



Date of meeting:	Thursday 23 January 2020
Title of report:	Overall DSG and the Schools Block 2020-21
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 2020-21, following the endorsement of proposals regarding its distribution at the Schools Forum meeting in November 2019 and formal agreement by the Council's Executive in January 2020. Planned expenditure for the High Needs and Early Years Blocks is set out in separate reports to this meeting.
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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Overall DSG and the Schools Block 2020-21

1.0 PURPOSE OF THE REPORT

1.1 This paper sets out for information the planned expenditure on the Schools Block Budget in 2020-21, following the endorsement of proposals regarding its distribution at the North Yorkshire Schools Forum meeting in November 2019 and formal approval by the County Council's Executive in January 2020.

2.0 DSG Allocations 2020-21

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 2020/21 including the impact of the ongoing National Funding Formula transitional arrangements.

2.2 The amount currently allocated for 2020-21 is in line with expectations. Overall there has been an increase in the baseline figure of £21.6m to £445.7m. 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
 - 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 £5.8m.
 - An increase in the Local Authority early years funding rate of 8p per hour for 3 & 4 year olds and vulnerable 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
2019-20 base	424,114
New funding settlement - NFF	22,296
Primary and Secondary schools - population	-376
Universal 3 & 4 yr old numbers	-480
Working parents (3 & 4 yr olds) numbers	187
Entitlement for 2 year olds	206
Early Years Pupil Premium	52
Early Years Disability Access Fund	14
Maintained Nursery School Supplementary Funding	25
Central School Services Historic Commitments Reduction	-358
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	445,680

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(These figures include estimates for Early Years Pupil Premium and other Early Years funding.)

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
2019-20 baseline	338,998	4,252	49,574	31,290	424,114
NFF - funding settlement	15,978	-61	5,816	562	22,295
Change in Primary & Secondary pupil numbers	-371	-5			-376
Change in Early Years funded entitlement take up				-87	-87
Other Early Years Adjustments				91	91
Historic Commitments reduction		-358			-358
2020-21	354,605	3,828	55,390	31,856	445,679
High Needs Recoupment*				-2,604	-2,604
Initial DSG after HN Recoupment	354,605	3,828	52,786	31,856	443,075

* 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 2020-21, 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 2019 pupil census and the latest position with regard to academy conversions.

Schools Block (£000s)	£'000
ISB (delegated budgets)	353,277 99.63%
<u>De-delegated</u>	
Schools in Financial Difficulty	660
Unreasonable School Expenditure	57
Trade Union Costs	111

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	828	0.23%
<u>Central Budgets</u>		
Falling rolls	300	
Pupil growth	200	
	500	0.14%
TOTAL	354,605	

4.0 HIGH NEEDS

- 4.1 In 2018/19 and 2019/20 it has been necessary to transfer funding from the Schools Block into the High Needs Block in 2018-19 in response to the unprecedented increase in the numbers of requests for Education, Health and Care Plans (EHCPs) and the associated level of financial pressure in the High Needs system. In 2018/19 a transfer of 0.5% (£1.66m) was made with the agreement of the Schools Forum and in 2019/20 a transfer 1% (£3.3m) was made after approval from the Secretary of State. These transfers have not been adequate to counter the continued increase in cost pressures.
- 4.2 The number of Education, Health and Care Plans (EHCPs) continues to rise, with a projected underlying overspend of £8.0m in 2019/20. These cost pressures have been offset, in part, by a temporary transfer from Schools Block funding of £3.3m (1.0%) and the additional High Needs funding (£1.24m) provided by the DfE in 2019/20. In 2020/21, the financial pressure is expected to continue despite the confirmation of an additional £5.8m in High Needs funding.
- 4.3 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 68% increase in the number of EHCPs and this trend is expected to continue in 2020/21 and beyond.
- 4.4 Whilst a number of proposals have been progressed to address the financial pressures, it is unlikely that these proposals will fully address this pressure and further actions alongside the Strategic Plan for SEND will be required over the next few years. Any accumulated overspend on the High Needs budget are likely to be required to be repaid from future High Needs Block funding allocations. This position will be extremely challenging given the current projections indicating a continued increasing demand for High Needs support and services.
- 4.5 Whilst the view of the Forum provided at the November 2019 meeting is acknowledged, given the scale and pace of the financial pressure in meeting the LA's statutory obligations to fund EHCPs, a request was made to the Secretary of State for Education for a 0.5% transfer (c.£1.6m). The 0.5% transfer request has not been approved by Ministers and thus the LA will implement Option 1 (+1.37% MFG (subject to finalisation of actual 2020/21 data), 100% funding gains cap).

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5.0 CENTRAL SCHOOLS SERVICES BLOCK EXPENDITURE (BUDGET)

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

<u>Historic Commitments</u>	
Prevention Service	1,430
<u>Ongoing Functions</u>	
Access management, Admissions and Appeals	783
Schools Forum	100
Copyright Licences	509
Education Services – Retained Duties	1,007
TOTAL	3,828

5.2 There has been a decrease in the amount of Central Schools Services Block grant allocation of £424k compared to the 2019-20 baseline figure. A significant proportion of this funding reduction relates the Historic Commitments element of the Block with a reduction of £358k from £1.788m to £1.43m. In addition to this pressure, there has been a reduction of £66k in the grant income for Ongoing Functions and the anticipated cost of Copyright Licenses has increased by £9k. These pressures meaning that there has been a reduction in the amount allocated for retained duties of £75k. This is against the background of the £84k reduction which was required in 2019/20. Please note however that the related service provisions will remain unaffected by the £424k reduction in grant as any expenditure above £3.8m will be funded instead from Local Authority Budget.

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