



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 24 January 2019
Title of report:	Overall DSG and the Schools Block 2019-20
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 2019-20, following the endorsement of proposals regarding its distribution at the Schools Forum meeting in November 2018 and formal agreement by the Council's Executive in January 2019. Planned expenditure for the High Needs and Early Years Blocks is set out in separate reports to this meeting.
Budget / Risk implications:	
Recommendations:	That the North Yorkshire Schools Forum notes this paper
Voting requirements:	Schools only
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 2019-20, following the endorsement of proposals regarding its distribution at the North Yorkshire Schools Forum meeting in November 2018 and formal approval by the County Council's Executive in January 2019.

2.0 DSG Allocations 2019-20

2.1 The DSG is made up of three main blocks (Schools, High Needs and Early Years). In recent meetings the Forum considered the indicative DSG funding allocations for 2019/20 as provided by the DfE including the impact of the ongoing National Funding Formula transitional arrangements.

2.2 The amount currently allocated for 2019-20 is in line with expectations. Overall there has been an increase in the baseline figure of £8.6m to £424.2m. This is due to four main factors:

- Additional funding allocated due to the new school funding settlement and the ongoing National Funding Formula (NFF) transitional arrangements
- increased pupil numbers in the mainstream schools
- changes to Early Years funding particularly for increased entitlement for children with working parents
- An additional funding allocation of £1.2m for High Needs

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
2018-19 base	415,528
New funding settlement - NFF	4,856
Additional High Needs Funding	1,243
Universal 3 & 4 yr old numbers	-90
Working parents (3 & 4 yr olds) numbers	1,123
Entitlement for 2 year olds	-181
Early Years Pupil Premium	-1
Early Years Disability Access Fund	-14
Maintained Nursery School Supplementary Funding	-25
Primary and Secondary schools - population	1,727
	<u><u>424,165</u></u>

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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
2018-19 baseline	332,511	4,302	48,236	30,479	415,528
NFF - funding settlement	4,760	-50	146		4,856
Additional High Needs Funding*			1,243		1,243
Increase in pupil numbers	1,727				1,727
High Needs Support**	-1,695		1,695		0
Early Years Adjustments				811	811
2019-20	337,303	4,252	51,320	31,290	424,165
High Needs Recoupment***			-2,670		-2,670
Initial DSG after HN Recoupment	337,303	4,252	48,650	31,290	421,495

*Additional funding as per the DfE announcement on 17th December 2019

**High Needs Support of £1,695k equates to a 0.5% transfer. A 1% transfer would equate to £3,390k

*** 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 2019-20, including a list of de-delegated and centrally-managed budgets is shown below. De-delegated budgets have been updated since the November meeting to take account of pupil changes/numbers of academies. The de-delegated budgets reflect the decisions made at the November and December meetings of the Forum in relation to increasing the de-delegated amounts for Schools In Financial difficulty in order to provide a 50% contribution to the School Redundancy Support budget (approx. £250k) and the Trade Union (PAFA) costs budget in order to address the 2018/19 budget deficit and the increasing workload for the Professional Association representatives

Schools Block (£000s)	0.5% Transfer		1% Transfer		
		£'000		£'000	
ISB (delegated budgets)		335,855	99.57%	334,160	99.57%
<u>De-delegated</u>					
Schools in Financial Difficulty		755		755	

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Unreasonable School Expenditure	66		66	
Trade Union Costs	127		127	
	948	0.28%	948	0.28%
<u>Central Budgets</u>				
Falling rolls	300		300	
Pupil growth	200		200	
	500	0.15%	500	0.15%
TOTAL	337,303		335,608	

4.0 HIGH NEEDS

4.1 0.5% of Schools Block funding was transferred into the High Needs Block in 2018-19. This amount represented £1.66m and followed consultation with schools and agreement with the Schools Forum. This transfer was agreed following recognition of an unprecedented increase in the numbers of requests for Education, Health and Care Plans (EHCPs) and the level of financial pressure in the High Needs system. The transfer occurred on the basis that plans would be developed to address the financial pressure as any transfer is a temporary measure. The transfer has not been adequate to counter the new cost pressures for a number of reasons:

- High Needs Block funding provided by the Department of Education is simply insufficient.
- There has been an unprecedented increase in Education, Health and Care Plans (EHCPs). Since 2014, there has been a 46% rise in EHCPs and this trend has continued throughout 2018 and currently stands at 50%+. This is an unfunded burden on schools and the local authority.
- Tackling the financial pressure requires a system-wide approach to the development of plans and will not provide immediate relief in sustainable savings.

4.2 The number of EHCPs is a major driver of the financial pressure above, which has seen a 46% rise between 2014 and 2018. The resulting projected £5.7m overspend in 2018-19 is offset, in part, by the contribution of £1.6m transferred from the Schools Budget. This leaves a £4.1m projected deficit at the end of 2018-19 which will, effectively, be the first call on DSG in 2019-20.

4.3 The local authority acknowledges the views of schools and the Schools Forum in supporting a transfer of up to 0.5% transfer of funding from the Schools Block to the High Needs budget in 2019/20. However, the local authority has a corporate duty to address the forecast budget overspend of £5.7m on the High Need budget. Whilst a number of proposals are being progressed to address this financial pressure, it is

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unlikely that these proposals will fully address this pressure and further actions will be required over the next 12-24 months. Any accumulated overspend on the High Needs budget will be required to be repaid from future High Needs Block funding allocations. The current projections indicate a continued increasing demand for High Needs support and services. Against this background, and in order to mitigate the impact of current forecast overspends on the future funding position, the LA submitted a disapplication request to the Secretary of State to transfer 1% from the Schools Block to the High Needs budget.

- 4.4 In the event that the disapplication request to the Secretary of State being unsuccessful, a 0.5% transfer to the High Needs budget will be implemented, as agreed by the Schools Forum on the 19th November 2018.
- 4.5 On the 17th December 2018, the DfE announced that an additional £250 million of funding for high needs will be available nationally, across the 2018/19 and 2019/20 financial years. North Yorkshire will receive an additional £1.24m for each financial year. With regard to the announcement of the additional funding, the DfE have asked local authorities who have submitted requests to transfer funding from the Schools Block into the High Needs Block for 2019/20 to review the request as to whether they want to reduce or withdraw the request. They have also asked that reasons are provided where local authorities do not want to reduce or withdraw the request. The deadline for these submissions is 15th January 2019.
- 4.6 Whilst North Yorkshire County Council welcomes the announcement of additional high needs funding for all local authorities, the extra £1.24m per annum for 2018/19 and 2019/20 is simply insufficient to address the forecast budget pressures on the High Needs budget within North Yorkshire for the current year and next year (as detailed in para. 4.1 and 4.2 in this report). In this regard, the County Council has informed the DfE that it does not wish to withdraw or reduce the application to transfer 1% of funding from the Schools Block to the High Needs Budget. Due to the timing of the additional funding announcement by the DfE and their timescale for requesting the further information on the transfer request, a response has not been received as to whether the 1% transfer request has been approved by the Secretary of State at the time of the publication of this report.

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	1,788
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Ongoing Functions

School Admissions	783
Schools Forum	100
Copyright Licences	500
Education Services – Retained Duties	1,081

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TOTAL	<u><u>4,252</u></u>
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- 5.2 There has been a decrease in the amount of Central Schools Services Block grant allocation of £50k compared to the 2018-19 baseline figure. However, the anticipated cost of Copyright Licenses has increased by £34k meaning that there has been a reduction in the amount allocated for retained duties of £84k.
- 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 note the contents of this report.

STUART CARLTON

Corporate Director – Children and Young People’s Service