

Date of meeting:	Thursday 21 January 2021
Title of report:	Overall DSG and the Schools Block 2021-22
Type of report: Delete as required	For information
Executive summary: Including reason for submission	This paper sets out, for information, the overall DSG allocation and planned expenditure on the Schools Block Budget in 2021-22, following the endorsement of proposals regarding its distribution at the Schools Forum meeting in November 2020 and formal agreement by the Council's Executive in January 2021.
Budget / Risk implications:	N/A
Recommendations:	That the North Yorkshire Schools Forum notes this paper
Voting requirements:	N/A
Appendices: To be attached	None
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1.0 PURPOSE OF THE REPORT

1.1 This paper sets out, for information, the planned expenditure on the Schools Block Budget in 2021-22, following the endorsement of proposals regarding its distribution at the North Yorkshire Schools Forum meeting in November 2020 and formal approval by the County Council's Executive in January 2021.

2.0 DSG Allocations 2021-22

2.1 The DSG is made up of four blocks (Schools, High Needs, Early Years and Central School Services). In recent meetings the Forum considered the DfE announcements with regard to DSG funding allocations for 2021/22 including the impact of the ongoing National Funding Formula transitional arrangements.

2.2 The amount currently allocated for 2021-22 is in line with expectations. Overall there has been an increase in the baseline figure of £35.7m to £481.4m. This is due to three main factors:

- Additional funding allocated due to the new school funding settlement and the ongoing National Funding Formula (NFF) transitional arrangements
- The mainstreaming of funding to support recent increases in teachers' pay and employer's pension contributions which has previously been received through separate grant funding;
- Additional funding allocated nationally to support the significant and ongoing cost pressures associated with High Needs. The High Needs block funding from North Yorkshire has increased by £5.3m, after accounting for additional funding associated with the mainstreaming of teacher's pay and pension grants.
- An increase in the Local Authority early years funding rate of 6p per hour for 3 & 4 year olds and 8p per hour for disadvantaged 2 years olds

2.3 In summary therefore, the change in DSG (before deductions for Academies and other direct funding of High Needs Places by the Education Funding Agency) shows:

	£'000
2020-21 base	445,680
New funding settlement - NFF	17,033
Mainstreaming of Teacher's Pay and Pension Grants	18,531
Primary and Secondary schools - population	179
Universal 3 & 4 yr old numbers	384
Working parents (3 & 4 yr olds) numbers	437
Entitlement for 2 year olds	-508
Early Years Pupil Premium	-37
Early Years Disability Access Fund	1
Maintained Nursery School Supplementary Funding	-10

-286

Central School Services Historic Commitments
Reduction

481,404

(These figures include indicative and conditional Early Years funding allocations)

2.4 The final allocation is dependent on final early years' numbers and academy recoupment and therefore the total DSG will change throughout the financial year.

2.5 The allocation of the funding to each of the four blocks is as below.

NYCC Split	Schools	CSSB	High Needs	Early Years	Total
	£'000	£'000	£'000	£'000	£'000
2020-21 baseline	354,606	3,828	55,390	31,856	445,680
NFF - funding settlement	11,361	-39	5,279	432	17,033
Change in Primary & Secondary pupil numbers	179				179
Mainstreaming of Teacher's Pay & Pension Grants	17,378	204	949		18,531
Change in Early Years funded entitlement take up				312	312
Other Early Years Adjustments				-45	-45
Historic Commitments reduction		-286			-286
2021-22	383,524	3,707	61,618	32,555	481,404
High Needs Recoupment*			-4,308		-4,308
Initial DSG after HN Recoupment	383,524	3,707	57,310	32,555	477,096

* Figure for High recoupment in this report is subject to change as this is a DfE estimate only.

3.0 PLANNED SCHOOLS BLOCK EXPENDITURE

3.1 A full summary of the Schools Block in 2021-22, including a list of de-delegated and centrally-managed budgets is shown below. The de-delegated budgets reflect the decision made at the November meeting of the Forum. The budgets have been updated to take account of the October 2020 pupil census and the latest position with regard to academy conversions.

Overall DSG and the Schools Block 2021-22

Schools Block (£000s)	£'000	
ISB (delegated budgets)	381,108	99.37%
<u>De-delegated</u>		
Schools in Financial Difficulty	629	
Unreasonable School Expenditure	55	
Trade Union Costs	116	
	800	0.21%
<u>Central Budgets</u>		
Falling rolls	50	
Pupil growth	450	
Pupil Growth – New School Provision Reserve	1,116	
	1,616	0.42%
TOTAL	383,524	

- 3.2 The 2021/22 Schools Block includes Growth Funding of £1.756m. £500k of this funding will be allocated to the Pupil Growth and Falling Rolls Fund Contingency Funds that can be accessed by LA maintained schools and academies who meet the funding eligibility criteria (as agreed at the September 2020 meeting of the Schools Forum). Initial funding requirements are estimated to be £450k for Pupil Growth and a smaller contingency of £50k for Falling Rolls. The use of the Contingencies will be reported to the Schools Forum during the financial year.
- 3.3 The LA is currently planning the establishment of two new primary schools within North Yorkshire: North Northallerton and Manse Farm in Knaresborough. The planned opening date for the schools is September 2022. The proposed new schools are expected to be mainstream free schools under the DfE free school presumption process and, as such, require an additional funding commitment from the LA in respect of pre-opening funding, post-opening diseconomies funding and delegated budget in relation to estimated pupil numbers. The additional funding commitment is currently estimated to be £1.5m (£748k per school) over the initial seven years of operation until all year groups are established. It is proposed to use the balance available from the 2021/22 Schools Block Pupil Growth funding, after the provision for Pupil Growth and Falling Rolls Contingency Funds and ensuring that 2021/22 NFF factor values are achieved in the calculation of school budgets, to create reserve provision for the additional funding commitment associated with the two new schools.

4.0 HIGH NEEDS

- 4.1 The financial pressure associated with the rise in the number of Education, Health and Care Plans (EHCPs) has resulted in a projected overspend of c.£3.0m in 2020/21. In 2021/22, the financial pressure is expected to continue despite the confirmation of an additional £5.3m in High Needs funding (excluding additional DSG High Needs funding associated with the mainstreaming of teacher's pay and pension grants in 2021/22).
- 4.2 Despite the additional funds announced by DfE, High Needs funding for North Yorkshire remains insufficient to meet the statutory obligations arising from legislative reform in 2014. The reforms extended the age range of children and young people supported from 0-18 up to 25 years old. It also increased parental expectations about the packages of support that could be delivered through EHCPs. Since 2014, there has been a 94% increase in the number of EHCPs and this trend is expected to continue in 2021/22 and beyond.
- 4.3 Whilst a number of proposals have been progressed to address this financial pressure, it is unlikely that these proposals will fully address this pressure. The local authority continues to implement the Strategic Plan for SEND (approved in September 2018). Any accumulated overspend on the High Needs budget will be required to be repaid from future High Needs Block funding allocations as DfE regulation changes in February 2020 effectively prohibit the use of LA funds for activity that should properly be funded by Dedicated Schools Grant (DSG). However, the current projections indicate a continued increasing demand for High Needs support and services.
- 4.4 The Local Authority budget makes provision for the projected high needs overspend. It does this by ensuring that there is sufficient funding to pay for the statutory services which the LA has a duty to deliver and any deficit on DSG is set to be earmarked on the balance sheet at the year-end. The budget also provides for an equal and opposite provision to offset the projected deficit. In this way the LA is able to offset any deficit but should the DfE provide the appropriate level of additional funds then LA can re-claim the offsetting provision and reduce its level of projected funding gap. The LA is therefore not funding the DSG deficit at this point but is funding provision for the possibility that it may need to in the future in line with good financial practice.

5.0 CENTRAL SCHOOLS SERVICES BLOCK EXPENDITURE (BUDGET)

- 5.1 The Central Schools Services Block (CSSB) is made up of the following budgets (£000s):

Historic Commitments

Prevention Service	1,125
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Ongoing Functions

Access management, Admissions and Appeals	783
Schools Forum	100
Copyright Licences	517
Education Services – Retained Duties	978

Centrally Employed Teacher Costs	204
TOTAL	<u>3,707</u>

- 5.2 The 2021/22 CSSB grant allocation includes an additional £204k as a result of the mainstreaming of the pay and pension grants from centrally employed teachers; this funding was previously received via separate grant. The 2021/22 funding level also reflects the ongoing reduction in the Historic Commitments element of the Block with a reduction of £286k from £1.43m to £1.14m. The overall impact provides a net decrease in Central Schools Services Block grant allocation of £121k compared to the 2020-21 baseline figure. There has been a reduction of £39k in the grant income for Ongoing Functions and the anticipated cost of Copyright Licenses has increased by £8k.
- 5.3 The Schools Revenue Funding Operational Guide outlines the functions that are covered under the former Education Service Grants. The functions include statutory and regulatory duties that the local authority must deliver. Many will not be directly visible to schools, but they reduce the risks to senior leaders and governing bodies by ensuring compliance with legal requirements. Retained duties include education welfare (functions relating to children excluded from school, school attendance, responsibilities regarding employment of children), asset management, and statutory and regulatory duties (including planning for the education service as a whole, formulation and review of the school funding formula, budget preparation).
- 6.0 RECOMMENDATIONS
- 6.1 The North Yorkshire Schools Forum is asked to approve the contents of this report.

STUART CARLTON

Corporate Director – Children and Young People’s Service