

DEDICATED SCHOOLS GRANT

Dedicated Schools Grant 2020/21

- In September, the government announced schools and high needs funding for the 3 year period 2020/21 to 2020/23. The table below shows the funding to be received by Thurrock in 2020/21, following the Secretary of State for Education announcement on December:

Dedicated Schools Grant	2020/21	2019/20	Increase
	£m	£m	£m
Schools	127.474	119.434	8.040
Central Services	1.850	2.073	(0.223)
High Needs	25.464	23.253	2.211
Early Years	12.413	12.332	0.081
Total	167.201	157.093	10.109

Schools Block

- The increase in funding of £8.040m is as a result of increases to funding rates of £5.435m; an increase of 584 pupils, realising additional funding of £2.968m and a decrease in the growth fund by £0.363m.
- In 2020/21, this funding will continue to be distributed using the Schools National Funding Formulae (NFF). The key aspects of the formula for 2020/21 are:
 - The minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools.
 - The funding floor will be set at 1.84% per pupil.

It remains the government's intention to move to a 'hard' NFF, where budgets will be set on the basis of a single, national formula.
- In 2020/21 local authorities continue to have discretion over their schools funding formulae in their area. In determining its local funding formula for 2019/20, Thurrock Council agreed that the NFF would be implemented in full from 2020/21.
- Thurrock's funding formula in 2020/21 has implemented the following principles consistent with the decision made by Cabinet in December 2018:
 - National Funding Formula values have been applied;
 - Unallocated funding of £0.9m has allowed an inflationary increase of 1.0168 to be applied to the Basic Entitlement values;
 - Retained growth fund has been set at £1.385m

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- Schools Forum have agreed a £0.635m transfer from the Schools Block to the High Needs Block to support increase demand for Specialist placements and Education, Health and Care Plans.

Central Services Block

6. In 2020-21, historic commitments funding to be received will be reduced by 20%. For Thurrock this is a £0.256m reduction and will be incurred for the next 5 years until the historic commitments is removed.

High Needs Block

7. The High Needs NFF for 2020/21 remains unchanged. However, with over £780 million of additional funding, the formula will ensure that every local authority will receive an increase of at least 8%.
8. Thurrock is to receive an increase of £2.211m or 9.51%. Whilst the increase is welcome, Thurrock continues to experience high level of demand for Specialist places and Education, Health and Care Plans.
9. A very challenging and stretching balanced budget is proposed but within this key risks of £1.4m have been identified, if demand continues at the same rate as in 2019/20.
10. Meetings are planned with Head teachers and the ESFA over the coming months to discuss options available to reduce demand and costs.

Early Years Block

11. The Early Years funding allocation has increased by £66 million in 2020/21. The rate paid to Thurrock will increase by 8p per hour. This is the first increase that Thurrock has received since 2016/17.
12. Following discussion with the Schools Forum and Early Year's Providers the proposal is to:
 - passport in full the 8p increase in hourly rates to providers;
 - increase the deprivation quantum from £220,000 to £285,000, and change the formula to be based on the postcode of the child.
 - increase the hourly rate paid to 3 and 4 year old providers by an additional 2p per hour, with a cost implication of £45,000;
 - The hourly rates to be paid to providers are shown below:

	2019/20	2020/21
2 Year Old	£5.07	£5.15
3 & 4 Year Old	£4.18	£4.28

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The total cost implication of £110,000 is to be funded from the ring-fenced Dedicated Schools Grant carried forward allocation of £167,000.

13. A final decision is to be made by the Schools Forum in March, pending the outcome of the January 20 census return, to understand if the proposal can be funded on an ongoing basis.

Conditions of Grant

14. The Dedicated Schools Grant (DSG) conditions of grant are expected to change with effect from the end of the financial year 2019/20. The change will clarify that councils are not expected to use their general reserves to fund deficits in the DSG but must carry forward overspends. The aim is to stop Local Authorities from reducing funding for other services to cover deficits, which are mostly due to high needs pressures. The Department for Education wants DSG deficits to be covered from DSG income over time. No timescale has been set for the length of this process.