

Southend-on-Sea Borough Council

Executive Director of Finance and Resources
Executive Director of Children and Public Health

to

Education Board

on

21st January 2020

(Following the 2020/21 funding principles agreed at the Education Board on the 22nd October 2019 and 17th December 2019)

Appendix
No.

8

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Dedicated Schools Grant budget 2020/21

1 Purpose of Report

To present the 2020/21 Dedicated Schools Grant (DSG) budget including the DSG Individual School budgets for 2020/21.

2 Recommendation

- 2.1 That the proposed 2020/21 Dedicated Schools Grant Budget, be noted, and this has been set as agreed in accordance with the approved funding principles of both the last 17th December 2019 and 22nd October 2019 DSG Education Board finance papers.

3 Background

- 3.1 This paper sets out the proposed Dedicated Schools Grant Budget for the financial year 2020/21 which is also to be set by the Council as part of the annual budget cycle finalized in February 2020.
- 3.2 This paper also follows both previous and detailed DSG Education Board (EB) funding papers considering the 2020/21 budget, as presented, and approved for EB recommendation in both the October 2019 and December 2019 board meetings. The principle funding decisions approved at both of those previous boards are made clear for reference within each section of this paper.
- 3.3 This paper now also follows the Department for Education (DfE) DSG 2020/21 funding block announcements made on 19th December 2019, and release of the 2020/21 DfE Authority Proforma Tool (APT) on the 17th December 2019.
- 3.4 The DfE release of the 2020/21 APT, therefore enables the Education Board to also formally set the final distribution of the 2020/21 school block funds to Individual Schools, using the updated numbers on roll for each School as per

the latest DfE October 2019 school census data, and in line with the previous funding agreements of the last two Education Board meetings. The APT will be submitted back to the DfE by the Local Authority.

3.5 This paper also displays the final 2019/20 DSG funding allocations for de-delegated funds, growth fund, central schools block, early years block (remains DfE provisional) and high needs block (High needs in totality only and remains DfE provisional).

3.6 And as agreed, at the March 2019 EB Board Meeting, and the December 2019 Board meeting, this paper present's the provisional growth fund rates for 2020/21, as well as an updated and now final growth funding rates for 2019/20.

4 Dedicated Schools Grant Allocations 2020/21 (Set by the DfE)

4.1 The Department for Education (DfE) has set out the following funding blocks for Southend's Dedicated Schools Grant for 2020/21;

Schools Block	£123.600 M
Early Years Block (provisional)	£10.366 M
High Need Block (provisional)	£22.560 M
Central Block	£1.574 M
Total	£158.100 M

Appendix 2 – “DSG budget 2020/21”, provides the allocation including movement from the latest 2019/20 budget.

4.2 Although the Education Board and Local Authority remain responsible for allocating the entirety of DSG, the final actual DSG amount awarded to the Local Authority will exclude funding for Academies, High Need place funding for both colleges and further education providers, and free special schools (referred to as recoupment), as these excluded amounts are paid directly to those settings by the Education and Skills Funding Agency. Therefore the final estimated allocation expected to be awarded to the Local Authority is £50.8M, after considering these estimated recoupment deductions of £107.3M which are also listed separately for each funding block in Appendix 2.

4.3 Within the Schools Block funding allocation:

4.3.1 The primary pupil led funding element has been set at £61.215M based on a total unit of funding of £4,062.70 per primary pupil (£3,958.23 in 19/20) for 15,068 number of pupils.

4.3.2 The secondary pupil led funding has been set at £60.200M based on a total unit of funding of £5,380.73 per secondary pupil (£5,254.47 in 19/20) for 11,188 number of pupils

4.3.3 The premises factor funding is allocated at £1.122M and the funding for growth is allocated at £1.063M.

4.4 The DfE Early Years funding rates applied to the DSG allocation for 2020/21 have been set at £4.48 per hour for 3 & 4 year olds and £5.32 per hour for 2 year olds. The total early years block allocation remains provisional for 2020/21 as the allocations will be adjusted for take up of provision by the DfE in July

2020 and a final adjustment in July 2021 (based on the January 2020 and January 2021 early years census data).

- 4.5 The high needs block is still provisional until the final funding allocation is expected to be announced in July 2020, where by the DfE will be updating the final funding allocation in recognition that the authority meets all the high need place funding costs in their home area regardless of the pupil's own home authority residence (excluding free special schools). And this is known in the DfE high need funding terminology context as the "high need import and export funding adjustment". Therefore the home authority will be compensated in relation to high need place funding where that authority supports more pupils (than the previous year) who live outside of the home resident authority area than pupils they have been required to place in another local authority area, or on the contrary, a reduction in the local funding adjustment will be applied if the opposite event occurs.
- 4.6 The Central Block allocation has been set with an amount of £0.850M for ongoing responsibilities funded at a rate of £32.39 per pupil for 26,256 pupils and funding for historic commitments is now set at £0.724M.

5 Schools Block – Individual School Block (ISB) allocations - £122.350M

- 5.1 As illustrated for each School in "Appendix 1 - 2020/21 final Individual school budget allocations". The DfE release of the December APT enables the Local Authority to formally set the distribution of the 2020/21 school block funds to individual schools, using the updated numbers on roll (NOR) for each School as per the latest DfE October 2019 school census data, and in line with the previous funding agreements approved at the Education Board at both the 17th December 2019 and 22nd October 2019 meetings to distribute agreed funding amounts per pupil for each school.
- 5.2 Therefore the funding per pupil (as illustrated in Appendix 1) for individual school allocations have been set on the following agreed principles:
- 5.2.1 The minimum per pupil 2020/21 funding levels have been set in line with the National Funding Formulae (NFF) at £3,750 for primary schools and £5,000 for secondary schools (which is based on the nationally defined pupil led funding factors including lump sum).
- 5.2.2 Within the funding formulae itself, the core pupil led NFF factors have been set and applied in line with the NFF for 2020/21, and therefore a 4% uplift applied to those core factors from 2019/20.
- 5.2.3 And for those schools who pupil led amounts are already funded above the NFF minimum funding rates per pupil for 2020/21 or the 4% uplift applied to the core NFF factors, have received the same Minimum Funding Guarantee (MFG) % funding uplift of 1.72%, which has therefore also incorporated the 1 year agreement to continue the Central Block 2020/21 historic commitment funding allocation at the same funded level for 2019/20 via a School Block funding transfer, which then covers the DfE applied 20% Central Block historic commitment funding allocation loss of £181,000.

- 5.3 Premises factor funding – Again, as shown and required in Appendix 1 all funding allocations have separately been updated for 2020/21 business rate charges and previous DfE approved exceptional funding items.

Other key points for noting in the NFF funding formulae and APT:

- 5.4 Basic entitlement rates per pupil have been set as per the NFF rates, at;

Primary	£2,876.09
Key Stage 3	£4,032.18
Key Stage 4	£4,577.10

- 5.5 This Primary to Secondary funding ratio is now set at 1:1.33.

- 5.6 The numbers of pupil on roll in and registered in the APT (as per the October 2019 census compared to the October 2018 census) has increased by a net total of 282 (growth of 289 pupils in secondary and 7 less in primary), to now 26,260 pupils in total (Primary 15,070 and Secondary 11,190), compared to 25,978 (Primary 15,077 and Secondary 10,901).

- 5.7 The total Individual School block allocation for the 2020/21 funding formula is an increase in the totality of Individual School block allocations of £4.257M from the 2019/20 allocation, which is due to both an increase in the NOR and funding factors referred to in 5.2 above.

6 Schools Block – Centrally retained de-delegated lines - £5,594 (applicable to maintained schools only)

- 6.1 The de-delegated per pupil funded amounts have been set as agreed in the EB December 2019 paper, at £1.00 per pupil for staff costs covering public duties returning an annual de-delegated sum of £5,594.

7 Schools Block – Centrally retained growth fund - £1.063M

- 7.1 The DSG 2020/21 growth fund amount has been set in accordance with the principles agreed in the EB December 2019 paper, where by the 2020/21 DSG amount awarded for growth will be held centrally and distributed to schools who have been required by the Local Authority to increase their number of intake classes. And it remains minded, that as agreed in the March 2019 EB paper growth, to ensure funding allocations are sensibly managed and distributed, that growth funding is managed on a long term basis allowing any one year to either over or under spend but provided the total application of the growth fund remains affordable within the life cycle of the planned growth.

- 7.2 The EB December 2019 paper, also included a further agreement that if affordable to the long term growth model, that as well as formally setting the growth funding rates from September 2020 in this paper a back dated increase from the September 2019 rate can now also be applied.

- 7.3 Therefore Appendix 3 displays an updated growth fund model (which was first shared at the March 2019 EB), and it is welcome to confirm a considerable funding increase can now be applied to the rates first set from September 2019

(with a revised September 2019 rate of £2,892 per primary pupil and £3,430 per secondary pupil). And a further 4% uplift applied to the revised rates from September 2020 (which therefore awards rates from September 2020 of £3,008 per primary pupil and £3,567 per secondary pupil), and this increase is in line with the core funding % increase awarded through the NFF pupil led funding factors in the Schools Block.

- 7.4 The considerable funding increase has been driven, by both, as first shared in the December 2019 paper, 2 less September 2019 intake classes than previously expected, but also a revised increase to the predicted measure of middle super output area growth (MSOA) applied to the model for future years. And as reminder, MSOA* net positive growth only is the DfE defined volume measure factor for determining the funding allocation.

MSOA* - is defined by the office for national statistic, as a small enough geographical area to detect pockets of growth, based on school post codes grouped within a particular area.

- 7.5 And as first shared in the March 2019 EB paper, MSOA growth is a difficult measure to predict and therefore highlighted why it was important that the model is, and continues to be, refreshed on an annual basis. And it is also now clear, with this being the 2nd year of the total growth funding allocations determined by the DfE on this new NFF funding basis. That Southend's MSOA net positive growth will now be higher than first predicted in the March 2019 EB paper (and has been updated as so), as positive MSOA growth is driven not only by new intake classes, but also any further throughput pupil growth within a school, for example, if the number of current year 11 pupils are less than the current number of year 7 pupils (which can occur regardless of any new approved intake class).
- 7.6 And as previously agreed, the Growth Fund model will continue to be updated on an annual basis, shared in this annual January paper, declaring rates for the following academic year (within the minimum tolerances rate levels as set in the March 2019 EB paper, used only, if required to remain affordable to the allocation), and with the additional step of a backed dated funding increase only, if affordable, to the rates declared at the start of the current academic funded year.

8 Early Years Block (Provisional) - £10.478M in total

- 8.1 As expected, the DfE have provisionally set the 2020/21 Early Years block on the same and latest and expected number of Part Time Equivalent PTE* children forecast to access the 2019/20 DSG early years funded provision. The final budgets allocations have also been set, as agreed in accordance with the December 2019 DSG EB paper and hourly funding rates awarded.

PTE* as DfE defined, assumes all children access the full 15hrs per week support over 38 weeks in the year.

- 8.2 Therefore, for the DfE DSG 2 year old funding allocation the PTE* has been set at 488 children at an hourly rate of £5.32. And note, as set in the December 2019 DSG EB paper the core rate Southend passes over to providers for 2020/21 will be £5.28 per hour (awarding the DfE full increase of £0.08 per hour from 2019/20), allowing for a small and continued retained discretionary pot for

2 year old support of £11,136 (The hourly rate of which was originally agreed as set in the October 2016 Education Board Early years NFF paper at £0.04p per hour of the 2 year old PTE allocation).

- 8.3 For the DfE DSG universal 3 and 4 year old entitlement funding allocation the PTE* has been set at 2,693 children, at an hourly rate of £4.48. And note, as set in the December 2019 EB paper the core 2020/21 rate Southend passes over to all providers will be £4.32 (awarding the DfE full increase of £0.08 per hour from 2019/20) which therefore also allows for the DfE statutory requirement and retention of £0.16 per hour, to continue to fund supplementary provider eligible deprivation funding at £0.44 per hour (at an expected 20% take up of total PTE* attached to eligibility for Early Years Pupil Premium), and a continued centrally retained fund for the Special Educational Needs Inclusion fund and additional early years provider training set at a total of £140,000, which is based on a continued hourly rate of £0.07 per hour of the 3&4 year old PTE allocation.
- 8.4 The DfE DSG 3 and 4 year old extended entitlement funding allocation for eligible working parents PTE* has been set at 714 children, at an hourly rate of £4.48. And note, as set in the December 2019 EB paper the core 2020/21 that will be passed over to providers will be £4.32 per hour, as this has to statutorily mirror, as set by the DfE, the Universal 3&4 year old provider entitlement rate including any additional provider supplement funding.
- 8.5 The 2020/21 3&4 year old funding provider funding rates set continues to ensure a passport funding rate through from the DfE to providers of 98%, which is also 3% above the minimum statutory requirement of 95%. Recognising the continued importance of ensuring a high level of passport funding rate through to providers to assist with both quality and sustainability of 3 & 4 year old early years child care provision in Southend.
- 8.6 The DfE have also set the 2020/21 allocations for both the Disability Access Fund (DAF) expecting 94 Southend children to be eligible at a funded rate of £615 per child with a total fund of £57,910, and a £127,486 Early years pupil premium annual fund expected to target 422 children on a PTE*, funded at £0.53p per hour.
- 8.7 The original 2020/21 early years budget has now also been set with the agreed EB December 2019 decision to apply additional one off investment (funded from the available one off resources in the Early Years DSG reserve) to further support and expand service delivery as shared in that Early Years investment request paper. Therefore an additional one off £112,000 has been allocated to the central 2020/21 DSG budget allocation (equivalent 1 years funding of the 2 year total £224,000 agreed investment amount).

9 High Needs Block (Provisional) - £22.561M

- 9.1 As first shared in the October 2019 EB DSG report, including an explanation of. The 2020/21 High Needs block under NFF has seen much needed and confirmed growth in funding from the DfE of £3M compared to the latest 2019/20 budget allocation.

9.2 And, as previously agreed with the EB (and annual cycle of DSG funding papers), the detailed funding allocation of the 2020/21 high need funding to service lines will be presented at the June 2020 Education Board. This then also continues to allow sensible time to plan the detailed allocation of the 2020/21 funding ahead of the start of the September 2020 academic year.

10 Central Block - £1.755M

10.1 The central block budgets have been set in accordance with agreement of the December 2019 DSG EB paper. And therefore also includes the agreed 1 year £181,000 funding transfer from the Schools Block to support the Central Block historic commitment as referenced in 5.2.3.

10.2 The historic commitment funding element is therefore maintained at £904,888 (the same funded level as 2019/20).

10.3 The 2020/21 ongoing responsibilities funding element of Central Block has seen a net slight increase of £7,576. Returning a total fund of £850,416. This increase is due to the increase in the school pupil head count from 2019/20, whereby a proportion of the central block funding ongoing responsibilities funding is determined by any changes in head count.

10.4 The final 2020/21 amounts are therefore confirmed as;

	Amount
From Central Schools Services Block	
Combined budgets / historic commitments	£904,888
Copyright Licences*	£134,934
Schools Admissions	£267,980
Servicing of Schools Forum	£18,700
Retained Duties*	£428,802
	£1,755,304

Copyright Licences* - annual copyright licence charge set by DfE.

Retained Duties* - Former Education Services Grant - ongoing funding to support LA Statutory duties – for Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

11 DSG current anticipated reserve levels as at 31st March 2019

Block	Schools – ISB	Schools - growth	Schools – de- delegated	Early Years	High Needs	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reserves surplus / (deficit)							
1 April 2019							
B'fwd	0	(69)	0	594	(348)	39	216
18/19 Early years funding adj.	0	0	0	130	0	0	130
2019/20 forecast							
Variance	0	50	9	0	499	0	558
Transferred in year	0	0	0	0	0	0	0
31 March 2020	0	19	9	724	151	39	903

11.1 The only change to the anticipated reserve levels from what was presented in the last December 2019 paper, is the updated allocation for schools growth in 2019/20 where further available funding has been distributed (as referenced in 7.3).

12 Conclusion

12.1 The overall position set out for 2020/21 is a balanced DSG budget, with a current expected adequate level of DSG funding reserves carried forward into 2020/21.

12.2 It is again (as shared in the December 2019 EB paper), after consideration of the historic funding pressures on high needs, with particular praise to the work and decisions in recent years of the Local Authority, Education Board, Resource Sub Group, task and finish groups, special schools, schools, early years providers working constructively and collectively that have restored the DSG balances to a current and sustainable financial footing.

13 Appendices (Note - available on request)

Appendix 1 – DSG Final Individual Schools Budget allocations 2020/21

Appendix 2 – DSG Budget 2020/21

Appendix 3 – DSG Growth fund rates from Sept-20 and updated from Sept-19