

Report to:	EDUCATION ATTAINMENT IMPROVEMENT BOARD
Date:	24 March 2020
Reporting Officer:	Tom Wilkinson; Assistant Director of Finance Tim Bowman; Assistant Director of Education
Subject:	SCHOOLS FUNDING UPDATE 2019-20 AND 2020-21
Report Summary:	This report provides an update in relation Dedicated Schools Grant (DSG).
Recommendations:	Members are requested to note the contents of the report.
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial policies and financial regulations
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	As outlined in the body of the report.
Legal Implications: (Authorised by the Borough Solicitor)	The predicted funding shortfall will need to be considered in the context of the ring-fenced nature of the Dedicated Schools Grant, and the requirement to carry forward into future years any deficit. Further account of the broad framework contained within the School and Early Years Finance (England) (No 2) Regulations 2018 will need to be taken account of in the timely deployment of funding.
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant (DSG) is a condition of the grant and procedures exist in budget monitoring and closure of accounts to ensure that this is achieved. If the council overspends its DSG funding they may be required to put together a deficit recovery plan to the DFE outlining the action we are taking to recover the deficit and manage spending.
Access to Information:	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Information:	The background papers relating to this report can be inspected by contacting Christine Mullins



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1. INTRODUCTION

- 1.1 This report provides an update on the Dedicated Schools Grant (DSG). Providing an update of 2019-20 position and an overview of the funding allocated for 2020-21.
- 1.2 The report covers the following areas
- Section 2 – A budget update for DSG 2019-20
 - Section 3 – 2019-20 High Needs Update and known pressures & commitments.
 - Section 4 to 7 – 2020-21 provisional budget update

2. DSG BUDGET UPDATE FOR 2019-20

- 2.1 The updated DSG settlement and the projected distribution / spend is included in Table 1.

Table 1 – DSG Update

DSG Funding Blocks	DSG Settlement 2019-20 at Nov 2019 £000	Projected Distribution / Spend 2019-20 £000	Variation Surplus / (Deficit) £000
Schools Block	162,369	162,263	106
Central School Services Block	925	925	0
High Needs Block (Pre/Post 16)	20,782	26,561	(5,779)
Early Years Block	16,479	16,233	247
Total	200,555	205,982	(5,426)

Note: the table above includes rounding's

- 2.2 The projected surplus on the schools block mainly relates to a surplus on growth funding of £0.101m and a small surplus relating business rates adjustments.
- 2.3 The CSSB settlement includes funding for the Admissions Services, Schools' Forum and Licences as well as the centrally retained services (formally supported by the Education Service Grant) and is projected to have a nil variation.
- 2.4 The centrally retained service funding is supporting a proportion of the statutory costs of: the Director of Children's Services; the Assistant Director of Education; Planning for Schools; Asset Management; Health and Safety; SACRE; Education Welfare; Appeals; and statutory functions carried out by Finance and Internal Audit.
- 2.5 The projected deficit on the high needs block is £5.779m and further information on this can be found at Section 3 of this report.
- 2.6 The projected surplus on the early years block is £0.247m. The 3 and 4 year old position has improved due to the uptake and surplus funding in this area offsets overspending on 2 year old funding resulting in a £25k surplus. There is £200k underspend on the centrally retained funding due to delays in recruitment, and £20k surplus on the Disability Access Fund. The overall surplus in Early Years will be utilised to support wider pressures in DSG.
- 2.7 The final Early Years funding allocation from DfE will not be announced until June 2020 for 2019-20, which will be based on January 2020 census data, which will be reported to Summer 2020 forum.

3. HIGH NEEDS UPDATE 2019-20

3.1 As reported to EAIB in June 2019, we continue to experience growth in demand on the High Needs budget. When looking back to February 2019 projections we anticipated an overspend in year of £5.51m, with a view to using DSG reserves to offset the overspend. This would give a £2.28m in year deficit that we would need to carry forward to 2020-21. The latest projections are estimating an increase in deficit of £2.55m due to additional growth.

3.2 Table 2 provides line by line analysis of High Needs Spending

Table 2 – High Needs Update 2019-20 at December 2019

High Needs Budget Position	Original Forecast £000	Revised Forecast Dec 2019 £000	Variance Surplus / (Deficit) £000	% Change
Mainstream	1,877	2,489	(612)	33%
Special	9,440	10,137	(697)	7%
Tameside Pupil referral Service	2,538	2,546	(9)	0%
Resourced Units	127	213	(86)	68%
Independent Schools	2,105	3,127	(1,022)	49%
Non Maintained Special Schools	391	331	60	-15%
Out of Borough (Pre 16)	721	1,040	(319)	44%
Post 16	2,448	2,999	(551)	23%
Hospital Education	76	76	0	0%
SEN Support Services	1,841	1,800	42	-2%
Income Out of Borough	(250)	(346)	96	38%
Total	21,313	24,411	(3,098)	
Original Funding	20,337	20,265	(72)	
Academy Recoupment	(1,462)	(1,462)	0	
Additional Pressures Funding	517	517	0	
Total Funding	19,392	19,320	(72)	
Overspend before Balance b fwd.	(1,921)	(5,091)	(3,170)	
Projected in Year Growth:				
Summer Term Real Time	1,662	£0	1,662	
Autumn Term Real Time	1,099	£0	1,099	
Spring Term Real Time	824	688	136	
Total Growth	3,586	688	2,898	
Projected Overspend at Year End (Before Reserves)	(5,507)	(5,779)	(272)	
DSG Reserves at 1 April 2019	3,228	3,228		
Projected Overspend at Year End (after Reserves)	(2,279)	(2,551)	(272)	

Note: the table above includes rounding's.

3.3 The reason for overspending in the borough is due to:

- The increasing high needs population such as special school places and resourced provision
- Increase Education Health Care Plans each of these plans requires specific funding to support the child.
- Increases in the number of Post 16 placements requiring top up funding
- Increased spending in supporting Tameside children in the Independent Sector or Out of Borough placements

3.4 There continues to be a significant number of requests for assessment and a review of the growth earmarked to the end of the financial year seems reasonable. Table 3 provides an overview in EHCP's comparing April 2019 and December 2019. If this trend continues EHCP's could increase by a further 90 – 120 taking the total number of EHCP's to approx. 1,683 by March 2020.

Table 3 – Growth in EHCP's across sectors at December 2019

Sector	Original EHCP's Apr 19	Revised EHCP's Dec 19	Diff	% Change
Mainstream	354	477	123	35%
Special	485	557	72	15%
TRPS	15	16	1	7%
Resourced Units	44	57	13	30%
Independent Schools	81	134	53	65%
NMSS	11	8	-3	-27%
OOB (Pre 16)	70	93	23	33%
Post 16	192	221	29	15%
Totals	1,252	1,563	311	25%

3.5 A High Needs Review has been carried out which has been the subject of consultation with all schools and academies. The result of this consultation has met with agreement. The next phase of this work is to agree an implantation plan, prioritising the following changes;

- Looking at the SEMH provision in the Borough and expanding the provision at Thomas Ashton
- Review the Post 16 provision for the most vulnerable pupils in the borough and establishing post 16 provision at Cromwell
- Looking at resource provision and establishing an increase in units in each locality where demand dictates.
- Investigating the establishment of locality budgets, and looking at sustainability of this funding.

3.6 Alongside the above measures, a review of the SEND support services will be undertaken, and work undertaken with other GM authorities to consider options for joint working. A review of Element 3 top up funding will be also be carried out. As a result of taking these actions we look to stabilise the position over the following three years.

3.7 The financial pressures in the High Needs Block continue to be serious and represent a high risk to the Council. As the HNB enters into deficit by the end of 2019-20, the Council may be required to produce a 3 year deficit recovery plan and submit this to the DfE.

4. PROVISIONAL DSG SETTLEMENT FOR 2020-21

- 4.1 The provisional DSG settlement for 2020-21 of £212.246m was received on 19 December 2019. All DSG funding must be deployed to schools and / or pupils in accordance with the School and Early Years Finance (England) (No 2) Regulations 2018.
- 4.2 Table 4 provides the breakdown of the provisional settlement for the four blocks within the DSG announced in December 2019, compared with the 2019-20 latest settlement figures.

Table 4 – DSG Settlements as at December 2019

DSG Blocks	2019-20 £000	2020-21 £000	Increase £000	% Change
Schools Block (includes Academies)*	162,369	169,918	7,549	4.6%
High Needs Block (Includes Academies)*	20,782	24,599	3,817	18.4%
Early Years Block	16,479	16,776	297	1.8%
Central Schools Services Block	925	953	28	3.0%
Total	200,555	212,246	11,691	5.8%

* It should be noted Academy funding is recouped by the ESFA.

- 4.3 The Schools Block increase relates to an increase in pupil numbers, uplift for RPIX on PFI and an increase in DfE funding rates to the LA.
- 4.4 The High Needs block increase relates to an increase in pupil numbers and the per head gain Tameside is seeing as a result of the National Funding Formula. The gains cap is set at 17% for 2020-21, allowing Local Authority's (LAs) to see an increase up to this amount compared to the 2019-20 actual high needs allocation. Tameside are seeing an increase of 18.37% including growth in pupil numbers.
- 4.5 The Early Years Block increase relates to an increase in the DfE funding rates.
- 4.6 The CSSB increase relates to an increase in pupil numbers and an increase in the DfE funding rate.

5. SCHOOLS BLOCK FUNDING 2020-21

- 5.1 Schools' Forum had agreed to support a disapplication request to the Secretary of State to move 1% from the Schools Block to the High Needs block. On 15 January 2020, notification was received to inform us this request has not been supported. Schools Forum had agreed to transfer 0.5% in the event the DfE rejected the 1% request. This transfer provides an additional £0.849m of High Needs Funding.
- 5.2 The Local Formula agreed with Schools Forum in February 2020 allows for us to fund Tameside Schools and Academies in line with National Funding Rates; however a gains cap has needed to be applied of 4% to ensure the overall spend is affordable. This means all schools will see an increase in pupil led funding for 2020-21.
- 5.3 Within the Schools Block funding Growth has been funded in line with The Tameside Schools Growth policy agreed by forum in June 19, the cost of the growth for 2020-21 is estimated to be £1.452m

5.4 The explicit growth (£633k), funds agreed known growth with the Admissions team to address sufficiency of places. Implicit growth (£819k), which is growth funds adjustments in pupil numbers for new and growing schools.

6. HIGH NEEDS BLOCK 2020-21

6.1 In December 2019 the government released the provisional 2020-21 High Needs Block Allocation of £24.599m (before academy recoupment). This is an increase in funding of £3.817m compared to 2019-20 budget settlement. This allocation is provisional and will be subject to updates during 2020-21.

6.2 If the High Needs spending for 2020-21 is similar to 2019-20 which is an in year overspend of £5.8m, the increase given by DfE £3.8m plus the transfer of £0.8m from the Schools Block would still leave Tameside with an in year overspend of £1m, and a carry forward overspend from 2019-20 of £2.5m. This would be a £3.5m deficit to address assuming no further growth of EHCPs.

7. EARLY YEARS BLOCK 2020-21

7.1 Early Years funding has increased as outlined in Table 5. There has been an increase in funding rates of 8p for both the 3 & 4 Year Olds and the 2 year olds to the Local Authority. The funding regulations confirms that LAs must ensure a pass through of 95% of the rate to providers for 3 and 4 year old funding.

Table 5 – Early Years Funding

Early Years Funding Streams	2019-20 Early Years Allocation £	2020-21 Provisional Early Years Allocation £	Increase in Funding £
3&4 YO Universal	9,563,987	9,733,631	169,644
3&4 YO Extended	4,054,856	4,126,795	71,939
2 Year Old	2,657,894	2,698,026	40,132
Early Years Pupil Premium (EYPP)	149,149	149,150	1
Disability Access Fund (DAF)	53,505	68,880	15,375
Total	16,479,392	16,776,482	297,091

7.2 The increase in funding has enabled an increase in rates to early years providers as set out below;

	2019-20 Rate	2020-21 Rate	Increase
3&4 Universal and Extended	4.16	4.20	0.04
2 Year Old	5.20	5.24	0.04

7.3 We still have a duty to establish a SEN Implementation fund. Again due an increasing requirement for SEN support at Early Years settings this has been increased to £180k with a further contribution for 2 year olds of £5k.

8. CONCLUSION

- 8.1 The Dedicated Schools Grant for 2019-20 will likely overspend by £5.4m, in the main due to increase demand for High Needs support in schools and specialist provision across the borough.
- 8.2 Tameside has seen an increase in funding of £11.7m across all funding blocks. However due to the pressure in the High Needs block it is likely the increase is insufficient to meet our costs in 2020-21.

9. RECOMMENDATIONS

- 9.1 As set out at the front of the report.