

Somerset Schools Forum
Wednesday 27 November 2019
1.30 pm Victoria Park Community Centre,
Bridgwater



To: The Members of the Somerset Schools Forum

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk and Monitoring Officer-
Date Not Specified

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Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution
under Section 100A (4) of the Local Government Act 1972.

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the meeting in large print, Braille, audio tape & disc and can be translated into different
languages. They can also be accessed via the council's website on
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AGENDA

Item Somerset Schools Forum - 1.30 pm Wednesday 27 November 2019

- 1 **Welcome, Introductions and Apologies.**
- 2 **Notes of Previous Meeting held on 9th October 2019.**
- 3 **Update from DCS (verbal)**
- 4 **Update from SSE (verbal)**
- 5 **Funding Update (attached) (Pages 3 - 30)**
- 6 **DSG Recovery Update (attached) (Pages 31 - 38)**
- 7 **Budget Monitoring Report (attached) (Pages 39 - 40)**
- 8 **Pension Update (LGPS) (attached) (Pages 41 - 44)**
- 9 **Technical Working Group Update (report to follow)**
- 10 **Early Years Sub Group Update (attached) (Pages 45 - 48)**
- 11 **High Needs Working Group Update (attached) (Pages 49 - 62)**

27 November 2019

Title: Funding Update

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Summary:	To provide an update to Schools Forum on the National Funding Formula for Schools and High Needs 2020/21.
Recommendations:	<p>A) Schools Forum to note the DfE Guidance on the National Funding Formula for Schools and High Needs</p> <p>B) Local Authority Members to Schools Forum are asked to approve the Education Management Funding for 2020/21 as follows: -</p> <ol style="list-style-type: none"> a. £12.20 per pupil for <ul style="list-style-type: none"> • HR duties • Finance duties • Health and Safety • Equality • Religious Education (SACRE) • School Premises • Monitoring national curriculum assessment b. £5.00 per pupil to provide a fund to meet the cost of redundancies in local authority schools
Reasons for Recommendations:	To inform Schools Forum members of the DfE publication of full details of the national funding formula for schools and high needs.
Links to Priorities and Children and Young Peoples Plan:	<p>Somerset County Councils Business Plan – Improving Lives, providing fairer life chances and opportunity for all.</p> <p>Somerset Children and Young Peoples Plan – Learn well and develop skills for life.</p>
	If the Education Management Costs for redundancies is not

Financial Implications:	approved by Schools Forum the authority is unable to meet the cost and will have no alternative but to seek approval from the Secretary of State, as was the case in 19/20
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1. Background

- 1.1** The DfE published the 2020-2021 National Funding Formula Tables for Schools and High Needs on the 11th October 2019. The tables present the provisional 20-21 Local Authority allocations for the Schools Block, the High Needs Block and the Central School Services Block, subject to change following updated pupil numbers and other later adjustments.
- 1.2** Other items on the agenda go on to describe the implications of the funding announcements at a local level with some proposals and recommendations for the Local Authority and the Schools Forum

2. The Funding Announcement

- 2.1** The following announcements have been made on education funding for next year: -
- Increases for the schools and high needs blocks across three years.
 - Additional funding for increases to teachers' pay.
 - Extra funding for 16 to 19-year-olds next year.
 - Extra funding for early years next year, now confirmed as 2 year old funding will increase by 8p to £5.28ph and 3 & 4 year old funding increase by 8p to £4.38ph.
 - Local authority and school-level illustrative allocations.
 - Pay and pension allocations for Sept 2019 to March 2020.
- 2.2** The following is yet to be decided following the investment announcement by the Prime Minister: -
- The breakdown of the core schools block in years 2 and 3.
 - The design of the overall pay structure.
 - The settlement for non-core schools funding beyond 2020-21.
 - Pupil Premium rates 2020-21.

3. Key Changes

- 3.1** The DfE guidance for National Funding Formula for Schools and High Needs for 2020/21 is attached as an appendix and provides all the detail on the formula and changes for next year. The key changes are highlighted below.
- 3.2** The DfE have made some small changes to the method for calculating the minimum per pupil funding levels, the mobility factor, no capping of growth funding and continuation of transitional protection, and baselines for new and

growing schools.

- 3.3** The result of the change to the method for calculating the minimum per pupil funding levels will be £3,750 per pupil for primary schools, and £5,000 per pupil for secondary schools. Only 4 schools in Somerset will benefit from this.
- 3.4** The main changes that are affecting local arrangements are: -
- Compulsory minimum per pupil funding levels.
 - A minimum funding guarantee between +0.5% and +1.84%.
 - Local Authorities can continue to transfer up to 0.5% from the Schools Block with School Forum approval. Any amounts greater than this require Ministers approval.
- 3.5** Within the Central School Services Block (CSSB), the historic commitments will be reduced by 20% cash reduction for all Local Authorities. For Somerset, this is a reduction of £1.2m. DfE have also confirmed that further reductions will also be made in the future, although have not published a timescale. It is important that Somerset continue to reduce this historic spend in advance of further DfE reductions.
- 3.6** The additional high needs funding for 2020-21 is £780m, bringing total high needs budget to £7.2 billion, a 12% increase on 2019-20 funding levels. The DfE are holding back £100m for later adjustments and allocations outside the formula.
- 3.7** The indicative allocation for Somerset's high needs block is £58.2m, which is £5.2m above last year's allocation.
- 3.8** Somerset County Council is one of thirty-two local authorities that were required to submit a DSG Deficit Recovery Plans to the DfE. Following feedback from the DfE, Local Authorities are expected to review their plans in the context of the extra high needs funding to be allocated in 2020-21. The recovery plan has been revised according to DfE feedback and included elsewhere on the agenda, including options for moving forward.
- 3.9** Full details of all the changes to the Schools Funding Formula were discussed with the Technical Working Group on the 19th November. The working group is considering implementing the new mobility factor. However, it will be unaffordable without capping schools that gain under the national funding formula. Schools Forum will be asked to consider it in January.

4. De-delegation

- 4.1** Schools are currently being consulted on exceptional circumstances, de-delegation and the education management deduction for former education services grant. Responses are due back on Tuesday 26th November.
- 4.2** Local Authority members of Schools Forum will be asked to approve the de-delegation arrangements for 20/21 in the January Schools Forum meeting when

2020/21 per pupil values will be available. Services and current year values are set out below for information.

Services for De-delegation	Basis for de-delegation	2019/20 Values
Schools in financial difficulties	Per pupil	£0.25
FSM eligibility checking service	Per FSM Ever 6	£0.47
Insurance (Public and Employers liability) Primary Secondary	Per pupil	£26.74 £45.06
Licences & Subscriptions	Per pupil	£4.69
Staff Costs (Care First, Maternity, Trade Union duties)	Per pupil	£26.67

5. Education Management Functions

5.1 Schools Forum are invited to agree the contribution of £17.20 per pupil for the education management services for 2020/21. These services are as follows:

- HR duties
- Finance duties
- Health and Safety
- Equality
- Religious Education (SACRE)
- School Premises
- Redundancy costs
- Monitoring national curriculum assessment

5.2 The consultation with schools will close on Tuesday 26th November and Schools Forum will receive a verbal update. Last year Schools Forum declined to meet the cost of meeting redundancies at £5 per pupil. The Council subsequently received approval from the Secretary of State to include the cost of redundancy in the education management contribution. Should Schools Forum again decline to meet the cost of redundancies, the Council will have no alternative but to ask the Secretary of State for approval again this year.

6. Key Dates

6.1 Key dates are as follows: -

- Early December – final census data and budget model issued by DfE
- Mid December – final DSG allocations announced
- 21st January – submit final school budgets to the DfE

7. Schools Improvement Monitoring and Brokering Grant

7.1 The School Improvement Monitoring and Brokering Grant has been in place since September 2017. The Grant is allocated to local authorities to enable them

'to monitor the performance of maintained schools, broker school improvement provision and intervene as appropriate'. The Grant is allocated annually and is based on the proportion of maintained schools in the LA. It therefore reduces on an annual basis as more schools convert to academy status. Further information for 2020/21 will be provided to the Technical Working Group when available from the DfE.

- 7.2** Somerset County Council have assumed that the Schools Improvement Grant will continue in 20/21 at £617,000. This should be confirmed in the final settlement in late December/early January.

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Department
for Education

The national funding formulae for schools and high needs

2020-21

October 2019

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Background

1. A great education is fundamental to the success of children, their families and our communities, as well as the success of our country. We want young people to have access to a world-class education system which will give them the best possible opportunities, whatever direction they choose to take.

2. The increase in funding that we announced at the end of August will help to make this a reality. Funding for schools and high needs will rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23, compared to 2019-20. This includes £780 million extra for high needs in 2020-21, to support children with special educational needs and disabilities.

3. This delivers on the Prime Minister's pledge to increase school funding by £4.6 billion above inflation by 2022-23. On top of this, we will provide £1.5 billion per year to fund additional pension costs for teachers. Overall, this will bring the schools budget to £52.2 billion in 2022-23. In 2020-21 alone, school funding will increase by 5% compared to in 2019-20, while high needs funding will increase by 12%. This substantial investment will give schools the resources they need to raise standards even further, and to equip pupils with the skills and knowledge they need to succeed, no matter what their background or where they live.

4. This additional funding will also deliver on the Prime Minister's pledge to level up school funding. We are providing enough funding for every school to see their per pupil funding protected at least in line with inflation, whilst at the same time giving the biggest increases to those schools with the lowest funding. From next year, every secondary school will receive a minimum of £5,000 per pupil, with every primary school getting £3,750 - putting primary schools on the path to receiving at least £4,000 per pupil the following year.

5. The National Funding Formula for schools has made the funding system fairer, directing money based on the actual needs of schools and pupils rather than accidents of geography or history. In 2020-21, we will continue to implement the formula to address historic underfunding and move to a system where funding is based on need. To support this, we will remove the cap on schools' gains, so that underfunded schools attract all of the gains they are due.

6. Finally, we have confirmed the government's intention to move to a 'hard' National Funding Formula for schools as soon as possible, where every school's budget will be set on the basis of a single, national formula. Making this transition will ensure that the funding system is fair and transparent for every school in the country, with similar schools receiving similar funding, no matter where they are located. We recognise that this will represent a significant change and we will work closely with local authorities, schools and others to make this transition as smooth as possible. As a first step towards hardening

the formula, from 2020-21 we will make it compulsory for local authorities to use the national minimum per pupil funding levels in their own funding formulae.

7. This document sets out the main changes to and overall design of the National Funding Formula in 2020-21. For a more detailed overview of the National Funding Formula as a whole, and changes that were made in 2019-20, please see the [2018-19 policy document](#) and the [2019-20 policy document](#).

The national funding formula for schools

8. The basic structure of the schools national funding formula (NFF) is not changing for 2020-21. However, we have changed some specific features of the formula, alongside making some technical changes. These are outlined below.

9. For more detail on the how the NFF works, and on operational arrangements for 2020-21, please see the technical note and [operational guide](#).

Figure 1: Factors in the schools national funding formula

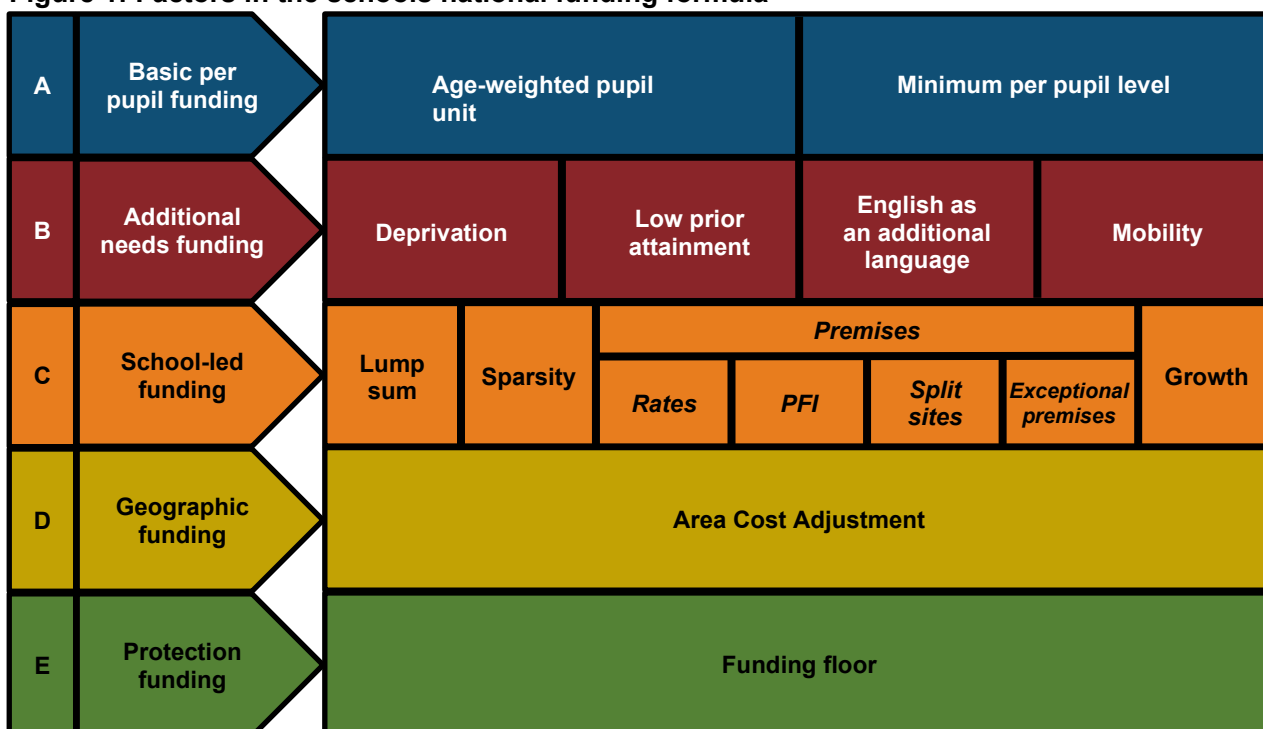


Figure 1: This illustrates the factors that will be taken into account when calculating schools block DSG funding allocations through the national funding formula. It is not to scale. Funding for factors in italics will be allocated to local authorities on the basis of historic spend.

Minimum per pupil funding levels

10. The additional money we have invested in schools means that we are able to significantly increase the minimum per pupil levels of funding. The minimum per pupil levels in 2020-21 will be set at £5,000 for secondary schools and £3,750 for primary schools – putting primary schools on the path to receiving at least £4,000 per pupil the following year. This is in line with the Prime Minister’s pledge to level up the lowest funded schools.

11. The minimum levels recognise that there are pupils requiring additional support in every school in the country, including in the lowest funded schools. The increase to the minimum levels will help to ensure that every child in the country – regardless of which school they attend, or where they grew up – can receive a superb education.

12. The minimum levels for all schools are calculated using a weighted average of the rates for primary, KS3 and KS4, which reflects the number of year groups a school has in each key stage. This ensures consistency for all schools, including those with non-standard year group structures. We will apply the following calculation:

$$\text{(No. of primary year groups} \times \text{£3,750)} + \text{(No. of KS3 year groups} \times \text{£4,800)} \\ + \text{(No. of KS4 year groups} \times \text{£5,300)}$$

Divided by

Total number of year groups

13. This ensures per pupil funding of at least £3,750 for each primary school, and £5,000 for each secondary school, with standard structures of 7/5 year groups respectively. For middle schools, all-through schools and other schools with a non-standard year group structure this will produce a specific minimum per pupil value that relates to the number of year groups in each phase. For new and growing schools, the minimum will be calculated based on the number of year groups they will have in 2020-21, as recorded in the APT.

14. We intend to make the minimum per pupil funding levels a mandatory factor in local formulae in 2020-21, and we have launched a [consultation](#) on how best to implement this in local funding formulae. The consultation closes on 22 October 2019 and the government response will be published in November 2019. Making this factor mandatory will mean that the minimum levels that are provided for in the NFF are delivered locally, at the values used in the school NFF, reassuring school leaders and parents that every school will receive at least this level of funding.

The funding floor

15. The 2020-21 NFF funding floor is set at 1.84%, in line with the latest forecast GDP deflator.¹ This means that every school will attract an increase in their pupil-led funding of at least 1.84% per pupil, compared to their funding floor baseline. We have used 2019-20 NFF allocations as the baseline for applying the funding floor. This will ensure that 2020-21 schools NFF allocations are not affected by decisions taken locally in previous years regarding local funding formulae or by transfers out of the schools block. We apply the

¹ <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

funding floor using the same methodology as the minimum funding guarantee methodology used in local formulae.

16. We will no longer use 'if full' baselines to calculate the funding floor for new and growing schools. We will instead take the same approach as for all other schools. The rationale for using 'if full' baselines is significantly changed by the use of NFF (rather than actual) allocations for the baseline. This change will simplify the calculation of NFF allocations for new and growing schools and increase alignment with local formula setting processes. For brand new schools – those that were not included in the 2019-20 NFF – we will continue to calculate theoretical baselines.

17. Further details on the calculation of the funding floor can be found in the schools NFF technical note.

Funding factor values

18. The additional money we have invested in schools for 2020-21 means that we can increase all of the key factors in the NFF by 4%. This means that schools which are already attracting their National Funding Formula allocations will attract a significant increase in both cash and real terms. The free school meals factor will be increased by 1.84% in line with inflation as the factor value is based on an estimate of the actual cost of providing school meals. Premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2019 to 2020 APT, with the PFI factor increased in line with the RPIX measure of inflation (3.03%).²

Moving towards a hard national funding formula

19. Since its introduction in 2018-19, the NFF has replaced an unfair, out-dated and opaque funding system with one that distributes funding based on schools' and pupils' needs and characteristics. This is directing resources where they are needed most, improving transparency and predictability for schools, and addressing historic disparities between areas.

20. Currently, local authorities retain flexibility over how they distribute the funding they receive through the NFF locally, in consultation with schools. This has allowed them to manage the transition towards the NFF, towards which we have seen significant progress in its first two years. The majority of local authorities have chosen to move towards the NFF locally, with 81 authorities this year moving every one of the factor

² <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/chmk/mm23>

values in their own local formulae closer to the national formula since its introduction. 121 authorities chose to use the factor for minimum per pupil funding levels this year.

21. We will build on this progress by implementing a 'hard' NFF as soon as possible, whereby schools receive what they attract through the national formula, rather than through different local authority funding formulae. This will complete our reforms to make the funding system fair, consistent and transparent for every school in the country.

22. We will work closely with local authorities, schools and other stakeholders in order to make this transition, carefully considering the issues that remain to be resolved under a hard formula, such as where funding relies on local intelligence or is tied to local duties. Further detail on how we plan to go about this will be announced in due course, but we are of course mindful not to introduce significant change without adequate lead-in times.

23. In 2020-21, local authorities will continue to have discretion over their schools funding formulae and, in consultation with schools, will ultimately determine allocations in their area. As noted above, as a first step towards hardening the formula, in 2020-21 the government will make the use of the national minimum per pupil funding levels compulsory.

Other changes to local formulae

24. We have made some other changes to how local authorities can set their local formulae this year, in addition to making the minimum per pupil funding levels mandatory.

25. Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2020-21 must be between +0.5% and +1.84%. This allows them to mirror the real terms protection in the NFF, which is the Government's expectation.

26. Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. A disapplication will be required for transfers above 0.5%, or for any amount without schools forum approval; this now applies to any transfers over 0.5%, even if the minister agreed the same amount in the past two years.

Mobility

Mobility funding from 2020-21

27. The mobility factor is intended to support schools in which a high proportion of pupils first join on a non-standard date. In 2020-21, we are introducing a formulaic approach to allocating mobility funding in the NFF, using a new and more robust methodology to determine pupil mobility than that used previously in LAs' local formulae.

28. In 2019-20 we allocated £21 million of mobility funding to local authorities based on what they spent on mobility the year before. For the past two years, we have funded the factor on a historic basis due to the unreliability of the previous data. This means that only the 63 local authorities that chose to use the factor in 2018-19 were eligible for mobility funding in 2019-20.

29. We have stated previously that we did not consider this approach to be consistent, as schools with high mobility in local authorities that do not use the factor were not attracting additional funding. After discussion with local authorities, we committed to introducing a new formulaic approach in 2020-21.

30. The new mobility factor is fairer because it will ensure that we are treating all schools with high mobility consistently and fairly, using a methodology that eliminates the need for local authorities to manually adjust the data before using it in local formulae. Funding mobility on a formulaic basis is also consistent with our intention to move to a hard NFF.

New methodology

31. Our new methodology involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years rather than relying on a single census. If the first census when the pupil was in the school was a spring or summer census, they are classified as a mobile pupil. This excludes reception pupils who start in January. For the purposes of the factor, we are not counting as mobile pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census. This is because the first census these pupils will be captured in is the autumn census. This new methodology offers a significant improvement over the previous approach.

Allocating funding for mobility

32. For each local authority, the mobility factor will allocate funding for schools whose proportion of mobile pupils in each phase is above a threshold of 6%. As the new methodology eliminates pupils incorrectly identified as mobile in the old system, the number of pupils identified as mobile, in the authorities currently using the factor, is considerably lower. Because of this, and to minimise disruption, we have opted to lower the threshold from its previous value of 10%, with the intention of capturing a similar cohort size and a similar number of schools overall in the 63 local authorities that were already using the factor.

33. All mobile pupils above that threshold will be allocated a per pupil amount at a rate of:

33.1. £875 for each primary mobile pupil above the threshold; and

33.2. £1,250 for each secondary mobile pupil above the threshold.

34. We have set the rates based on the principle of broadly maintaining the overall levels of mobility funding by phase for local authorities that currently use the factor (£21 million overall in 2019-20), and increasing the funding through the factor in order to extend it to all local authorities.

35. Moving to a new methodology will inevitably result in some change at local authority and school level. From 2020-21 we are now including mobility funding in our calculation of the funding floor. This ensures that no school will see a fall in their NFF allocation as a result of the new mobility factor.

36. Mobility will continue to be an optional factor for local authorities to use in their local formulae. We will supply local authorities with mobility data calculated according to the new method in the APT.

Growth

37. In 2019-20 we introduced a new methodology for the growth factor, designed to distribute this funding based on the actual growth that local authorities experienced between successive October censuses, rather than the amount they have historically chosen to spend.

38. Due to the wide variation in growth spending, in 2019-20 we provided a transitional protection for local authorities from significant losses, whereby no local authority's growth allocation fell by more than 0.5% of the previous year's total schools block. We will continue to provide this in 2020-21, so that those local authorities already on the transitional protection can again not lose more than 0.5% of their total 2019-20 schools block amount in their 2020-21 growth allocations. In 2019-20, we also implemented a cap to offset the cost of this protection. This meant that any gains under the new growth formula of more than 50% of a local authority's previous year's growth allocation were scaled back by 50%. In 2020-21 we are removing this gains cap, to ensure that local authorities receive their full allocation under the growth factor methodology, as measured by the actual growth they have experienced.

Local authority protection

39. In 2020-21, we will ensure that all local authorities see at least a 1.84% increase in their schools block per pupil funding. We have calculated this top-up on a provisional basis, across all funding aside from growth, and included this in the LA allocations table. We will recalculate this based on final Dedicated Schools Grant (DSG) allocations in December.

Factor values and total spend in 2020-21

	Unit Values	Total Funding (including ACA)	Proportion of core total
Basic per pupil Funding		£25,922m	73.5%
AWPU		£25,656m	72.8%
Primary AWPU	£2,857	£13,263m	37.6%
KS3 AWPU	£4,018	£7,268m	20.6%
KS4 AWPU	£4,561	£5,125m	14.5%
Minimum per pupil		£266m	0.8%
Primary Minimum Per Pupil funding	£3,750	£123m	0.3%
Secondary Minimum Per Pupil funding	£5,000	£143m	0.4%
Additional Needs Funding		£6,307m	17.9%
Deprivation		£3,188m	9.0%
Primary FSM	£450	£322m	0.9%
Secondary FSM	£450	£193m	0.5%
Primary FSM6	£560	£613m	1.7%
Secondary FSM6	£815	£677m	1.9%
Primary IDACI A	£600	£93m	0.3%
Primary IDACI B	£435	£173m	0.5%
Primary IDACI C	£405	£128m	0.4%
Primary IDACI D	£375	£136m	0.4%
Primary IDACI E	£250	£107m	0.3%
Primary IDACI F	£210	£100m	0.3%
Secondary IDACI A	£840	£76m	0.2%
Secondary IDACI B	£625	£149m	0.4%
Secondary IDACI C	£580	£111m	0.3%
Secondary IDACI D	£535	£118m	0.3%
Secondary IDACI E	£405	£105m	0.3%
Secondary IDACI F	£300	£88m	0.2%
Low Prior Attainment		£2,653m	7.5%
Primary LPA	£1,065	£1,680m	4.8%
Secondary LPA	£1,610	£973m	2.8%
English as an Additional Language		£415m	1.2%
Primary EAL	£535	£308m	0.9%
Secondary EAL	£1,440	£107m	0.3%
Mobility		£51m	0.1%
Primary mobility	£875	£41m	0.1%
Secondary mobility	£1,250	£10m	0.0%
School Led Funding		£3,026m	8.6%
Lump Sum		£2,359m	6.7%
Primary lump sum	£114,400	£1,973m	5.6%
Secondary lump sum	£114,400	£386m	1.1%
Sparsity		£26m	0.1%
Primary sparsity	£26,000	£22m	0.1%
Secondary sparsity	£67,600	£4m	0.0%
Premises		£641m	1.8%
<i>Area Cost Adjustment: A multiplier that is applied to basic per pupil, additional needs and school led funding (ACA is already included in each of the factor subtotals)</i>		£883m	
Core total (excluding funding floor)		£35,255m	
Protections			
Floor		£464m	
Primary floor funding		£277m	
Secondary floor funding		£187m	
Total		£35,719m	

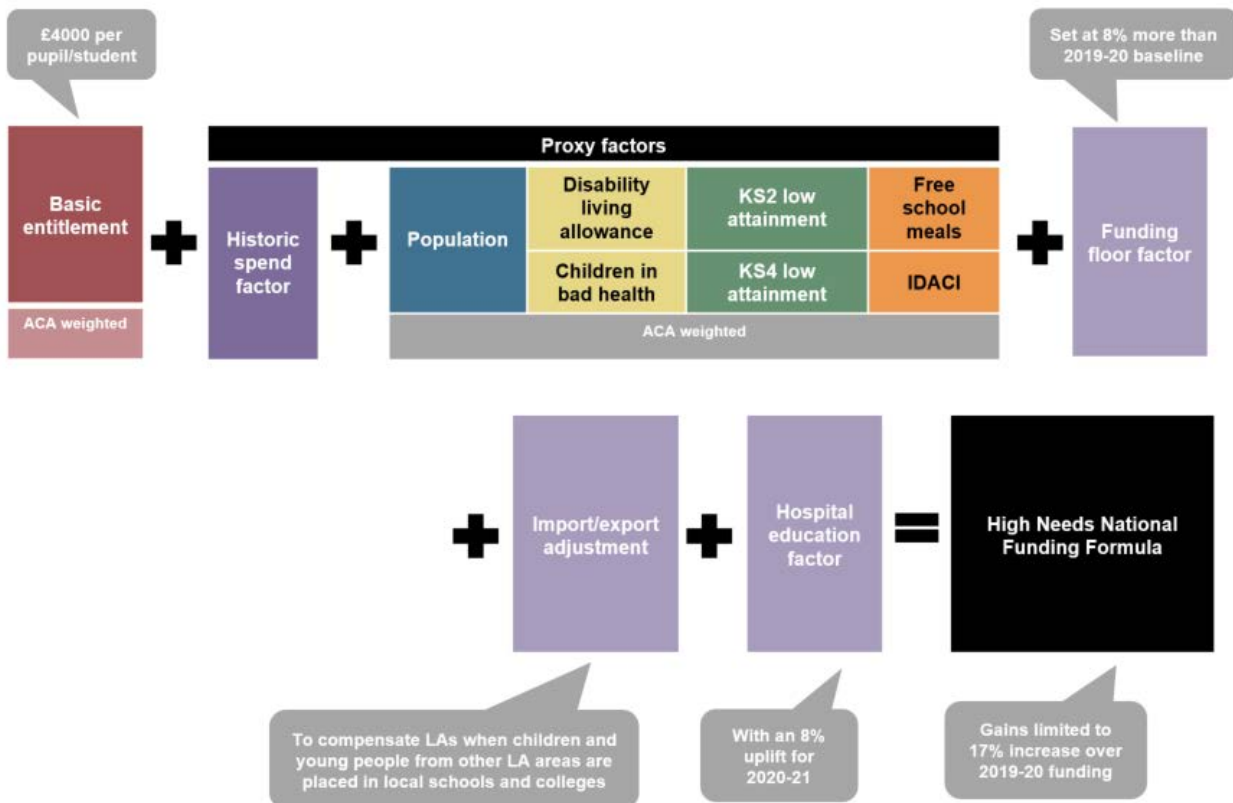
Figure 2: This shows the unit values, total funding and proportion of funding for each factor in the formula. Total funding is rounded to the nearest million. Proportion of core total funding is rounded to the nearest 0.1%. The core total funding and proportion of core total funding columns are calculated excluding floor funding, using 2019-20 authority proforma tool data and 2018/19 general annual grant data. We have excluded growth funding from this table as this funding will be calculated using October census data, so we will confirm growth spend in December.

The national funding formula for high needs

The high needs national funding formula in 2020-21

40. The basic structure of the high needs national funding formula is not changing for 2020-21. Figure 3 below sets out the factors and adjustments that comprise the formula, including an area cost adjustment applied to the basic entitlement and proxy factors.

Figure 3: basic building blocks of the formula in 2020-21



Updates to the high needs national funding formula in 2020-21

41. For 2020-21, we have updated the baseline to use local authorities' actual high needs allocations in 2019-20, rather than the previous baseline of planned spend in 2017-18. The baseline update also includes the additional £125 million per year in 2018-19 and 2019-20 which we announced in December 2018, and an adjustment to include funding for special free schools so that authorities receive this in future years through the high needs formula.

42. Two aspects of the formula will enable local authorities to see further increases in high needs funding for 2020-21.³ These two elements are:

42.1. **The funding floor** – this ensures that all local authorities' allocations increase by a minimum percentage compared to the baseline. For 2020-21 we are increasing the funding floor to 8% (per head of 2-18 population) compared to the previous 0.5% per annum floor against the 2017-18 baseline.⁴

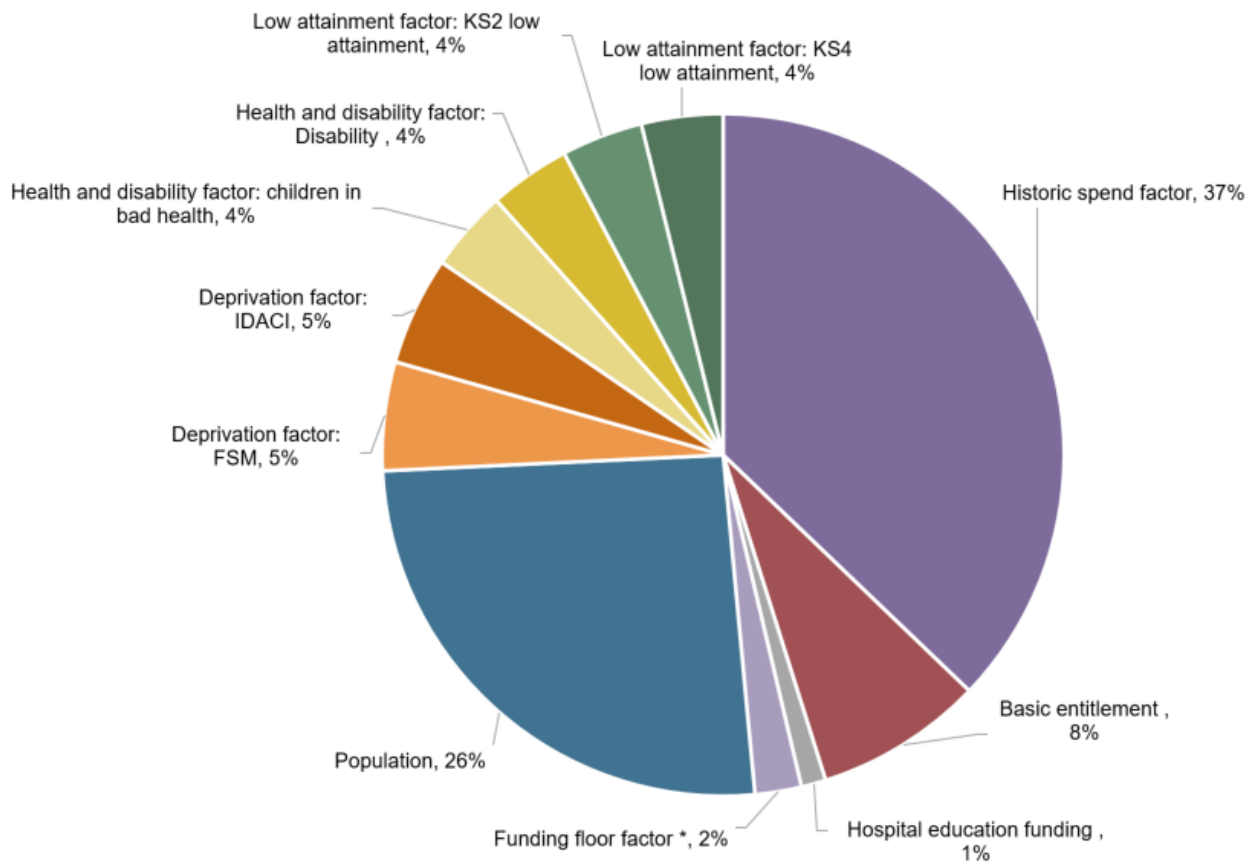
42.2. **The limit on gains** – the limit on gains will increase to 17% (per head of 2-18 population) compared to the baseline, so that authorities due to gain under the formula see more of their gains before those gains are capped. The previous limit was previously 3% per annum against the 2017-18 baseline.

43. The remainder of additional funding will be distributed through an increase to the proxy factors in the formula, keeping their relative factor weightings the same as previously. The historic spend factor will remain at the same cash value as previously.

³ The basic entitlement factor and import/export adjustment will continue be excluded from the funding floor and gains cap baselines as previously. Further detail can be found in the technical note.

⁴ The hospital education element will also be uplifted by 8%, in line with the funding floor.

Figure 4: Proportion of funding spent through the following elements of the formula



*Funding from the gains calculation has been excluded for the purposes of this diagram

44. For further details on the methodology used for the high needs formula, please refer to the 2020-21 high needs technical note once published. The technical note will also include information on the data updates and adjustments used within the high needs formula.

The national funding formula for central schools services

The central schools services formula in 2020-21

45. The central school services block (CSSB) within the DSG will continue to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.

46. Further details on the methodology used for the CSSB formula will be set out in the 2020-21 NFF technical note.

Ongoing responsibilities

47. The CSSB will continue to fund local authorities for the ongoing responsibilities they have a statutory duty to deliver for all pupils in maintained schools and academies. For 2020-21, we have protected the total allocated for this funding in 2019-20.

48. This element of the CSSB is calculated using a simple per-pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per-pupil factor, and 10% of funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools. Both elements will be adjusted for area costs.

49. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is of -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 1.94%.

Historic commitments

50. As we have previously stated, from 2020-21 we will begin to reduce the element of funding with CSSB that some local authorities receive for historic commitments made prior to 2013-14. This is in line with our reforms to move to a fairer funding system, as we do not believe it is fair to maintain significant differences in funding indefinitely between local authorities which reflect historic decisions.

51. In 2020-21, for those local authorities that receive it, historic commitments funding will be reduced by 20%, with a protection so that no authority loses an amount equivalent to more than 0.5% of its 2019-20 schools block allocation.

52. We will continue to unwind this funding in future years, and will provide further detail in due course. Our expectation remains that commitments will also unwind over

time, for example as contracts reach their end points. However, in 2020-21 we are not changing the requirement in regulations that authorities spend no more on these commitments than they did in the previous year; therefore, with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish to.

Equalities Impact Assessment

53. The Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 requires the Secretary of State to give due regard to achieving the following objectives in exercising their functions:

- 53.1. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- 53.2. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- 53.3. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

54. We have considered the impact on persons who share any of the protected characteristics (these are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation). We have focused on those protected characteristics for which the impact is largest, and which are most closely tied to the distributional policy choices we are making. We use incidence of SEND as a proxy for disability in this analysis, as the two are highly correlated, and ethnicity as a proxy for race.

55. We introduced the NFF in 2018-19 after significant consultation and published a full equalities impact assessment.⁵ We are broadly continuing the implementation of this version of the NFF. Therefore, we have focused this assessment primarily on the key policy changes that are being made in 2020-21.

Schools NFF

Increasing the minimum per pupil levels

56. Increasing the minimum per pupil levels for primary schools to £3,750 (on the way to £4,000) and for secondaries to £5,000 will benefit the lowest funded schools that do not otherwise attract these levels of funding through the other formula factors (i.e. for additional needs). As a result, the schools with the highest proportions of pupils with SEND will typically gain less as a result of this element of the formula, because these schools are likely to attract additional funding through other factors in the formula, and will therefore not be among the lowest-funded schools. Schools with the highest

⁵ https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/supporting_documents/NFF_EqualityImpactAssessment.pdf

proportions of pupils from low-performing ethnicities and ethnic minorities will also typically gain less than other schools, because these characteristics in general correlate with higher overall funding at school-level.

57. However, it is important to note that there are individual pupils with both these characteristics who are currently in the lowest-funded schools and they will benefit from this policy. Furthermore, the overall policy of the NFF continues to allocate the greatest share of resources to pupils with additional needs, and therefore those most likely to have these protected characteristics. This specific element of the formula is also set alongside a very significant increase to high needs funding – channelling resources specifically towards pupils with SEND.

58. We plan to make it mandatory for local authorities to use the minimum per pupil funding levels in local formulae. This will 'lock in' this aspect of the schools national formula at a local level, where relevant. The current consultation on implementing mandatory minimum levels is specifically exploring the equalities impact of this change.

Increasing the funding floor

59. The increase to the funding floor will disproportionately benefit schools that have been more highly funded historically. These tend to be in urban areas, and have a higher proportion of children from low-performing ethnicities and ethnic minorities because these areas are more ethnically diverse. They also have a higher occurrence of non-Christian faith schools. We assess that this will have a positive impact on these pupils.

Changing the methodology for the mobility factor

60. During the first stage of the NFF consultation, respondents were concerned that our proposal to exclude a mobility factor from the NFF would disproportionately impact Gypsy/Roma pupils and pupils of Irish traveller heritage. We acknowledged these concerns and decided to include a mobility factor in the final NFF. Our improvements to the mobility factor means that we will now be extending mobility funding to all LAs, and not just the 63 LAs who previously used the factor. This means that all schools with high proportions of mobile pupils, including pupils with these protected characteristics, will attract mobility funding, enabling them to better support these pupils and manage the costs incurred by high levels of pupil mobility. We do not anticipate that our changes to the mobility factor will have any further impacts on pupils with other protected characteristics.

Increasing the remaining NFF factors by 4%

61. We have increased the key remaining NFF factors by 4%, which affects the majority of schools. We have also removed the gains cap, so that schools will attract the full gains they are due. This benefits schools which were underfunded under the previous

funding system, so all pupils attending these schools will benefit. Addressing historic underfunding moves closer to a fairer system where funding is based entirely on need.

62. As the balance between the factors remains broadly the same, the equalities impact of the overall 2020-21 formula will be consistent with the assessment published in 2017 (apart from those differences noted above).

High needs NFF

63. We have considered the impact of the high needs distribution on persons who share any of the protected characteristics. We have focused particularly on persons with SEND given the high level of correlation between pupils with SEND and pupils with disabilities.

64. We introduced the high needs NFF in 2018-19 after significant consultation and a full equalities impact assessment. We are distributing the funding for high needs, including additional funding for 2020-21, through the high needs NFF, and are not proposing any changes to the overall structure of the formula for 2020-21. Therefore, we have focused this assessment primarily on the aspects of the formula that have changed for 2020-21.

65. In recognition of the fact that all LAs are facing some pressures on their high needs budgets, we are allocating increased funding through the high needs NFF. We are distributing this increase in the following ways:

- 65.1. **A higher funding floor set at 8%.** This means that at a minimum, LAs will see at least an 8% per head increase in funding compared to what they received in 2019-20. This is a significantly higher protection than the previous threshold, which amounted to a 0.5% floor per year against the 2017-18 baseline and will ensure that all LAs receive a significant share of the additional funding.
- 65.2. **A higher limit on formula gains set at 17%.** The gains limit was previously equivalent to 3% per year against the 2017-18 baseline. A higher limit means that LAs will receive greater increases in funding before their gains are capped.
- 65.3. **Increased funding through the remaining proxy factors.** We have distributed the remaining funding through the proxy factors, keeping their relative weightings in the formula constant. This is in line with how the formula has worked previously and means that LAs will receive their share of this remaining funding based on the proxy factors of need. These include health and disability factors reflecting any changes in the proportion of the local population of 2-18 year olds whose families receive disability living allowance because they are disabled. The proxy factors also include an

amount of funding based on each local authority's previous spending, so that funding can reflect patterns of provision and spending not otherwise captured through the formula, and making sure that funding levels do not drive changes in the placement of disabled children to the detriment of the provision they need.

66. We expect this distribution of funding to provide both significant increases to all LAs as well as ensure stability through use of the formula. As a result, and subject to local decisions on how the funding is spent in making special provision, our assessment is that the additional funding will have a positive impact for those pupils identified as SEND (which includes those with disabilities), by improving their ability to access the right educational provision and thereby addressing educational inequalities for children with SEND.

Central School Services Block NFF

67. In 2020-21, we are protecting the total allocation for the ongoing responsibilities element of the CSSB, which funds local authorities for the statutory duties they deliver for all pupils. The formula that allocates this funding is broadly unchanged; we do not expect this to have an impact on different groups of pupils, including those with protected characteristics.

68. The reduction to funding for historic commitments will affect authorities' ability to continue to deliver certain central functions as they have previously – this is a continuation of our established policy to unwind these commitments. The nature of this expenditure, relating to a wide range of individual decisions by different LAs, means the scale of this reduction will be very variable and the evidence on its impact is limited. Where authorities combine this funding with other sources to support other services – for example, related to early intervention, programmes for vulnerable children or those with high needs – these are likely to disproportionately benefit pupils with protected characteristics, such as those from ethnic minority backgrounds or with disabilities. If the reductions mean an LA can no longer fund such services in the same way, this represents a negative impact.

69. However, unwinding this funding will address funding disparities to make the wider system fairer, so that educational provision for these pupils is based on need rather than historic decisions. Ultimately, prioritising funding for schools and high needs, which has significantly increased, benefits all areas and will respond to pupils' characteristics and needs. Pupils with disabilities, in particular, will benefit from the significant increase in high needs funding that all authorities will receive in 2020-21.

70. Finally, we are not making any changes to the regulations that local authorities can spend the same amount on historic commitments that they did in the previous year, nor are we changing the flexibility to transfer funding between blocks, with local

agreement. A local authority can therefore choose to maintain spending on historic commitments at current levels using other funding where appropriate.

Overall impact

71. As noted above, each change has a specific impact and in some cases these work in different directions. For example, in relation to the schools NFF, the increase to the minimum per pupil level is less likely to benefit pupils with protected characteristics, while the increase to the NFF funding floor is more likely to. Nevertheless, we do not think these individual changes significantly shift the conclusions of the equalities impact assessment published at the point of introducing the NFF in September 2017. The exception to this is the increase to high needs funding that all local authorities are seeing, which will have a positive impact on pupils with SEND in particular, and therefore on pupils with disabilities. This is a significant additional positive impact on these pupils beyond our previous assessment.



Department
for Education

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27 November 2019

Title: **DSG Recovery Plan**

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Summary:	The DfE have responded to the Somerset Deficit Recovery Plan requesting the Local Authority to update the plan following the October funding announcement.
Recommendations:	A) Schools Forum is asked to support a transfer of £237,000 from the Schools Block to the High Needs Block for 2020/21 B) Schools Forum is asked for a view on their preferred option: - <ol style="list-style-type: none">1. Reduce the deficit over 5 years;2. Maintain the deficit at historic level and release funding for further investment for high needs proposals;3. Reduce the deficit to below the DfE 1% recovery plan trigger point over 4 years with investment available beyond year 5.
Reasons for Recommendations:	The DfE require Somerset delivers a robust recovery plan to return DSG to surplus. This cannot be done without a reasonable contribution from Schools.
Links to Priorities and Children and Young Peoples Plan:	Somerset County Councils Business Plan – Improving Lives, providing fairer life chances and opportunity for all. Somerset Children and Young Peoples Plan – Learn well and develop skills for life.
Financial Implications:	The financial implications are set out in the report.

1. Background

- 1.1** The DfE responded to the Somerset Local Authority DSG Recovery Plan on the 30th October 2019.
- 1.2** The DfE have provided comment on the submitted plan and expect local authorities to address the points raised and provide feedback to their Schools Forum.

2. DfE Feedback

- 2.1** The DfE have asked Somerset to review our DSG recovery plan considering the additional funding in relation to their following comments: -
 - Discuss impact of additional HNB funding on the recovery plan
 - Expect plan to continue to develop over time and envisage that it will form a reference point for both ongoing discussions and further development with your Schools Forum
 - Assessed that the plan should be extended for additional years to consider when the deficit will start to reduce
 - Revisit assumptions re CSSB transfers in light of reduction in funding
 - Would have liked to have seen a further detailed explanation on reclassification contributing to the pressure you have identified in P5
 - Would have liked to have seen a further detailed explanation on reclassification contributing to the pressure you have identified in P5
 - Would have expected to see a more thorough breakdown and detailed explanation of the increased number of EHCPs year on year
 - Appreciate this is a new process – keen to ensure the process is as clear as possible

3. Proposed Revision of the Somerset DSG Deficit Recovery Plan

- 3.1** The original plan as approved by the DfE is presented in Appendix 1.
- 3.2** Option 1 responds to the feedback provided by the DfE and sets out the adjustments required as a result of the funding announcement and the recovery plan extended for a further 2 years.

3.3 Option 1 – reduce the deficit over 5 years

Description	Year 1 2019/20 £m	Year 2 2020/21 £m	Year 3 2021/22 £m	Year 4 2022/23 £m	Year 5 2023/24 £m
Deficit*	9.842	11.660	8.624	5.670	2.716
Net in year overspend			0.083	0.083	0.083
Additional HNB Funding		(4.038)	(4.038)	(4.038)	(4.038)
Reduction in CSSB Funding		1.238	1.238	1.238	1.238
Proposed Transfer from Schools Block		(0.237)	(0.237)	(0.237)	0
Revised Deficit	9.842	8.624	5.670	2.716	0

* Note Years 1 and 2 are the deficits in the original recovery plan; Years 3, 4 and 5 are updated

3.4 Main assumption in the revised deficit plan are: -

- No new spending without DCS approval
- All additional high needs income will be used to reduce the deficit
- Action will be taken to reduce the historic costs in the CSSB as quickly as possible so that the savings can be used to offset high needs expenditure before the DfE reduce Somerset's allocation. For example, a £1.2m reduction in 20/21 which is equivalent to 20%. Further reductions are to be expected in due course
- High needs expenditure will be as set out in the plan – i.e. will worsen
- A small contribution of £237,000 from the Schools Block is assumed, which is less than 0.1%. Schools Forum will be asked to approve a transfer each year for the next 3 years – 2020/21, 2021/22 and 2022/23
- The high needs working group will monitor the delivery of the recovery plan
- Formal review of plan by Schools Forum annually

- 3.5** Option 2 retains the historic deficit and provides new money to meet high needs investment proposals.

Description	Year 1 2019/20 £m	Year 2 2020/21 £m	Year 3 2021/22 £m	Year 4 2022/23 £m	Year 5 2023/24 £m
Deficit	9.842	11.660	8.624	5.670	2.716
Net in year overspend			0.083	0.083	0.083
Additional HNB Funding		(4.038)	(4.038)	(4.038)	(4.038)
Reduction in CSSB Funding		1.238	1.238	1.238	1.238
Proposed Transfer from Schools Block		(0.237)	0	0	0
High Needs Investment Proposals		1.216	2.716	2.716	2.716
Revised Deficit	9.842	9.842	9.842	9.842	9.842

- 3.6** Option 3 reduces the deficit below the 1% trigger in Year 4 (2022/23) – see the table in Option 1 - that requires a DSG Recovery Plan for DfE approval. Note that £2.7m will be available in year 5 for additional investment. It is advisable to spread this one-off funding over a number of years to achieve a sustainable impact. Further details will need to be worked up if this is the approved option.
- 3.7** All 3 options require a transfer of £237,000 from Schools Block in 2020/21.
- 3.8** It is estimated that the transfer of £237,000 will have a £5 per pupil impact on individual schools. The final deduction can only be determined following announcement of final DSG allocations in December. Alternatively, this could be achieved by capping the gains made by some schools under the NFF. Feedback from the consultation will be presented as a verbal update at this meeting.
- 3.9** On the agenda is the report from the High Needs Working Group which sets out proposals for new investment of £1.2m per year which if supported will result in further expenditure on the high needs block which could be funded in Option 2 but would require an additional transfer of approximately £25 per pupil over and above the transfer of £237,000 in Option 1. As above this could be equally achieved by capping the NFF gains.

4. Evidence required by the DfE to assist Schools Forum

4.1 DfE expect to see evidence of Schools Forum discussions which include appropriate representation from special schools and other specialist providers. DfE expect the evidence presented to the Schools Forum to include:

- Details of any previous movements between blocks - *£1.1m in 18/19 and £0.3m in 19/20. The pressures are set out in the deficit recovery plan*
- A full breakdown of the specific budget pressures that have led to the requirement for a transfer – *see deficit recovery plan*
- It's particularly important that any changes in the provision for mainstream school pupils with high needs are highlighted so that those schools can understand both why a transfer of funds from the schools block might be needed, and how future transfers might be avoided – *see high needs sub group report on the agenda*
- A strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels – *see updated recovery plan above*
- The local authority should demonstrate an assessment and understanding of why the high needs costs will be at a level that exceeds the increased levels of high needs funding that all local authorities will receive in 2020 to 2021 – *the high needs budget is sustainable within the new levels of funding, provided no additional spend is incurred*
- The Schools Forum can only give approval for a one-off transfer of funding out of the 2020 to 2021 schools block – *understood. Schools Forum will be asked to consider a transfer each year in Option 1*
- The local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, if this is permitted, and how they are planning ahead to avoid such transfers in the longer term – *yes, the updated recovery plan requires a small (less than 0.1%) transfer in years 2, 3 and 4 to achieve a balanced budget*
- As part of the review and planning process, the extent to which collaborative working is being developed as a means of securing suitable high needs placements at a cost that can be afforded – *this is the responsibility of the high needs sub group*
- DfE expect effective partnership between the local authority, those institutions offering special and alternative provision (including

mainstream schools), and parents; and between the local authority and neighbouring authorities – *this has always been the Somerset model*

- Any contributions from health and social care budgets towards the cost of specialist places – *health and social care contribute on an agreed basis to individual placements*
- How any additional high needs funding would be targeted to good and outstanding primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with special educational needs in mainstream schools – *in the Option 1 revised recovery plan the additional money is aimed at recovering the deficit*
- Details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula – *indicative impact is set out above in paragraphs 3.8 and 3.9.*
- The extent to which schools more generally support the proposal, including details of the outcome of local school consultations, the options or proposals that were subject to consultation, how many schools agreed, disagreed or did not respond – *schools forum will be advised verbally at the meeting following the end of consultation*

Appendix 1

DSG Deficit Recovery Plan

Ref.	Block	Type of provision e.g. special schools	Action e.g. increasing special school places	2018-19	Year 1	Year 2	Year 3
				£	2019-20 £	2020-21 £	2021-22 £
DSG Balance b/f					6,702,400	9,841,890	11,660,561
Savings (figures should be entered as negative values)							
S1	CSSB		Active engagement of local schools and colleges in designing services and provision	(1,507,000)	(1,680,000)	(2,065,000)	(2,726,000)
S2	High Needs	Special schools	Capital investment in new, expanded or adapted special schools		0	(326,658)	(827,946)
S3	High Needs	Mainstream and Special schools	Increased resource for mainstream schools – targeted funding		(202,888)	(186,382)	(171,575)
S4	High Needs	Alternative Provision	Active engagement of local schools and colleges in designing services and provision		0	(1,173,667)	(2,012,000)
S5	Early Years		Other		0	0	0
Total savings				(1,507,000)	(1,882,888)	(3,751,707)	(5,737,521)
Pressures (figures should be entered as positive values)							
P1	CSSB		Difficulties arising from the funding formula		1,000,000	1,000,000	1,000,000
P2	High Needs		Increased use of INMSS or out of area placements	2,250,978	2,250,978	2,250,978	2,250,978
P3	High Needs		Pressure on maintained special school capacity	540,000	540,000	540,000	540,000
P4	High Needs		Increase in the number of EHC Plans	0	0	0	0
P5	High Needs		Specific needs of children with SEMH/ASD	300,000	550,000	800,000	1,050,000
P6	High Needs		High rates of exclusions and use of AP	291,900	291,900	291,900	291,900
P7	High Needs		Post-16 responsibilities	164,400	164,400	164,400	164,400
Additional Pressures (figures should be entered as positive values)				3,547,278	4,797,278	5,047,278	5,297,278
Cost reductions from impact of recovery plan				2,040,278	2,914,390	1,295,571	(440,243)
Total DSG forecast overspend							
Net in year impact on High Needs DSG				2,040,278	2,914,390	1,295,571	(440,243)
Estimated High Needs Block change (additional grant)				(1,171,000)	(1,171,000)	(1,171,000)	(1,171,000)
Approved transfer of schools block to HN block				(1,178,100)	(298,000)	0	0
Other adjustments				1,694,100	1,694,100	1,694,100	1,694,100
Net in year Forecast Outturn Variance				1,385,278	3,139,490	1,818,671	82,857
DSG Balance – show a deficit as a positive value				6,702,400	9,841,890	11,660,561	11,743,418
				DEFICIT	DEFICIT	DEFICIT	DEFICIT

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SOMERSET SCHOOLS FORUM

27th November 2019

Budget Monitoring 2019/20 Month 6 (excluding delegated schools)

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1. Summary

- 1.1 The forecast outturn position for the Dedicated Schools Grant in 2019/20 (excluding delegated schools budgets) is a £2.721m overspend.

The cumulative deficit brought forward from previous years is £6.702m. With the additional of the projected in year overspend this will increase to £9.423m by the end of 2019/20.

DSG Funding Blocks	Opening balance	2019/20 over/(under) spend	Planned use of reserves	Closing balance
De-delegated Services*	£0.294m	(£0.005m)	£0.000m	£0.289m
Central Schools Services	(£0.865m)	(£0.069m)	£0.000m	(£0.796m)
Early Years	(£0.015m)	(£0.113m)	£0.000m	(£0.128m)
High Needs	£7.288m	£2.908m	£0.000m	£10.196m
Total DSG	£6.702m	£2.721m	£0.000m	£9.423m

*Maintained schools

2. Background

- 2.1 **Schools De-delegated Services:** £0.005m underspend

There is currently a small underspend projected against the Trade Union contribution. Any under or overspends (including the cumulative deficit of £0.294m currently held in reserves) should be adjusted against the 2020/21 de-delegated values.

- 2.2 **Central Schools Services Block (excluding de-delegated):** £0.069m underspend

The majority of the underspend relates to a post previously supporting ethnic minority achievement that is not planned to be recruited to, reducing commitments

against the CSSB by £0.048m

2.3 **Early Years Block:** £0.113m underspend

The budget for 15 hours of funded provision for eligible 2 year olds is projected to overspend by £0.446m. This is offset by an underspend across the 3 and 4 year olds funding of £0.454m. The disability access fund is also projecting an underspend of £0.072m along with a further underspend of £0.028m in relation to Early Years Pupil Premium (EYPP). All projections are currently based on trends in take up over the last 2 years to limit the volatility seen in previous years projections.

2.4 **High Needs:** £2.908m overspend

The Independent & Non-Maintained Special Schools budget is reporting a pressure of £2.595m based on 179 places.

Top up funding for other local authority special schools is projecting an overspend of £0.260m. Although the number of places being funded is in line with those included within the budget, the top up rate being charged is higher than anticipated. Top up funding for maintained special schools is also projected to overspend by £0.365m. Top up funding for Further Education and Independent Special Providers is projecting an underspend of £0.248m. The budget was based on 473 places with the current projection on 458.

3 **DSG Reserves**

- 3.1 The level of reserves brought forward from 2018/19 is a deficit of £6.702m, balances for each block can be found in the table in section 1 above.
- 3.2 There are currently no requests for use of reserves and none expected in 2019/20 given the overall DSG deficit position.

27 November 2019

Local Government Pension update

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Summary:	This paper provides a high-level update on the outcome of the Local Government Pension Scheme (LGPS) triennial valuation. It indicates the potential financial implications for Somerset LA maintained schools for the 3 years 2020/21-2022/23.
Recommendations:	It is recommended that Somerset Schools Forum note: <ul style="list-style-type: none"> • The change in employer’s contribution rate for Somerset County Council for 2020/21 from 15.5% to 18.1%, or an increase of 2.6% • The change in value of the Pension Deficit Lump sum payment for Somerset County Council for 2020/21 from £12.806m to £9.331m, or a decrease of £3.475m • The overall pension increase for 2020/21 of 0.2% • The changes for future years (2021/22 and 2022/23) as detailed in section 4
Reasons for Recommendations:	The Somerset LGPS has a triennial valuation process that results in the pension fund actuaries making an assessment of the required employer contribution rate for the forthcoming 3 years and value of the lump sum contributions to be made for the forthcoming 3 years. It is important to ensure all Somerset LA Maintained schools understand the financial implications to ensure they can set a realistic and deliverable budget for the financial year 2020/21.
Links to Priorities and Children and Young Peoples Plan:	The Schools Budget supports the Enjoying and Achieving aim within the Children’s Plan.
Financial Implications:	The financial implications are included within the narrative of this report with an estimated overall financial pressure of 0.2% increase in pension costs for 2020/21.

1. Background

- 1.1. The Somerset LGPS has a triennial valuation process that results in the pension fund actuaries making an assessment of the required employer contribution rate for the forthcoming 3 years and where applicable the value of the lump sum contributions to be made for the forthcoming 3 years.
- 1.2. All entities that form part of the Somerset Pension Fund are affected by the triennial valuation and within section 4 below the specific changes for Somerset County Council are detailed. These changes affected all Somerset LA maintained schools where they have employees that join the Somerset LGPS.

2. Options Considered

- 2.1. There is no other option than to ensure communication is made to ensure all Somerset LA Maintained schools understand the financial implications to ensure they can set a realistic and deliverable budget for the financial year 2020/21.
- 2.2. Reporting to Somerset Schools Forum is an additional communication channel to assist effective communication across Somerset LA Maintained schools. This report is for information only.

3. Consultations undertaken

- 3.1. Consultations are not required to support this report and no decisions are recommended. This report forms part of effective communication.

4. Implications

- 4.1. The actuary of the Somerset LGPS has confirmed that for Somerset County Council the employer's contribution rate and deficit lump sum are as follows:

Financial Year	Employer rate	Change	Lump Sum	Change	Overall change
2020/21	18.1%	+2.6%	£9.331m	-£3.475m	+0.2%
2021/22	18.1%	-	£9.671m	+£0.340m	+3.6%
2022/23	18.1%	-	£10.024m	+0.353m	+3.6%

- 4.2. The above figures are for Somerset County Council as a whole and the impact on individual schools may differ depending on any proportional change of staffing levels (of the staff within the LGPS) across the whole council. The above overall percentage change figures must therefore be taken as indicative only.
- 4.3. There are no other implications as a result of this report.

5. Background papers

- 5.1.** There are no relevant background published papers. This report is for information only.

Note: For sight of individual background papers please contact the report author

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Schools Forum Decisions and Consultations**Item:**

– 27 November 2019

Update from Early Years Sub Group

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Summary:	<p>This paper is an update from the Early Years Sub Group which met on 6th November and considered the budget position as at month seven.</p> <p>Members also voted on changes to the Quality Supplement element of the Early Years Single Funding Formula (EYSFF) to ensure this is more equitable across qualification types from April 2020.</p>
Recommendations:	<p>The Schools Forum is recommended to note:</p> <ul style="list-style-type: none"> • The budget position as at month seven. • The Schools Forum is asked to agree the recommendations of the Early Years Sub group to cease to pay the quality supplement element of the Single Funding Formula for all eligible qualifications and for the funding to be added to the base rate.
Reasons for Recommendations:	<p><u>Changes to the quality supplement element of the Single Funding Formula</u></p> <p>Appendix A reports on the response from the consultation that ran from 25th September to 25th October 2019. This report was discussed at the sub group meeting on the 6th November. It was noted that less than 20% of providers responded to the consultation which did not meet the criteria that sub group had put in place. The response from the consultation was therefore taken into consideration when making their recommendation. The recent announcement by the DfE about the uplift to the Early Years Base Rate for Somerset of £0.08p from April 2020 was also considered when making their recommendation. Sub group also considered the increase in the base rate to all providers by taking away the quality supplement. The overarching reason for the cessation of any quality supplement, that Sub Group concluded, was to reinstate equality of funding for all providers which is especially important now as the current funding rate is low. A requirement of the Early Years Sub Group was to ensure, in addition to the Minimum Funding Guarantee, a package of business support be put into place to support settings in need of this. It was agreed that this would be discussed at the next Early Years Sub Group.</p>
Links to Priorities and Children and	The Early Years Budget supports The Somerset Plan for Children, Young People and Families 2019- 2022 – Priority 3

Young Peoples Plan:	Education – building skills for life.
Financial Implications:	Modelling needs to take place to determine the increases for providers from April 2020 but in principle we are recommending an increased base rate for all and will use the saving from the quality supplement and the recently announced government increase to ensure this. The budget of £27m will be increased from April 2020 to afford this.

1. Budget Position Month 7

- 1.1. Universal entitlement 3- & 4-year olds. Expenditure continues to be below the previous year and in month 7 the predicted underspend has grown slightly since the previous month.
- 1.2. Extended entitlement (30hrs) the profile is showing an overspend and this has increased since the previous month. This is to be expected given that more working families are claiming this entitlement which is now in its second year.
- 1.3. 2-year-old funding – based on profiling over the last three years there is a predicted overspend. This is partly due to the reduction in funding on the 18/19 final adjustment which uses the census figures.
- 1.4. Early Years Disability Access Fund – based on cumulative profiled spend over 17/18 and 18/19. The spend is well below this time last year, though there was a significant amount in month 12 last year and this may well happen again.

2. Changes to Quality Supplement Element of the EYSFF

- 2.1. The formula relates to both the universal entitlement for all three and four year olds and the extended entitlement for three and four year old children of eligible working parents.
- 2.2. It was agreed at the Early Years Sub Group on 18th September 2019 to consult with the sector about changes to the quality supplement of the single funding formula with the intention of changing this for 2020/21

2.3. Existing Early Years Single Funding Formula 2019/20

EYSFF Factor for 3 and 4 year olds	2018/19 values	2019/20 values
Base rate:	£3.93	£3.96
Provider qualification factor:		
Childminder with appropriate L3 qualification	£0.60	£0.60
Qualified teacher in an LA designated nursery provision or former LA nursery now academy run.	£0.50	£0.50
Early Years Professional leading the learning for at least 15 hours per week	£0.25	£0.25
Early Years Teacher leading the learning for at least 15 hours per week	£0.25	£0.25
Deprivation factor	£0.40 per hour	£0.61 (max per hour per child using IDACI)
<ul style="list-style-type: none"> based on the proportion of hours claimed for children living in deprived households Deprivation factor is based on IDACI deprivation data bandings 	(maximum allocation using Experian data)	Average deprivation funding £0.06 per hour
	Average deprivation funding £0.05 per hour	
2 year olds accessing entitlement funding		
Base rate per child per hour with no supplements	£5.04	£5.04

Options for consultation

The Provider Representatives voted to include 4 options in a consultation to all members of the early years sector. This consultation ran from 25th September 2019- 25th October 2019. The results of this consultation were considered at the Early Years Sub Group of Schools Forum on the 6th November 2019.

The four options considered were:

1. No quality supplement for any provider
2. Quality supplement for childminders only
3. Equal quality supplement for all eligible providers
4. Reduced quality supplements for all eligible providers.

- 2.4.** Less than the required 20% of the sector responded to the consultation. A total of 97 responses were received; 40 from childminders and 57 from representatives of group providers. The responses were analysed by all providers and by provider type and the percentage choosing each of the four options found. (please see appendix A)

The majority chose option 3 with option 2 a close second. Most childminders (68%) voted for the supplement for childminders only. In contrast, most group providers (58%) voted for equal supplements for both childminders and group providers. 23% overall voted for no quality supplements.

It was noted by sub group therefore that those who had the supplement had voted to keep it and the majority of those that didn't have it had voted to lose it.

The results of the consultation were therefore considered as part of the discussion and subsequent recommendation.

The report considered by the Sub Group recommended option 2. The Early Years Representatives considered that choosing this option would not create equality across the sector. The LA recommendation, as confirmed by discussion, was based on the risk of losing childminders and therefore risking a reduction in the sufficiency of childcare places. The consultation was based on making changes to the quality supplement to improve equality of funding across the sector. It was therefore concluded that taking the quality supplement away would be the only fair and equitable way to do this.

It was also noted during the discussion that Somerset is one of only a few local authorities that retains any type of quality supplement.

- 2.5. The Early Years Sub Group considered carefully the negative impact that their recommendation would have on some settings. The Minimum Funding guarantee will ensure that there is a transition period for any setting that is negatively impacted by the changes. In addition to this it was agreed that a small proportion of the money saved from the cessation of the quality supplement would go towards a package of business support for settings adversely affected. The details of this will be discussed and agreed at the next sub group meeting. The Local Authority already passes through 97% of the funding it receives from central government to providers and only 3% is retained for central services.
- 2.6. The proposal to cease to pay the Quality Supplement was put to the vote and carried with 4 voting in favour and 1 against and no abstentions.

3. Background papers

- 3.1. Minutes of Early Years Sub Group meeting held on 6th November 2019
- 3.2. Appendix A- Report following consultation with Early Years Providers on the proposed changes to the quality supplement element of the single funding formula.

Note: For sight of individual background papers please contact the report author

16th November 2019

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<p>Summary:</p>	<p>This paper</p> <ul style="list-style-type: none"> • reports an updated outturn position of the High Needs budget Month 6 • Sets out recent National allocations • Summarises the submitted Dedicated Schools Grant (DSG) recovery action plan requirements in light of national allocations • Notes timescales and activity required for consultation on place planning
<p>Recommendations:</p>	<p>For Forum</p> <ul style="list-style-type: none"> • to note the outturn position Month 6 • to note the indicative National allocations • To note High Needs Sub Group comments on the impact of the indicative allocations on strategic approach to the Dedicated Schools Grant recovery plan requirements • To note submission of place numbers for Academies and Special Free Schools.
<p>Reasons for Recommendations:</p>	<ul style="list-style-type: none"> • The DSG is subject to a DfE submitted recovery plan • The high needs block reflects required savings within the DSG recovery plan • The LA is required to submit place numbers to the DfE for changes to place numbers for 2020/21 in Academies and Special Free Schools
<p>Links to Priorities</p>	<ul style="list-style-type: none"> • Children and Young Peoples Plan 2019- 2022: Great Education: building skills for life • 5 SEND Strategic Objectives SEND Strategy 2016-19
<p>Financial Implications:</p>	<p>The DSG recovery plan is required by the DfE and sets out the savings and pressures across the DSG. New indicative allocations now require this to be reviewed.</p>

1. Current Position

Position against month 6 is reported below and forms part of month 6 budget monitoring

Type of provision	Budget	Projection	Overspend/ Underspend
Early Years	£1,274,100	£1,283,200	£9,100
Mainstream - pre 16	£7,376,600	£7,394,249	£17,649
Specialist Units - ASD	£2,371,500	£2,378,900	£7,400
Specialist service HI / VI	£966,700	£992,800	£26,100
PRUs - PEX	£2,592,000	£2,467,600	-£124,400
PRUS - HN (Tone + Specialist Provision)	£657,000	£657,000	£0
PRUS - Medical / Hospital	£1,899,000	£1,899,000	£0
Behaviour Partnership	£2,487,000	£2,487,000	£0
Maintained Special and Free Special Schools	£16,752,300	£17,377,285	£624,985
NMSS and Independent	£10,569,600	£13,164,696	£2,595,096
FE post 16 (Colleges & ISP)	£4,409,600	£4,162,000	-£247,600
Vulnerable groups	£72,100	£72,100	£0
Total	£51,427,500	£54,335,830	£2,908,330

The main overspend projected continues to be the cost of placements at independent and Non-Maintained Special Schools; the projection for month 6 is based on 179 school placements. This continues to be in line with expectations set out in the deficit recovery plan. Special School Top Up funding is projecting an overspend of £0.625m, based on 757 children and represents an increase since month 5 of £0.374m.

2. DSG Recovery Plan: National updates

2.1 In collaboration, Schools Forum and the LA have agreed a whole system approach to the DSG. The LA in partnership with schools has submitted a DSG recovery plan to the DfE as required. This plan sets out the pressures and savings to address the projected overspend across the DSG over 3 years 2019-2022.

A response from the DfE was expected in early September, however this has been delayed following the Government announcement at the end of August 2019 that funding for schools and high needs will rise by £2.6bn for 2020-21, £4.8bn for 2021-22, and £7.1bn for 2022-23, compared to 2019-20. This includes £780m extra for high needs in 2020-21.

Schools Forum: High Needs Sub-Group

On 11th October 2019 indicative allocations were released. Somerset high needs block has been allocated an indicative budget of £58.198m for 2020-21. This is an additional £5.207m and represents an increase of 9.8%.

The LA received notification from the DfE on Wednesday 31st October to acknowledge receipt of the recovery plan and DfE have requested additional information in relation to Pressure 1¹, 5 and 8 respectively, however have not currently given any timescales for the return of the requested information

Assumptions made within the DSG recovery plan must therefore now be revisited, the impact analysed and the recovery plan revised as and if required . In the absence of timescales from the DfE *it is recommended therefore that progress against the development of the recovery plan should continue.*

Pressures and DSG recovery plan are contained in **Appendix 1** to this report.

2.2 Since 2006 the Department has funded local authorities for their current expenditure on schools, early years and children and young people with high needs through a specific grant known as the Dedicated Schools Grant (DSG), made under section 14 of the Education Act 2002.

At the end of each financial year, a local authority may have underspent or overspent its DSG allocation. The conditions of grant for the DSG provide that any underspend must be carried forward to the next year's Schools Budget.

A newly launched consultation which sets out the Government's intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process and further details of this consultation are in **Appendix 2** to this report.

Timescales for business as usual consultation activity continues alongside the consultation and have been summarised in **Appendix 3** to this report

3. DSG recovery Plan: Local Updates

Schools forum received a recap on the DSG recovery plan on 8th October

Schools Forum have given agreement in principle to focus improvement activity on an emerging approach which follows best inclusive practice and is broadly known as the Local First approach.

This reflects the needs of children with additional learning needs, including those who are excluded or not able to attend mainstream school and for those with SEND. It sets out shared principles and collective responsibility and facilitates collaboration amongst Schools, LA and wider partners through a whole system approach.

^{1 1} Note Pressure 1 relates to Central Schools block

Transformational activity is therefore required at all levels of activity: universal, targeted, specialist and complex/acute and enduring and work to develop specific activities is underway.

In summary this includes:

- **Saving 2:** reduces need for reliance on expensive independent schools by providing more local special schools and resource base places, focussing on inclusive practice
- **Saving 3:** building capacity and expertise at SEND support in the early years, school and FE colleges through facilitating and supporting the development of sector led improvement and using resources flexibly
- **Saving 4:** intervening early and joint arrangements, sharing costs with schools

It should be noted that the savings represent a whole system approach. The plan sets out three phases of savings, short, medium and long term, with identified activities in each year providing savings across the full 3 year period and beyond. These are summarised as:

Short term: Intervening early and managing demand

Allocating special school places sensibly as new and existing places become available. Introducing flexible approaches to funding (Saving 2). Ongoing aligning and integrating teams across the LA to target SEND services to support best inclusive practice (Saving 3). Connecting partners across the system and utilising all national and regional school to school initiatives to build capacity, skills and confidence and improve outcomes at all phases (Saving 3). Sharing the cost of intervening early, including outreach and flexible use of alternative provision to reduce escalation and supporting education settings to maintain CYP in mainstream settings (Saving 4).

Medium term: Developing a personalised approach

Building on the short-term approach for new places these activities will support children to attend local schools at less cost, using developing outreach support to maintain children in mainstream and developing support to special schools (saving 3 and 4)

These approaches support flexible use of funding to plan transition early and where individual arrangements would benefit children and young people currently placed in independent schools who, with the right support, could access mainstream, mainstream resource bases or special schools local to home (Saving 2)

Specific activity for post-19 will include jointly commissioning 5 days packages with Adult Social Care, Health and in collaboration with our local FE colleges (Saving 2)

Long term: Building capacity in Local special schools and using the Local First approach

The LA has committed to capital investment of £54m which will lead to an additional 436 specialist placements being available from 2020/21 and completed by 2022/23 so young people can attend their local specialist resource base or special school where their needs cannot be met

in mainstream, local to their homes and community, resulting in a 40% reduction in the need for independent placements by 2023/24. ² (Saving 2)

Joint arrangements and projects will be developed across statutory partners and schools to support identified cohorts of children and young people who have complex and enduring needs (Saving 3) or where intervening early will help swifter and more timely support, such as the mental Health Trailblazer bid (Saving 4). These joint arrangements will be identified based on data analysis.

4. High Needs Sub Group projects update

The High Needs Sub Group continue to develop clear reporting mechanisms for project streams relating to high needs block as part of the developing arrangements for Schools Forum.

Broadly the ongoing project activity will be subsumed into the DSG recovery plan with savings which relate to high needs activity and are set out above. Summarised here:

- Saving 2: The capital investment programme and place planning function. This covers the ongoing building of special schools, development of ASC bases in mainstream schools and the development of a Special Free school.
- Saving 3: Local First - placements in independent schools, contract arrangements and provider resilience.
- Saving 4: Identifying and managing behaviour, now known as part of whole system improvement called "Building emotional resilience" which is the development of a joint approach across schools, LA, CCG and CAMHS and includes the Mental Health trailblazer bid

5. High Needs Sub Group activity

The High Needs Sub Group received a presentation to support the required activities in the meeting. Discussion of the impact of the new High Needs allocation on the DSG recovery plan and possible options. The impact of the indicative additional allocation on the High Needs deficit recovery plan budget was discussed.

Changes to the Central Schools Block (£-1.2m) and Schools Block (£16m) were also noted as these impact collectively on the recovery plan.

Discussion acknowledged that the additional funding would support the Deficit recovery plan to achieve a balanced budget sooner than was anticipated however the High Needs Group

² Where parental preference falls outside of the Local First approach the LA will consider requests on an individual basis and will apply the personalised commissioning approaches described in the medium-term activity above.

Schools Forum: High Needs Sub-Group

expressed continued support for the activities in the DSG recovery plan and welcomed the opportunity to consider a varied approach to the use of the additional funding to address pressure areas, specifically around performance timescales and related costs for SEND casework team and EPs in undertaking assessments. It was agreed that supporting an increase in 20 week performance was a priority.

5 options were discussed. These options explored the use of some of the additional spend in line with the emerging funding partnership principles. It was noted that these options were not exhaustive and other options could be considered.

A: Saving 4: Building capacity/incentivising Inclusion £355,200 (*New spend*) 2-8% increase Band 2 and 3 mainstream. Based on 2019/20

B: Saving 4 ; (*Saving to be achieved*) £1.174m redesigning Outreach (part year cost³)

C: Additional cost of funding Top Up at 16 weeks for those awaiting a plan - £529,400* (*new spend*)

D: Saving 2 : Local First approach (*invest to save*) saving from 20/21

Bands 3 plus mainstream enhanced (personalised commissioning) £327,000

E: Saving 3 (*Invest to save*) Saving from 20/21. Local First (Personalised commissioning) £389,000

F: Supporting EP Locum use to improve 20 week performance (*New spend* £272,400)

This option was added following the High Needs Sub Group.

G: Building Capacity in Schools to Support Children and Young People with SEND. This option has been added following the High needs group. The SEND improvement plan has identified the need for SEND training for all schools. This funding would be used to provide training to SENCO networks, headteacher associations and in partnership with the LA and other statutory partners to improve outcomes for children and young people with SEND who attend Somerset schools and their families.

The High Needs Sub Group generally welcomed the 5 options and felt that this would encourage best inclusive practice in mainstream schools and work to the principles and activities as set out in the DSG recovery plan.

Option B was discussed in the context of a disapplication from the Schools block to High Needs. The High Needs Sub Group were reminded that movement between blocks now required a disapplication process and that 0.5% of the total Schools block falls within Forum's decision making. Disapplication above 0.5% would require Secretary of State approval. It was noted that the required modelling to ensure the MFG was achieved for all schools was not yet complete, and therefore the High Needs Sub Group could not give definitive support for this option, however it was expressed that if all the proposed options were approved that schools would consider option B an appropriate disapplication request and would benefit all schools.

The High Needs Sub Group requested that validation of costs be undertaken and confirmed to Schools Forum and for the options to form part of the consultation requirement in order to provide relevant information to approve or otherwise a disapplication.

³ Full year cost £2.012m

Schools Forum: High Needs Sub-Group

6. Discussion and agreement of the additional places for Academies and Special Free Schools

Claire Merchant-Jones outlined the process for special school place planning and shared the planned return. The High Needs Sub Group noted the increase in numbers. See Appendix 3 for information.

7. High Needs Sub Group recommendations to Forum

For Forum to consider the proposed options in this paper.

Appendix 1 DSG recovery plan submitted June 2019

DSG Deficit Recovery Plan

Ref.	Block	Type of provision e.g. special schools	Action e.g. increasing special school places	2018-19	Year 1	Year 2	Year 3
				£	2019-20 £	2020-21 £	2021-22 £
DSG Balance b/f					6,702,400	9,841,890	11,660,561
Savings (figures should be entered as negative values)							
S1	CSSB		Active engagement of local schools and colleges in designing services and provision	(1,507,000)	(1,680,000)	(2,065,000)	(2,726,000)
S2	High Needs	Special schools	Capital investment in new, expanded or adapted special schools		0	(326,658)	(827,946)
S3	High Needs	Mainstream and Special schools	Increased resource for mainstream schools – targeted funding		(202,888)	(186,382)	(171,575)
S4	High Needs	Alternative Provision	Active engagement of local schools and colleges in designing services and provision		0	(1,173,667)	(2,012,000)
S5	Early Years		Other		0	0	0
Total savings				(1,507,000)	(1,882,888)	(3,751,707)	(5,737,521)
Pressures (figures should be entered as positive values)							
P1	CSSB		Difficulties arising from the funding formula		1,000,000	1,000,000	1,000,000
P2	High Needs		Increased use of INMSS or out of area placements	2,250,978	2,250,978	2,250,978	2,250,978
P3	High Needs		Pressure on maintained special school capacity	540,000	540,000	540,000	540,000
P4	High Needs		Increase in the number of EHC Plans	0	0	0	0
P5	High Needs		Specific needs of children with SEMH/ASD	300,000	550,000	800,000	1,050,000
P6	High Needs		High rates of exclusions and use of AP	291,900	291,900	291,900	291,900
P7	High Needs		Post-16 responsibilities	164,400	164,400	164,400	164,400
Additional Pressures (figures should be entered as positive values)				3,547,278	4,797,278	5,047,278	5,297,278
Cost reductions from impact of recovery plan				2,040,278	2,914,390	1,295,571	(440,243)
Total DSG forecast overspend							
Net in year impact on High Needs DSG				2,040,278	2,914,390	1,295,571	(440,243)
Estimated High Needs Block change (additional grant)				(1,171,000)	(1,171,000)	(1,171,000)	(1,171,000)
Approved transfer of schools block to HN block				(1,178,100)	(298,000)	0	0
Other adjustments				1,694,100	1,694,100	1,694,100	1,694,100
Net in year Forecast Outturn Variance				1,385,278	3,139,490	1,818,671	82,857
DSG Balance – show a deficit as a positive value				6,702,400	9,841,890	11,660,561	11,743,418
				DEFICIT	DEFICIT	DEFICIT	DEFICIT

Since 2006 the Department has funded local authorities for their current expenditure on schools, early years and children and young people with high needs through a specific grant known as the Dedicated Schools Grant (DSG), made under section 14 of the Education Act 2002. This specific grant must be spent on the local authority's Schools Budget, which is defined in regulations (currently the [School and Early Years Finance \(England\) \(No 2\) Regulations 2018](#))

At the end of each financial year, a local authority may have underspent or overspent its DSG allocation. The conditions of grant for the DSG provide that any underspend must be carried forward to the next year's Schools Budget.

To date, the conditions of grant have provided three options for dealing with an overspend:

- the local authority may decide not to fund any of the overspend from its general resources in the year in question, and to carry forward all the overspend to the schools budget in future years
- the local authority may decide to fund part of the overspend from its general resources in the year in question, and carry forward part to the schools budget in future years
- the local authority may decide to fund all of the overspend from its general resources in the year in question

Carrying forward an overspend to the schools budget in future years requires the consent of the local schools forum, or if that is not forthcoming the authorisation of the Secretary of State. In practice, schools forums have almost always approved the carrying forward of an overspend.

[Local authorities' budget data for 2019-20](#) shows that at the end of 2018-19, about half of all authorities experienced an overspend, amounting to over £250m in all, while others were still carrying forward surpluses. The national net position was an overspend of £40m, and authorities were forecasting that there would be a net overspend of £230m at the end of 2019-20.

Until the last few years, few local authorities were recording DSG overspends, and those overspends were small. However, pressures on the high needs budget have led to more and larger overspends in recent years.

The DSG is a specific grant, and the conditions of grant make clear that it can only be spent on the Schools Budget, and not on other aspects of local government expenditure. But where there is an overspend on the DSG, local authorities may currently decide to fund that from general resources. This has led some local authority Chief Finance Officers (often referred to as section 151 officers, with reference to section 151 of the Local Government Finance Act 1972) to conclude that if their DSG account is in deficit, they need to be able to cover the deficit from the authority's general reserves. We know that a similar view is held by organisations that audit local authority accounts. Given the size of some authorities' DSG deficits, and the other pressures on authorities' reserves, there is a risk that covering DSG deficits from general funds may lead authorities to make spending reductions in other services that they would not otherwise make

Schools Forum: High Needs Sub-Group

The Department has held discussions with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG) about changes that we might make to the DSG conditions of grant and the regulations in order to create certainty that local authorities will not have to pay for DSG deficits out of their general funds. The proposals we are now making following these discussions are described below and are intended for implementation from the start of the financial year 2020-21, so that local authorities would take them into account in setting budgets for 2020-21.

Special School Place Planning : Place return

School	16/17	17/18	18/19	19/20	20/21	21/22
Avalon	53	50	50	60	60	60
Brookside	30	30	30	35	40	40
<u>Critchill</u>	53	53	53	60	66	66
Elmwood	80	80	88	88	160	168
Fairmead	98	98	92	98	100	100
<u>Fiveways</u>	76	76	77	77	77	88
Free School	0	0	0	0	0	0
Mendip FS	30	40	93	137	144	144
Penrose	40	40	40	54	0	0
Selworthy	100	100	100	120	140	148
Sky	65	65	65	72	72	88
Total	625	632	688	801	859	902



Resource Base Place Planning

School	16/17	17/18	18/19	19/20	20/21	21/22
Oaklands	8	8	12	14	14	14
Preston	9	9	11	14	14	16
Westover Green	8	8	10	14	14	14
BCA	0	6	10	14	14	18
Holway Park	0	0	6	14	14	14
Heathfield	9	9	20	25	25	25
Total	34	40	69	95	95	101

Schools Forum: High Needs Sub-Group

Appendix 3: Timescales for consultation responses

High Needs Sub Group	06/11/2019	06/11/2019	Discussion on timeline for decisions, impact of additional allocation to High needs and High needs savings activities
Consultation with schools/academies	06/11/2019	15/11/2019	Consult on any proposed changes to the local funding formula, de-delegation, education functions
High Needs Places Return	15/11/2019	15/11/2019	Changes and high needs places required for academic year 2020/21
Revised Arrangements for DSG	15/11/2019	15/11/2019	Disapplication to be agreed
Disapplication Requests	20/11/2019	20/11/2019	Deadline for disapplication requests for MFG exclusions, exceptional premises factors, sparsity factors, lump sums for amalgamations, pupil number reductions - to receive response by APT deadline
Schools Forum	27/11/2019	27/11/2019	Consult/Inform on changes to local funding formula. Seek approval for transfers from Schools block if required.
Council approval for block transfers	27/11/2019	27/11/2019	If required/ submitted
Council approval for formula changes	27/11/2019	27/11/2019	Approval for changes to local funding formula in accordance with scheme of delegation
Disapplication Requests for moving funding out of schools block	28/11/2019	28/11/2019	
Updated APT issued	01/12/2019	15/12/2019	
High Needs Sub Group	08/01/2020	08/01/2020	Finalising of High needs recovery actions and disapplication requests (if required)
Schools Forum	15/01/2020	15/01/2020	Inform on final APT figures

Schools Forum: High Needs Sub-Group

Amendments to disapplication requests	16/01/2020	16/01/2020	As per line 12/14 / 16/18
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