-878,208		
			<b>177,048,245</b>			
<b>Central School Services Block</b>	Pupil nos	39,033	33.27	1,298,628		
	Historic Commitments			1,828,983		
				<b>3,127,611</b>		
<b>Early Years Block</b>	3/4 Year Olds	4,250.4342	2451.00	10,417,814	4.30	
	3/4 Year Olds - Additional 15 hours	1,316.2847	2451.00	3,226,214	4.30	
	Schowhfor 20191	874.1467	2964.00	2,590,971	5.20	
	Disability Access Fund			83,640		
				16,318,639		
	3/4 Pupil Premium	495.75	302.1	149,765	0.53	
			<b>16,468,404</b>			
<b>High Needs Block</b>	2019/20 allocation			33,202,367		
	<b>HN deductions</b>					
	Mainstream Academy Pre 16	12	6000	-72,000		
	Mainstream Academy Post 16	28	6000	-168,000		
	Special Academy Pre 16	169	10000	-1,690,000		
	Special Academy Post 16	38	10000	-380,000		
	Special Schools Post 16	118	10000	-393,294		
	Mainstream Post 16	16	6000	-32,000		
	ILP and FE	81	6000	-486,000		
	Total Deductions to HN Block for Direct Funding of Places by ESFA			-3,221,294		
			29,981,073			
<b>TOTAL 2019/20 DSG</b>			<b>232,522,072</b>			

Contingency	456,993
Trade Union Facility time	74,261
EAL	47,326
FSM Eligibility	17,454
Behaviour Support	282,174
	<b>878,208</b>

## Appendix B

## 2019/20 HIGH NEEDS BUDGET

	2019/20 Budget	
<b>2019/20 High Needs Block DSG as per DFE (Dec 2018)</b>	<b>High Needs Block</b>	
Total Grant before deductions	33,202,367	
Less Recoupment	(3,221,294)	
Total after recoupment	29,981,073	A
Transfer from SB to High Needs	1,796,097	
Revised Allocations	31,777,170	B
<b>High Needs Block budget</b>		
E_001004: Special Schools Default	6,445,000	
E_001100: Pupil Referral Unit	400,000	
E_015003: Sensory Support Service	912,570	
E_014000: Education Provided Other Than At School	1,135,870	
E_014130: Education Psychology	298,100	
E_014140: Communication	670,040	
E_014150: Autism Support	148,430	
E_017008: Education Welfare Service	372,360	
E_017009: Inclusion	1,500,000	
E_017000: Education for Looked After Children	441,690	
E_010061: Equalities and Schools	144,690	
E_015002: Pre School Special Education	281,400	
E_014005: Independent Special Schools	4,467,000	
E_014016: SEN top-ups	12,678,900	
E_022101: SEN Home to School Transport DSG	1,146,720	
<b>Total High Needs Block Budget 2019/20</b>	<b>31,042,770</b>	C
Surplus of Allocation compared to budget	734,400	D=(B-C)
High Needs Deficit expected from 18-19	1,952,682	E
Potential Deficit at end of 19-20	1,218,282	F=(E-D)
HOWEVER Deficit on planned spend compared to Grant from DfE (Ignores transfer from school block)	1,061,697	G=(C-A)

## Appendix C

**2019/20 CENTRAL SCHOOLS SERVICES BLOCK (CSSB) BUDGET**

Expenditure	Budget Set 2018/19	Proposed Budget 2019/20		
		Cash Limited	Non Cash Limited	Total
Admissions and Supply of School places	246,830		226,760	<b>226,760</b>
Schools Forum	8,430		6,930	<b>6,930</b>
Capital Financing Costs	755,000	755,000		<b>755,000</b>
Historic Enhanced Pension Costs	550,000	550,000		<b>550,000</b>
Contribution to Residential School Placements	504,830	482,230		<b>482,230</b>
Administration costs of Academy conversions	69,000	69,000		<b>69,000</b>
Longridge Towers	113,400		101,660	<b>101,660</b>
Copyright Licensing Agency	247,100		250,960	<b>250,960</b>
ESG Statutory Retained Duties	668,434		685,070	<b>685,070</b>
<b>TOTAL CSSB</b>	<b>3,163,024</b>	<b>1,856,230</b>	<b>1,271,380</b>	<b>3,127,610</b>