

# Briefing note

**To:** Schools Forum

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**Purpose of the Paper:**

Information	
Consultation	√
Decision	√

**Title of Briefing:** Update on 2020/21 DSG Values and Funding Distributions including Proposals re: High Needs and Early Years and request for approval of De-delegated and Centrally Retained items.

## Purpose of Paper

- 1.1 This paper provides an outline of the current information available relating to 2020/21 for each funding block of the Dedicated Schools Grant (DSG) following the initial allocations announced on 20 December 2019.
- 1.2 It also summarises the responses to the consultation exercises carried out with regards to High Needs and Early Years block funding, plus an update in relation to the Schools block local funding formula in North Tyneside for 2020/21.
- 1.3 The paper requests approval from Forum for de-delegated and centrally retained items.

## Update on 2020/21 Funding Allocations after publication on 19 December 2019

- 2.1 On 19 December, the Department for Education (DfE) published the initial allocations for each block of the DSG. The DSG will continue to be comprised of four blocks: schools, high needs, early years and central school services. Each of the four blocks has its own funding formula.
- 2.2 The North Tyneside allocation for the DSG in 2020/21 using October census 2019 is shown in table 1 below with prior year figures for comparison;

**Table 1: Schools Block 2020/21 allocation compared with Prior Years**

Block	2017/18 Baseline	2018/19 Allocation	2019/20 Allocation	2020/21 Allocation	Increase from 19/20
Schools	115,395,359	116,593,953	120,925,612	126,793,678	5,868,066
Central School Services	2,499,839	2,314,345	2,343,094	2,051,119	(291,975)
High Needs	18,680,303	19,291,295	19,817,842	23,126,597	3,308,755
Early Years Block	12,063,976	13,553,344	13,514,336	13,749,296	234,960
<b>TOTAL</b>	<b>148,639,477</b>	<b>151,752,937</b>	<b>156,600,884</b>	<b>165,720,690</b>	<b>9,119,806</b>
Change from 2017/18 Baseline £	-	3,113,460	7,961,407	17,081,213	
Change from 2017/18 Baseline %	-	2.09%	5.36%	11.49%	
Change per Year £	-	3,113,460	4,847,947	9,119,806	
Change per Year %	-	2.09%	3.19%	5.82%	

## Schools Block

2.3 In 2020/21, as in each year since 2018/19, the local authority (LA) will receive its DSG funding based on the DfE national funding formula (NFF). Following consultation with Schools which took place during October 2019 the Authority are proposing to move the allocation from the previous local funding formulae (LFF) 50% towards the NFF in 2020/21, other than for English as a second language (EAL). The proposed Schools block rates are shown in table 2.

**Table 2: Proposed School Block Rates for 2020/21**

FACTOR	19/20 SUBMITTED		20/21 50% TOWARDS NFF		Difference 19/20 to 20/21	
	Primary	Secondary	Primary	Secondary	Primary	Secondary
<b>Basic entitlement</b>						
Primary (Years R-6)	2,854		2,855		2	
Key Stage 3 (Years 7-9)		4,171		4,095		(77)
Key Stage 4 (Years 10-11)		5,314		4,937		(376)
<b>Deprivation</b>						
FSM			225	225	225	225
FSM6	562	866	561	841	(1)	(26)
IDACI Band F	0	0	105	150	105	150
IDACI Band E	221	327	235	366	15	39
IDACI Band D	296	437	335	486	40	49
IDACI Band C	371	547	388	564	17	16
IDACI Band B	446	657	440	641	(5)	(16)
IDACI Band A	521	767	560	804	40	36
<b>LAC</b>			Removed			
<b>EAL</b>	1,212	1,212	1,212	1,212	-	-
<b>Mobility</b>	250	250	563	750	313	500
<b>Prior Attainment</b>	287	647	676	1,129	389	481
<b>Lump Sum</b>	150,000	170,000	132,200	142,200	(17,800)	(27,800)

- 2.4 The EAL factor is not being changed as this funding is directly allocated to fund the Authority's EMTAS service, which has not been given any advanced warning of a reduction in funding for 2020/21. This will be reviewed for 2021/22 as part of the annual review of services to schools and relative funding for these services
- 2.5 Forum will recall at the 13 November 2019 meeting that the DfE have restricted the range of a minimum funding guarantee (MFG) between the +0.5% and +1.84%. To minimise the impact of the change on schools the Authority will be setting the rate at the maximum MFG rate of 1.84%.
- 2.6 In addition to the use of MFG to minimise impact of the change, the Authority will be setting a capping rate at 5.84%. This rate represents the 4% increase the DfE has applied to the NFF factors, plus the 1.84% MFG rate. Schools will still achieve increased rates where their pupil numbers have increased.
- 2.7 Forum should note that as the Authority Proforma Tool (APT) is finalised and submitted to the DfE for the 21 January deadline other values may still be subject to further minor changes. As agreed on 13 November with Schools Forum, any residual funding would be allocated via the basic entitlement. Subject to finalising the APT the total value which has been allocated to schools using this factor is £0.912m.
- 2.8 For illustrative purposes Appendix A includes an overview of the changes in pupil numbers and funding by Phase from 2019/20 to 2020/21.
- 2.9 In accordance with the guidance relating to the Schools block, the Authority can set aside funding to support growth. Growth funding enables local authorities to support schools with significant in-year pupil growth which is not otherwise immediately recognised by the lagged funding system. Growth funding for schools is provided within local authorities' Schools block National Funding Formula (NFF) allocations. From 2019/20 growth funding was allocated to local authorities using a new formulaic method based on lagged growth data. North Tynesides notional growth fund allocation for 2020/21, based on historic lagged data, is £0.745m. The Growth Fund can only be used to:
- Support growth in pre-16 pupil numbers to meet basic need;
  - Support additional classes needed to meet the infant class size regulation; and
  - Meet the costs of new schools

An authority may make an allocation from the Schools Growth Fund in respect of expenditure for the education of the additional pupils, who have joined the school after the beginning of the Autumn term during the financial year, where without this expenditure the education of these pupils would be seriously impaired and because of both the size and unexpectedness of the expenditure, it would be unreasonable to expect the governing body to meet these costs from the school's budget share.

For 2020/21 the Authority is proposing to create a Growth Fund of £0.250m to support schools where Growth in pupil numbers requires additional funding and where this growth meets the criteria set out by the DfE. The creation of the Growth Fund will require Schools Forum to agree a set criteria for the administration and distribution of the funding. The Authority proposes to work with the Finance Sub-Group of Schools Forum to agree this in a similar way to which the Falling Rolls and Schools in Financial Difficulty policies were approved.

## High Needs Block

- 3.1 The £23.127m figure outlined above for 2019/20's High Needs Block reflects the increased funding announced by the DfE in 2019.
- 3.2 Forum will recall as previously reported in the November 2019 meeting, the High Needs block outturn in 2018/19 was an overspend of £0.920m. The pressure within High Needs has continued to increase in 2019/20 with a forecasted in-year outturn variance of £3.613m and therefore an estimated total cumulative overspend of just over £4.533m.
- 3.3 The factors driving the pressures shown above were outlined in the report to Forum on 13 November along with an update on the work programme which is in progress to review services funded by the High Needs block. The latest position on these pressures is shown in table 3.

**Table 3: Forecasted High Needs Overspend as at December 2019**

Provision	Budget £m	Variance £m	Comment
Special schools and PRU	11.398	1.776	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top ups	3.521	0.855	Pressures in pre 16 top-ups
Out of Borough	1.225	0.940	Increased number and costs of out of borough, plus increased complexity of cases
Commissioned services	3.977	0.042	
<b>Sub-total</b>	<b>20.120</b>	<b>3.613</b>	
2018/19 B/Fwd		0.920	
<b>Total</b>		<b>4.533</b>	

- 3.4 At the Schools Forum meeting in November 2019 Forum asked for further consideration of ARP proposals brought before them, a meeting of a High Needs sub-group of Forum was held on 19 December 2019. The findings and recommendations following this meeting are covered in a separate report to Forum.

## Early Years Funding for 2020/21

- 4.1 In November 2019 Schools Forum agreed that an early years sub group should make recommendations on North Tyneside's Early Funding Formula for 2020/21. A sub-group was convened on the 28 November 2019, that comprised representation from:
- Grasmere Academy
  - Fieldhouse Nursery
  - Sir James Knott Nursery
  - Holystone Out of School Club
- (Apologies were received from 3 other settings).
- 4.2 The sub-group agreed to recommend the proposed early years funding formula factors shown in table 4, to Schools Forum for 2020/21.

- 4.3 The group agreed that the funding formula should continue to comprise the base rate and statutory deprivation supplement. The group agreed not to include any of the voluntary supplements, which are rurality, flexibility, efficiency and 30 hours delivery. The early years sub-group recommended a £0.09 per hour increase to the 3 & 4 year old base rate and a £0.02 increase on the higher deprivation rate. The new rates apply to both the extended and universal entitlements. The sub-group recommended that the 2-year old hourly rate should increase from £5.20 to £5.26. The remaining elements of the funding formula are unchanged.

**Table 4: Proposed Funding Formula – Early Years Block**

		<b>Local funding formula 2019/20</b>	<b>Proposed Local funding formula 2020/21</b>
2-Year Old Base Rate		£5.20 per hour	£5.26
3- and 4-Year Old Hourly Base Rate		£4.34 per hour	£4.43
3- and 4- Year Old Hourly Deprivation Supplement –	Quartile 1	£0.12 per hour both universal and extended hours	£0.14
	Quartile 2	£0.06 per both universal and extended hours	£0.06
Early Years Pupil Premium		£0.53	£0.53
Additional Payment to Maintained Nursery School		100% pass through of Maintained Nursery School rate allocated by Department for Education	100% pass through of Maintained Nursery School rate allocated by Department for Education
SEN Inclusion Fund		£8.26 per hour	£8.26 per hour
Disability Access Fund		£615	£615

- 4.4 The new funding formula will be implemented from Summer Term 2020 onwards.
- 4.5 In July 2019, Schools Forum were informed that a cumulative balance had accrued on the early years block and work would be undertaken to identify the final position. Once all outstanding charges and commitments have been accounted for, the Early Years Block has accrued a cumulative underspend of £827,276. This comprises of three elements:
- Disability Access Fund £39,655
  - Special Educational Needs Funding £217,172
  - 3 & 4 Year Old Funding £267,099 & £303,350
- 4.6 The cumulative surplus accrued on the Disability Access Fund and SEN Inclusion Fund will be retained to support the inclusion of children and young people with special educational needs and disabilities who are seeking to access their early years entitlements.
- 4.7 The surplus generated on the 3 and 4 year old funding will be returned to providers of the 3 and 4 year old entitlement subject to a prudent retention of £100,000 to protect against potential fluctuations in future funding. The remaining surplus will be distributed to providers of 3 and 4 year old places, which is consistent with the recommendations of the

Early Years sub group. The surplus accumulated on the 3 and 4 year old funding budgets will be distributed proportionately, according to the amount of funded 3 and 4 year old hours (universal and extended) providers have delivered during the 2019/20 financial year. Payments will be made to Ofsted registered early years providers, with any outstanding balances deducted before a payment is made.

### Central Block Funding for 2020/21

- 5.1 Funding for the Central Block has been reduced by DfE in relation to historical funding by £0.311m, which represents a 20% reduction in funding for the historic commitments. Ongoing functions have had an increase of 2.4% as shown in table 5 below.

**Table 5: Allocations for North Tyneside CSSB 2020/21**

	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>Change £m</b>	<b>Change %</b>
Ongoing Functions	0.788	0.807	0.019	2.4
Historical Commitments	1.555	1.244	(0.311)	(20.0)
<b>Total</b>	<b>2.343</b>	<b>2.051</b>	<b>(0.292)</b>	<b>(12.5)</b>

- 5.2 The list of services provided via CSSB funding is listed in table 6. The net reduction in funding of £0.292m is identified in this table. Forum will recall from the November report that authorities can challenge the reasonableness of the reduction in funding by providing relevant evidence to the DfE.
- 5.3 In addition to this approach, the Authority will be reviewing these services to understand the impact of reduced funding. We will work with Forum to identify any solutions to manage the service provision via other means, including but not limited to prioritising key outcomes and reviewing alternative funding such as under a service level agreement or similar.

**Table 6: Illustrative allocations for North Tyneside CSSB for 2020/21**

<b>Budgets which now form part of the CSSB</b>	<b>CSSB 2019/20 Ongoing</b>	<b>CSSB 2019/20 Historic</b>	<b>CSSB 2020/21 Ongoing</b>	<b>CSSB 2020/21 Historic</b>
Budget to fund the Schools Support Service	0	652,508	0	652,508
Budget to support vulnerable schools.	0	52,044	0	52,044
Budget to maintain High Borrans Outdoor education facility	0	95,000	0	95,000
Budget for the Education Improvement Partnership (secondary schools)	0	100,398	0	100,398
Budget to support the informational requests of the Schools Forum and improved budgetary awareness across all schools	30,125	0	30,125	0
Collective contribution to ongoing pension costs incurred when allowing teachers to leave schools prematurely	0	624,951	0	624,951
Budget for costs associated with de-commissioned school buildings	0	30,000	0	30,000
Schools admission service	141,570	0	141,575	0
Former Education Services Grant (Retained)	616,498	0	616,498	0
Inflationary increase to be allocated			19,000	
Historical reduction to be managed				(311,000)
<b>Sub-Totals</b>	<b>788,193</b>	<b>1,554,901</b>	<b>807,198</b>	<b>1,243,921</b>
<b>Total CSSB Funding</b>	<b>2,343,094</b>		<b>2,051,119</b>	

**De-delegated services**

- 6.1 De-delegated services are for maintained schools only; funding for de-delegated services must be allocated through the mainstream formula but can be passed back, or 'de-delegated', for maintained primary and secondary schools with Schools Forum approval.
- 6.2 The de-delegations proposed for 2020/21 are a continuation of the services in receipt of funding in 2018/19 and 2019/20. A paper was shared with Forum on 11 July 2018 outlining the details of each service provided. The list of proposals for funding in 2020/21 is included in table 7 below.
- 6.3 Forum should note that the funding rates per pupil have remained the same since 2016/17. The October 2019 census for pupil numbers has been used when calculating the 2020/21 de-delegation values.
- 6.4 A list of the Local Authority's statutory duties relating to all schools is outlined from page 45 in the Operational Guidance issued by the DfE. A link is provided below.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/831848/Schools\\_operational\\_guide\\_2020\\_to\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf)

**Table 7: De-delegation proposals for 2020/21**

<b>Narrative</b>	<b>De-delegated 2019/20 £</b>	<b>De-delegated 2020/21 £</b>	<b>Rate per Pupil £</b>
Budget to support mainstream maintained schools in financial difficulty	133,240	133,357	5.62
Support for vulnerable Headteachers for those incidents where independent support and advice is necessary	38,881	38,916	1.64
Support for minority ethnic pupils and under-achieving groups. (EMTAS) NB: rate per pupil only applies to pupils that meet the EAL Threshold	434,833	431,550	1,212.00
Assessment of Free school meals eligibility	37,459	37,492	1.58
The current central scheme to cover staff costs - supply cover. E.g. the maternity/paternity/adoption cover scheme, including Union facility time costs and Jury Service	586,303	586,818	24.73
<b>Totals</b>	<b>1,230,716</b>	<b>1,228,132</b>	

## Recommendations

### 7.1 Schools Forum is asked to;

- Note update on the allocations for 2020/21 for each of the four funding blocks and the proposals for the distribution of funding;
- Note the changes to the Schools block funding and the impact of the changes following 50% movement to the NFF;
- Approve the Growth Fund allocation and approve the request for the Finance Sub-Group of Schools Forum to work with the Authority to produce a policy for allocation;
- Approve the services funded under CSSB as outlined in table 6 and to note and comment on the challenge to maintain these services with the reduced funding;
- Approve the de-delegated items rate per pupil outlined in table 7;
- Acknowledge the pressure in the High Needs Block;
- Acknowledge the changes to Early Years funding allocations proposed for 2020/21; and
- Acknowledge the proposals to deal with the accumulated early years balance.