



Northumberland County Council

Wellbeing and Community Health

Agenda Item 7

SCHOOLS FORUM

15 January 2020

Setting the Dedicated Schools Grant (DSG) 2020/21

1. Purpose of the Report

To inform Schools Forum of the estimated overall Dedicated Schools Grant (DSG) for 2020/21 and the proposed formula values for the allocation of funds to Schools for 2020/21.

2. Recommendations

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

- a. To agree that the various budgets within the High Needs Block be set at the meeting on 12 February 2020.
- 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 five services listed in section 8, 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 2019 report outlined the position to date and gained agreement to a series of principles in relation to the setting of formula values for 2020/21

- A transfer of 0.5% from the Schools Block to the High Needs block, reduced from 1% in 2018/19 and 2019/20;
- Formula Values to be set using higher levels for Age Weighted Pupil Units (AWPU) and deprivation, with the application of capping and scaling to ensure overall affordability;
- The potential use of a Minimum Funding Guarantee (MFG) factor to support those schools receiving the lowest overall levels of “per pupil” increase; :

Subsequently to the last Schools Forum meeting, the 2020/21 DSG figures were received from the ESFA on 19 December 2019. Our final 2020/21

Schools Block DSG Grant figure is £187,108,803, some £7,385,113 (4.1%) higher than the final 2019/20 figure. The final figures have increased in comparison to the provisional 2020/21 figure due to a number of reasons:

- An increase of 105 in the overall number of pupils;
- Changes in the overall pupil profile with movement of pupils from primary (down 213) to KS3 (up 217) and KS4 (up 101), 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.

There has also been an impact from the lower percentage transfer from the Schools Block to the High Needs block for 2020/21, as shown in the table below, with an estimated 4.6% increase in the DSG available to schools. The changes in the student profile indicated above will dictate how this additional funding is allocated, in line with the principles agreed with Schools Forum.

2019/20 to 2020/21 DSG COMPARISON											
	Final	Transfer to	2019/20	2020/21			Transfer to	2020/21 Totals	Change Year on Year		
	2019/20 DSG	High Needs (1%)	Totals	Final (1)	Increase (£)	Increase(%)	High Needs(0.5%)	Final	(£)	(%)	
Schools Block	179,723,690	- 1,796,097	177,927,593	187,108,803	7,385,113	4.1%	- 934,179	186,174,624	8,247,031	4.6%	
High Needs Block	33,202,367	1,796,097	34,998,464 (2)	36,026,807	2,824,440	8.5%	934,179	36,960,986	1,962,522	5.6%	
Early Years Block	16,468,404		16,468,404 (3)	17,294,542	826,138	5.0%	-	17,294,542	826,138	5.0%	
Central Schools Services Block	3,127,611		3,127,611	2,732,756	-394,855	-12.6%	-	2,732,756	-394,855	-12.6%	
TOTAL	232,522,072	0	232,522,072	243,162,908			0	243,162,908	10,640,836	4.6%	
(1)	Final DSG Figures released 19 December 2019										
(2)	HN Figure of £36 million shown is prior to deductions by ESFA for place funding to Colleges, non maintained schools etc										
(3)	EY figures now available - increase of 5% on 2019/20 levels										

The DSG remains as a ring-fenced grant subject to formal grant conditions. As in 2019/20 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.

Northumberland’s total 2020/21 DSG allocation Northumberland is £243,162,908 (£232,522,072 in 2019/20) before any recoupment deductions for academies. The calculation is set out in **Annex 1**.

4 Consultation with Schools

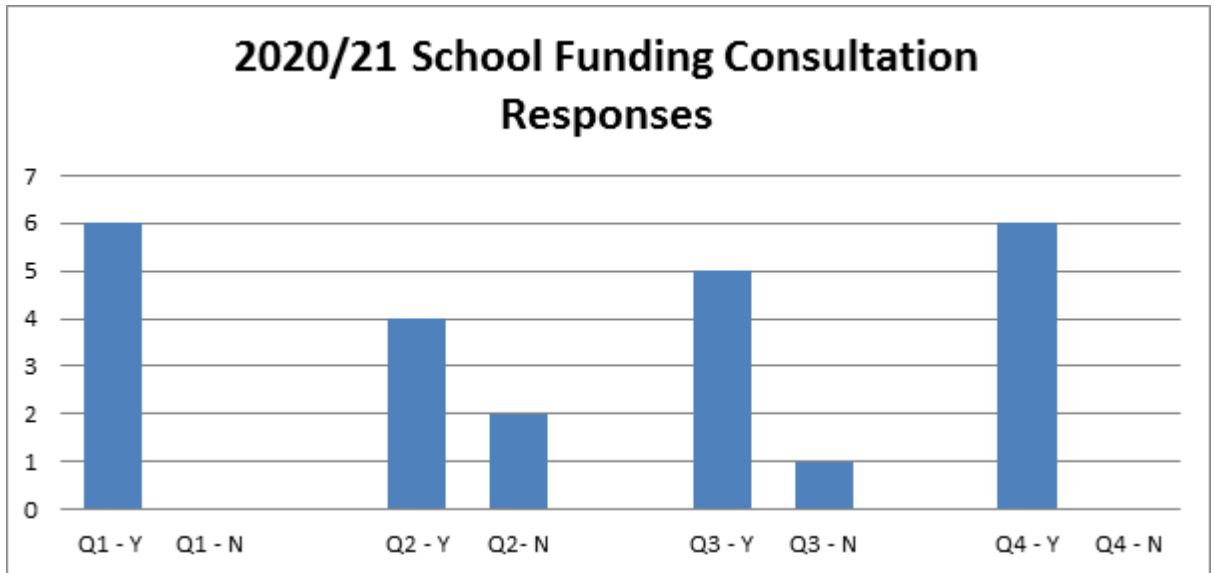
The recommendations agreed with the Schools Forum on 20 November were the basis for a consultation with all schools carried out between 26 November and 13 December 2019. 4 questions were asked:

- Q1 Do you agree with the decision of the Schools Forum to continue its phased approach towards NFF values?
- Q2 Do you agree with the decision of the Schools Forum to adopt option C (using higher formula values and reductions via capping and scaling) in the implementation of the NFF by a phased approach?
- Q3 Do you agree with the decision of the Schools Forum to consider using a MFG rate higher than the minimum of 0.5% in order to redistribute

funding to those schools receiving the lowest levels of per pupil increase?; and

Q4 Do you agree to the Council’s proposal, agreed with Schools Forum on 20 November 2019 to transfer 0.5% from the Schools Block to the High Needs block for the financial year 2020/21?

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



The total of 6 responses is lower than in previous years but may reflect implicit agreement with the approach agreed in consultation with the Schools Forum. The overall 4.6% increase in funding also means there is more funding to be distributed. 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 Q2, the two responses that did not agree with the approach favoured by Schools Forum preferred having higher Age Weighted Pupil Unit (AWPU – basic “per pupil” funding rates).

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 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 2019/20 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

£187,108,803 as set out in **Annex 1**. This figure is £7,385,113 (4.1%) higher than the equivalent 2019/20 figure.

As agreed by Schools Forum at the meeting on 20 November 2019 and the subsequent consultation with schools, a transfer of £934,179 (0.5%) of the Schools Block to the High Needs block has been made, this reduces the amount available to the Schools Block to £186,174,624, a figure £8,245,666 (4.6%) higher than the equivalent 2019/20 figure of £177,927,593.

Changes are in line with the Option 3 outline presented to Schools Forum in November. 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. The only formula values to have changed in comparison with the option 3 outlined at the November meeting are :

- the Free School Meals(FSM) value : increasing numbers of pupils recorded as in receipt of FSM meant the value of £563 was not affordable; a value of £510 has been used which is still £60 (13.3% above the NFF value);
- a Primary Income Deprivation Affecting Children Index (IDACI) band A figure of £598 was used in November, but the final NFF figure has been rounded to £600, so we have adopted this value.

A 1% 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.

At the Schools Forum meeting on 20 November 2019, Schools Forum agreed the use of two disapplication requests, in relation to additional sparsity funding and changes where 2 middle schools (Ponteland Middle School and Meadowdale Academy) were becoming primary schools. While there is considered to be sufficient places for children living in the Ponteland Partnership area within Ponteland, growing demand in Bedlington as well as the future loss of year 7 and year 8 places at Meadowdale Academy means there is a shortage of places within the Bedlington Partnership area.

To address this additional places have been created at St Benet Biscop, but a growth fund of £112,722 is also being created in order to ensure that the funding follows the child when we have a clearer picture of pupil movement in the summer term. This is in line with the Growth Policy approved in July 2019 and the Schools Revenue Funding 2020 to 21 operational guide. Further information as to the use of the growth fund will be provided to Schools Forum in the future.

As agreed at the November Schools Forum meeting, and in conjunction with the associated 14 January 2020 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 2020 deadline and the deadline for the confirmation of schools budget shares to mainstream maintained schools by 29 February 2020. No changes are anticipated at this stage. As in previous years, it is intended to provide maintained schools with their 2020/21 budget via the Schools E-courier bulletin by the ESFA deadline of 29 February 2020. This covers the period from April 2020 to March 2021. 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 2020 to August 2021 by 31 March 2020.

Note 3: **The budget for the Schools Block to be set provisionally at £177,926,453, including a proposed amount of £873,590 in respect of de-delegation.**

Note 4: **School budget shares be provisionally constructed based on the formula values shown the final column of Table 1, including a MFG value of 1%, subject to any adjustments required once the ESFA's decision is known.**

Note 5: **Schools Forum are asked to note the allocation of £112,722 as a Growth Fund.**

Note 6: **Delegated powers to Executive Director of Adult Social Care and Childrens Services to set the final formula values was agreed at the 20 November 2019 Schools Forum meeting.**

Table 1

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

Factor	NFF Values 2019/20	NCC Values 2019/20	NFF Values 2020/21	Original Option 3 as per Nov 2019 Mtg 2020/21	Revised Option 3 (after post Final adjustments Oct 2019 census) 2020/21
AWPU Primary	2,747	2,807	2,857	2,919.00	2,919.00
KS3	3,863	3,863	4,018	4,018.00	4,018.00
KS4	4,386	4,580	4,561	4,763.00	4,763.00
Lump Sum Primary	110,000	110,000	114,400	114,400	114,400
Middle	110,000	110,000	114,400	114,400	114,400
High/Secondary	110,000	110,000	114,400	114,400	114,400
Deprivation - Free School Meals Primary	440	676	450	563	510
Secondary	440	676	450	563	510
Deprivation – FSM6 Primary	540	540	560	560	560
Secondary	785	785	815	815	815
Deprivation – IDAC:					
Primary Band F	200	200	210	210	210
Band E	240	240	250	250	250
Band D	360	360	375	375	375
Band C	390	390	405	405	405
Band B	420	532	435	435	435
Band A	575	575	600	598	600
Secondary Band F	290	290	300	300	300
Band E	390	390	405	405	405
Band D	515	515	535	535	535
Band C	560	560	580	580	580
Band B	600	725	625	625	625
Band A	810	810	840	840	840
Low Attainment Primary	1,022	518.44	1,065	555	555
Secondary	1,550	1,550	1,610	1,612	1,612
EAL Primary	515	515	535	535	535
Secondary	1,385	1,385	1,440	1,440	1,440
Sparsity (max): Primary	25,000	25,000	26,000	26,000	26,000
Middle	n/a	52,000	n/a	46,800	46,800
Secondary/All Through	65,000	60,000	67,600	67,600	67,600

Totals Adjusted by Capping and Scaling rates:

Capping				4%	4%
Scaling				50%	50%
Minimum Funding Guarantee level	-	0%	-	0.5%	1%
				183,880,304	186,174,624

8. De-Delegation

There are five services, the funding for which is included within the formula:

- Determination of FSM Eligibility
- Core Behaviour Support Services
- English as an Additional Language (EAL)
- Trades Union Facility Time
- Contingency Fund for School Restructure and Re-organisation costs

The Regulations permit that these services be centrally retained by the de-delegation of the funding from maintained schools (but not from academies) with the specific approval of the relevant members of the Schools Forum. Academies however, are free to purchase these services, either through a 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.

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 2020/21. Cash values are at the same level as 2019/20 for all de-delegated budgets. The estimate total value of the de-delegated for 2020/21 is £776,462. This has seen a fall in the overall funding available via de-delegation as the number of maintained schools fall due to academisation, and is subject to review if further schools academise in 2020/21.

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 2020/21 using the per unit values, and estimated overall values as set out in the final column of Annex 1.

9. 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. As with the High Needs Budget, the overall budget will be set at £2,732,756 in line with the allocation, with the details of the budget being provided to the February Schools Forum meeting

Note 7: The budget for the Central Schools Services Block will be set at £2,732,756 as set out in Annex 1

Annex 1

DEDICATED SCHOOL GRANT (DSG) ALLOCATION 2020/21

		Pupils Unit Value		Funded		2020/21 ~Rates per Pupil"	
Schools Block				Hourly Rate	2020/21 De-delegation Summary :		
	Main Primary	23,161	4,281.80	99,170,770		Contingency	20
	Main Secondary	15,974.5	5,257.12	83,979,864		Trade Union Facility time	3.25
	Premises			2,860,814		EAL	220
	Growth			1,097,355		FSM Eligibility	6
				187,108,803		Behaviour Support	97
	0.5% to High Needs Block			-934,179		776,462	
	Proposed De-delegation			-776,462			
				186,174,624			
				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	4.38		
	2 Year Old Entitlement	895.0200	3009.60	2,693,653	5.28		
	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			