

Dedicated Schools Grant 2020/21

The dedicated schools grant is allocated through a nationally determined formula to local authorities in 4 blocks;

- Central Services Schools Block - provided to provide funding to Local Authorities to support carrying out statutory duties on behalf of schools.
- Schools Block - This is intended to fund mainstream (non-special) Schools
- High Needs Block - This is to fund Special Schools, additional support in mainstream schools for Special Educational Needs (SEND) and other SEND placements / support.
- Early Years Block -This funds the free/extended entitlement & funding of places for 2, 3 and 4 year olds in school nurseries and Private, Voluntary and Independent (PVI) Sector settings.

DSG Funding Blocks	Estimated DSG Settlement 2020/21 £000	Block Transfer 2020/21 £000	Revised DSG 2020/21 £000	Projected Distribution / Spend 2020/21 £000	Forecast Surplus / (Deficit) £000
Schools Block	169,918	(850)	169,068	169,018	50
Central School Services Block	953	0	953	953	0
High Needs Block (Pre/Post 16)	24,401	850	25,250	30,055	(4,804)
Early Years Block	16,776	0	16,776	16,776	0
Total	212,048	0	212,048	216,802	(4,754)

The projected outturn position against the 2020/21 DSG settlement is included in the table above. It should be noted that the DSG allocation is adjusted throughout the financial year by the DfE for High Needs allocations to academies and out of borough adjustments and Early Years Funding based on take-up of places. Members should note the Schools Forum voted to a 0.5% transfer from the Schools Block to the High Needs Block of £0.850m. This was in recognition of the significant overspends of the High Needs Funding in 2019/20 of £4.568m. Tameside MBC starts the financial year with a carried forward deficit of £0.557m which will need to be addressed.

The surplus on the schools block relates under spending due to rates rebates in relation to Schools who recently converted to Academy status and actual rates charges being lower than estimated. It is estimated to be £0.050m. There may be further underspends in relation to the allocation of growth funding. The growth allocation is based on pupil numbers at the October 20 census point, the figures will be updated once this has been finalised. Any underspends will be needed to contribute to the DSG reserve deficit.

The Central School Services Block is expected to be spent in full.

High Needs

The projected in-year deficit on the high needs block is expected to be £4.804m. This is after the additional funding from the £0.850m transfer from the schools block. Also, included in this figure is £2.971m of in-year growth. The financial pressures in the High Needs Block are therefore serious and represent a high risk to the Council.

The Growth projection is based on current timeline information which shows the increases in the number of Education, Health and Care Plan's (EHCP's) seen in 2019-20 is continuing to rise at a similar level in the first part of this financial year.

- In 2018-19 the number of plans increased by 322 from 945 to 1267.
- In 2019-20 the number of plans increased by 303 from to 1570.
- Current projections show if plans continue to increase at current levels the number of plans issued could increase by a further 280 by the end of the financial year. This represents approx. cost of £2.971m in Growth. Work is continuing in this area of the budget in order to analyse and a project future growth as accurately as possible.

Work has also started on the High Needs Review as identified in the SEND Implementation plan and it is expected the Growth projections will need to take aspects of this review into account, in particularly:

- The review of Top Up Rates
- Resourced and Specialist Provision across the borough
- Capacity to meet need and demand for places in special schools, Independent and Out of Borough Providers

Any costs or savings arising from this work has not as yet been factored into the figures as we do not have sufficient information regarding the implementation of any of these work plans.

Early Years

The Early years block is currently expected to be on target however there may be significant financial pressures in this sector relating to sustainability for providers due to Covid19 closures. Dfe have enabled local authorities to use the funding in this area more flexibly, however with a caveat that the Local Authority must continue to fund early year's settings for free entitlement as normal. The flexibility allows the LA to utilise its centrally held funding to support the sector if they underspend their part of the allocation. There is not sufficient information currently available to predict the impact of this at this stage.

There will be an update to the Early Years DSG settlement in July 20 to reflect pupil numbers in the January 2020 census.

The DSG will be monitored and regular updates will be reported to members.

DEDICATED SCHOOLS GRANT RESERVE POSITION

Prior year's dedicated schools grant is set aside in an earmarked reserve details of which are outlined in the table below for both the final year end position in 2019/20 and the projection for 2020/21.

	2019/20 Surplus / (Deficit) £000	2020/21 Forecast Surplus / (Deficit) £000
DSG Reserve Brought Forward	3,228	(557)
Schools Block	114	50
In year deficit on High Needs Block	(4,568)	(4,804)
In year surplus on Early Years	251	0
Estimated Early Years 2019-20 Adjustment (TBC June 2020)	296	
Early Years Block 2018-19 Adjustment	122	
DSG Reserve after Commitments	(557)	(5,311)

In 2019/20 there has been a reduction in the reserve, in the main this due to funding the overspend on the High Needs Block. There have been contributions to the reserve in year too, the most significant of these relating to surplus funds in the Early Years Block.

If the 2020/21 projections materialise, there would be a deficit of £5.311m on the DSG. This would mean it is likely a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover this deficit and manage spending over the next 3 years and will require discussions and agreement of the Schools Forum. The position will be closely monitored throughout the year and updates will be reported to Members.