



# Northumberland County Council

## Wellbeing and Community Health

### Agenda Item 6

## SCHOOLS FORUM

13 January 2021

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

#### 1. Purpose of the Report

To inform Schools Forum of the DSG settlement for 2021/22, as provided by the Education and Skills Funding Agency (ESFA) on 17 December 2020, and the proposed formula values for the allocation of funds to Schools for 2021/22.

#### 2. Recommendations

That the Schools Forum notes the report and agrees, where appropriate, the specific recommendations set out below:

- a. To agree that the various specific budgets within the individual elements of the DSG be set at the meeting on 24 February 2021.
- b. Schools Members of the Schools Forum representing maintained mainstream schools agree on a phase by phase basis to the de-delegation in respect of the four services listed above for 2021/22 using the per unit values, and estimated overall values as set out in the final column of Annex 1.

#### 3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). The November 2020 report outlined the position to date and gained agreement to a series of principles in relation to the setting of formula values for 2021/22:

- A two-step approach towards the adoption of National Funding Formula values for those values not already in line with NFF figures;
- A transfer of up to 0.5% from the Schools Block to the High Needs block for 2021/22;
- Continuing use of capping and scaling to ensure overall affordability;
- The use of a Minimum Funding Guarantee factor to support those schools receiving the lowest overall levels of “per pupil” increase.

Subsequently to the last Schools Forum meeting, the 2021/22 DSG figures were received from the ESFA on 17 December 2020. Our final 2021/22

Schools Block DSG Grant figure is £203,122,234, some £16,013,431 (8.6%) higher than the final 2020/21 figure of £187,108,803. Care should be taken when drawing comparisons due to the inclusion of the Teachers Pay and Pension Grants (TPPG) in the DSG for the first time in 2021/22.

The ESFA have estimated the impact of the TPPG Funding as £8,950,967, which means there is a “like for like” increase of £7,062,464 (3.8%). £2,730,953 of this relates to increases in minimum per pupil funding, another significant factor in the changes. Northumberland’s total 2021/22 DSG allocation is £264,350,458 (£243,162,908 in 2019/20) before any recoupment or deductions for academies. Summary figures for the 2021/22 DSG are shown in the table below, with details at **Annex 1**.

	2020/21 allocation (Dec 2019)	2021/22 allocation (Dec 2020)	Change (£)	Change (%)
<b>Schools block</b>	187,108,803	<b>203,122,234</b>	16,013,431	8.6%
<b>High needs block</b>	36,026,807	<b>40,876,888</b>	4,850,081	13.5%
<b>Early years block</b>	17,294,542	<b>17,593,993</b>	299,451	1.7%
<b>Central school services block</b>	2,732,356	<b>2,757,343</b>	24,987	0.9%
<b>Total DSG allocation</b>	243,162,508	<b>264,350,458</b>	21,187,950	8.7%

Other influences on the 2021/22 allocated figure are:

- A decrease of 55 in the overall number of pupils;
- A shift in pupils from primary (down 113) to secondary (up 58) where there are higher levels of basic “per pupil” funding; and
- Increases in deprivation funding due to increased primary and secondary numbers attracting free school meal funding.

The DSG remains as a ring-fenced grant subject to formal grant conditions. As in 2020/21, the DSG is split into four blocks and each block will be determined by a separate national funding formula. Further information is provided on each element in the subsequent sections of the report below.

## 4 Consultation with Schools

4.1 The recommendations agreed with the Schools Forum on 18 November 2020 were the basis for a consultation with all schools carried out between 24 November and 14 December 2020.

4.2 4 questions were asked:

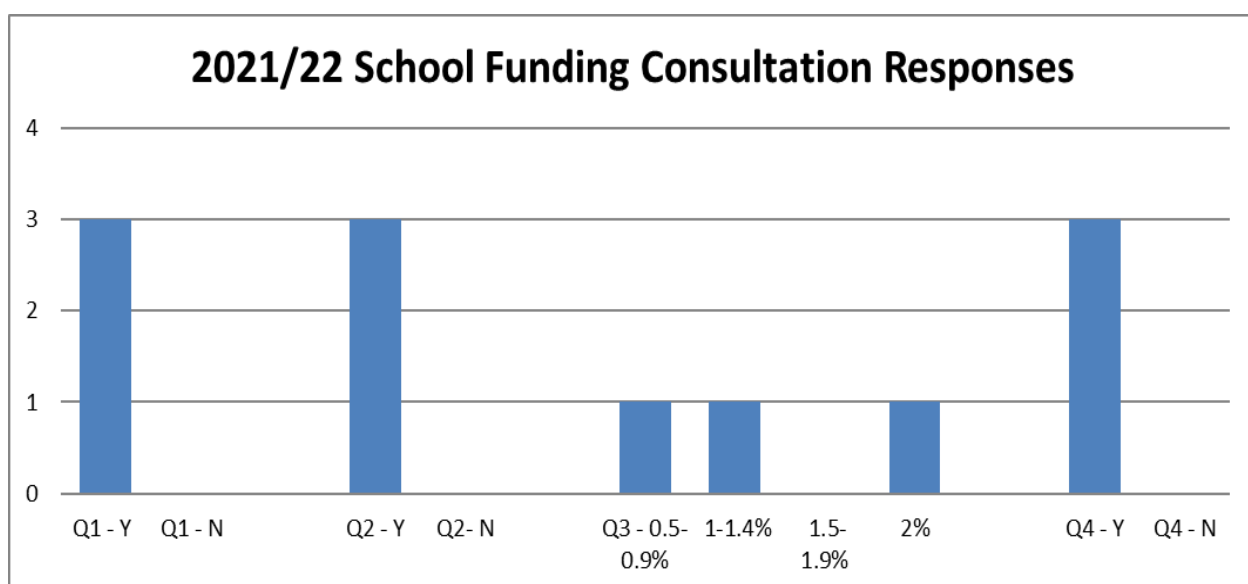
Q1 Do you agree the proposed 2 -step approach to the adoption of NFF Values, as supported by School Forum?

Q2 Do you support the potential use of “capping and scaling” as part of the 2021/22 School Budget setting process? (capping and scaling is a mechanism by which different increases under new formula values are averaged out in order to limit some gains and provide more funding for general distribution to schools via the formula values. Without the use of capping and scaling, formula funding values would need to be set at lower values.)

Q3 At what level do you believe Northumberland’s Minimum Funding Guarantee (MFG) level should be set for 20/21/22?

Q4 Do you agree to the Council’s proposal, agreed with Schools Forum on 20 November 2019 to transfer up to 0.5% from the Schools Block to the High Needs block for the financial year 2021/22?

4.3 Responses were received and the results of the consultation were as follows:



The total of 3 responses is lower than in previous years but may reflect implicit agreement with the approach agreed in consultation with the Schools Forum. As can be ascertained from the results, there was clear support for the School Forum decision for all questions from those who did respond. In relation to Q3, on MFG level there was some differences in opinion as shown above, but in the absence of a strong view to the contrary it is believed that the approach favoured by Schools Forum to set the level at the maximum 2% is a sound one, providing the highest possible level of baseline increase to all schools within the financial resources available.

## 5. 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), but increased to £4.38 for 2020/21, and has increased by a further 6p (1.4%) 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 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 2021/22 is £17,593,993 including the £147,585 allocation for the Early Years Pupil Premium and £83,640 for the 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 £3,894,796 for 1,563.3 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.

**Note 1: The Early Years Block budget to be set at the DfE allocation of £17,593,993 as detailed in Annex 1.**

## **6. High Needs Block**

The latest indicative High Needs Block allocation for 2021/22 is £41,902,888 before any deductions by the ESFA for direct funding of places by the ESFA of Pre and Post 16 in Academies, Post 16 in Maintained Special Schools and post 16 in Independent Learning Providers (ILP) and Further Education (FE) establishments, as outlined in Annex 1. This figure will also be reduced by £1,026,000 in respect of the net import export adjustments.

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 both between local authorities, and to non-maintained special schools, Special Post 16 and FE Institutions, where place funding is deducted from local authorities and paid directly by the ESFA to those institutions. The revised data is usually received in July but the information we currently have represents the latest information that will be made available prior to budget setting.

Work is continuing on the detail of the total requirements within the High Needs Block, and it is recommended that the total 2021/22 budget for the High Needs Block is set at this time, with the detailed breakdown of that funding into the various services being provided to the Schools Forum meeting on 24 February 2021. Setting the overall total for the High Needs Block is necessary at this time as final decisions in relation to the Schools Block must be made before the deadline of 21 January 2021 for submitting the final formula and final formula values for school budgets to the DfE.

**Note 2: The budget for the High Needs Block will be set at £38,364,888, after the deduction by the ESFA for the place funding outlined at Annex 1.**

**Recommendation 1: To agree that the various budgets within the High Needs Block be set at the meeting on 24 February 2021.**

## **7. Schools Block**

The 2021/22 Primary unit of funding (per pupil figure) is £4,646.45 (£4,281.80 in 2020/21, £4,087.98 in 2019/20) and the Secondary unit of funding is £5,726.05 (£5,257.12 in 2020/21, £5,042.49 in 2019/20), giving a per pupil allocation of £198,910,374. The addition of a fixed amount in respect of Growth and Premises of £4,211,858 gives a total Schools Block of £203,122,234 as set out in **Annex 1**.

As agreed by Schools Forum at the meeting on 18 November 2019 and the subsequent consultation with schools, a maximum transfer of £970,856 (0.5%) of the Schools Block to the High Needs block is available, this would reduce the amount available to the Schools Block to £202,151,378 a figure £15,976,754 (8.6%) higher than the equivalent 2019/20 figure of £186,174,624.

Proposed formula values are in line with the preferred two step option supported by Schools Forum. In line with the examples produced in November, capping of 4% with scaling of 50% is being used. In practice this means that any “per pupil” gains of over 4% are reduced by 50% in order to maintain the formula figures as proposed while ensuring overall affordability. Proposed figures are shown in **Table 1** below.

A 2% Minimum funding Guarantee (MFG) is being proposed. MFG is the mechanism that prevents excessive changes in the per pupil values on a year to year basis, that could potentially arise from changes in the overall student profile affecting low prior attainment and deprivation. The lump sum, sparsity and rates formula factors are excluded from MFG calculations by the ESFA in order to avoid excessive or inappropriate protection.

No disapplication requests have been made to the ESFA in respect of 2021/22 School Funding. In line with the previous 2020/21 disapplication request we will continue to allocate additional sparsity funding at previous rates to the 6 Schools identified last year who continue to meet the criteria using road distances and have not qualified for standard sparsity funding via the formula.

In 2020/21 a growth fund of £112,722 was created in order to provide some flexibility around pupil changes and to ensure funding is allocated in line with the principle that the funding follows the child. While no payments were made from the Fund during 2020/21 to date, it is the intention to retain this fund. This is in line with the Growth Policy approved in July 2019 and the Schools Revenue Funding 2021/22 operational guide. No additional contribution to the fund is anticipated at this stage for 2021/22. Further information as to the use of the growth fund will be provided to Schools Forum in the future.

As agreed at the 18 November 2020 Schools Forum meeting, and in conjunction with the associated 12 January 2021 Cabinet report, the decision on the final formula values is delegated to the Executive Director of Adult Social Care and Childrens Services. This is required in case of any adjustments following the submission of information to the ESFA by their 21 January 2021 deadline and the deadline for the confirmation of schools budget shares to mainstream maintained schools by 28 February 2021. No changes are anticipated at this stage. As in previous years, it is intended to provide maintained schools with their 2021/22 budget via the Schools E-courier bulletin by the ESFA deadline of 28 February 2021. This covers the period from April 2021 to March 2022. The equivalent figures for academies will be included for illustrative purposes only; the ESFA is responsible for the provision of the general annual grant statements to academies for the period from September 2021 to August 2022 by 31 March 2021.

**Note 3:**                    **The budget for the Schools Block to be set provisionally at £203,122,234 including a proposed amount of £456,529 in respect of de-delegation. This figure is reduced to £202,151,378 after the transfer of £970,856 to the High Needs Block.**

**Note 4:**                    **School budget shares be provisionally constructed based on the formula values shown the final column of Table 1,**

**including an MFG value of 2%, subject to any adjustments required once the ESFA's decision is known.**

**Note 5: Schools Forum are asked to note the intended retention of £112,722 as a Growth Fund, with no further intended deduction from the 2021/22 DSG in respect of this at this stage.**

**Note 6: Delegated powers to Executive Director of Adult Social Care and Childrens Services to set the final formula values was agreed at the 18 November 2020 Schools Forum meeting.**

**Table 1**

**2021/22 NFF VALUES AND PROPOSAL FOR NCC 2021/22 VALUES**

Factor col (a)	NFF Values 2020/21 col (b)	NCC Values 2020/21 col (c)	NFF Values 2021/22 col (d)	Proposed NCC Values 2021/22 col (e)	Movement in NFF values 20 21 to 21/22 2021/22 col (f)	Movement in NCC values 20 21 to 21/22 2021/22 col (g)
AWPU Primary	<b>2,857</b>	<b>2,919</b>	<b>3,123</b>	<b>3,154</b>	9.31%	8.05%
KS3	4,018	4,018	4,404	4,404	9.61%	9.61%
KS4	<b>4,561</b>	<b>4,763</b>	<b>4,963</b>	<b>5,064</b>	8.81%	6.32%
Lump Sum Primary	114,400	114,400	117,800	117,800	2.97%	2.97%
Middle	114,400	114,400	117,800	117,800	2.97%	2.97%
High/Secondary	114,400	114,400	117,800	117,800	2.97%	2.97%
Deprivation - Free School Meals Primary	450	<b>510</b>	460	510	2.22%	0.00%
Secondary	450	<b>510</b>	460	510	2.22%	0.00%
Deprivation – FSM6 Primary	560	560	575	575	2.68%	2.68%
Secondary	815	815	840	840	3.07%	3.07%
Deprivation – IDACI:						
Primary Band F	210	210	215	215	2.38%	2.38%
Band E	250	250	260	260	4.00%	4.00%
Band D	375	375	410	410	9.33%	9.33%
Band C	405	405	445	445	9.88%	9.88%
Band B	435	435	475	475	9.20%	9.20%
Band A	600	600	620	620	3.33%	3.33%
Secondary Band F	300	300	310	310	3.33%	3.33%
Band E	405	405	415	415	2.47%	2.47%
Band D	535	535	580	580	8.41%	8.41%
Band C	580	580	630	630	8.62%	8.62%
Band B	625	625	680	680	8.80%	8.80%
Band A	840	840	865	865	2.98%	2.98%
Low Attainment Primary	1,065	555	<b>1,095</b>	<b>840</b>	2.82%	51.35%
Secondary	1,610	1,612	1,660	1,660	3.11%	2.98%
EAL Primary	535	535	550	550	2.80%	2.80%
Secondary	1,440	1,440	1,485	1,485	3.13%	3.10%
Sparsity (max): Primary	26,000	26,000	45,000	45,000	73.08%	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%	3.55%

**Capping**

**4%**

**4%**

**Scaling**

**50%**

**50%**

**Minimum Funding Guarantee**

**1%**

**2%**

## 8. De-Delegation

The School and Early Years Finance Regulations, last updated in February 2020, permit that certain services can have funded centrally retained by the de-delegation of funding from maintained schools (but not from academies) with the specific approval of the relevant members of the Schools Forum. Academies are free to purchase these services, either through a Service Level Agreement (SLA) or on a Pay As You Go basis. Special Schools and the PRU are not affected by the de-delegation but can also participate through the SLA or on a Pay As You Go basis.

Historically five services have received a contribution via de-delegation, however a change is proposed for 2021/22 in that it is recommended that the contribution made in respect of Behaviour Support Services is funded via the High Needs block, not de-delegation for 2021/22, as this is closely aligned to SEN services and in line with the new Northumberland Inclusive Education Services (NIES) offer, effective from September 2020, which has removed charges for the majority of SEN services (except Education Psychology) so that access is determined on the basis of need, not the ability to pay.

De-delegated funding is therefore formally requested in respect of the remaining 4 services:

	2021/22 Estimate (£)
Contingency Fund for School Restructure and Re-organisation costs	345,088
Determination of FSM Eligibility	20,767
Trades Union Facility Time	56,077
English as an Additional Language (EAL) services	34,597
<b>TOTAL :</b>	<b>456,529</b>

De-delegation is an integral part of the way in which these services are funded, and any changes would require a significant change of the way of working with schools. Schools Forum agreed to de-delegate from all phases during all years since 2013/14 when the de-delegation regime was first introduced, and it recommended that these are agreed again for 2021/22. Cash values are at the same level as 2020/21 for all de-delegated budgets. The estimate total value of the de-delegated for 2021/22 is £456,529, down from £776,462 in 2020/21 primarily as a result of the removal of Behaviour Support Services, and further academisation. Over recent years, this has seen a fall in the overall funding available via de-delegation as the number of maintained schools decreases due to academisation and is subject to ongoing review.

**Recommendation 2: Schools Members of the Schools Forum representing maintained mainstream schools agree on a phase by phase basis to the de-delegation in respect of the five services listed above for 2021/22 using the per unit values, and estimated overall values as set out in the final column of Annex 1.**





## Annex 1

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

		Pupils Unit Value				2021/22 "Rates per Eligible Pupil"	2021/22 Number 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			-970,856			
				<b>202,151,378</b>			
Proposed De-delegation			-456,529				
				201,694,849			
<b>Central School Services Block</b>							
	Pupil nos	39,083.5	37.16 \$	1,452,343			
	Historic Commitments (NB 20% Reduction)			1,305,000	#	# This has been increased since the initial indicative allocation as a result of representations to the ESFA	
				<b>2,757,343</b>			
<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			
	<b>TOTAL HIGH NEEDS BLOCK AFTER DEDUCTIONS</b>			<b>38,364,888</b>			
	<b>TOTAL 2021/22 DSG</b>			<b>261,838,458</b>			
					265,376,458		
					264,350,458	DfE published figure is AFTER Import Export Adjustment but before other adjustments.	
					1,026,000		