

Schools Forum – 26th November 2019

DSG Funding for Early Help

Recommendation

1. That the School Forum notes the reduction in DSG funding for Early Help

Report of the Deputy Chief Executive and Director for Families and Communities

PART A

Why is it coming here – what decision is required?

2. The Schools Forum has oversight of the Schools Budget and is required by the Finance Regulations to annually approve central expenditure (ongoing and historic commitments). At the October meeting Schools Forum approved up to £1.448m of DSG funding for Historic Commitments be retained centrally for Early Help.
3. Since this meeting, the government has announced a reduction in funding of 20% for historic commitments for 2020/21, and its intention to further reduce this funding in future years.

Background

4. Dedicated Schools Grant (DSG) is split into four blocks – Schools, High Needs, Early Years and Central Schools Services.
5. The Central School Services block is further split into two sections - historic commitments and ongoing responsibilities. Each year Schools Forum are asked to approve that this funding is held centrally for the Local Authority to provide certain services for all schools. Services cannot be switched between historic commitments and ongoing responsibilities as the services that can be provided within each section are clearly defined in the regulations.
6. One of the services currently funded from the historic commitments section is the Early Help service which receives £1.448m of DSG funding.
7. In line with its reforms to move towards a fairer funding system, the government is reducing funding for historic commitments. In 2019/20 Staffordshire received £3.2m funding for historic commitments, therefore the 20% reduction for 2020/21 is a reduction of £640k.

8. It is possible to protect against a reduction in total DSG funding by delegating historic commitment funding to schools at least a year before the reduction in historic commitment funding. This ensures the funding is in the schools' block baseline the following year.
9. Because of this, Staffordshire has been protected from the funding reduction in 2020/21 as in 2018/19 the School Improvement budget of £818k (previously funded from historic commitments) was delegated to schools.
10. The government has indicated that it will continue to unwind historic commitment funding in future years. It is therefore necessary to take steps to protect this funding by delegating it to schools.
11. A further funding reduction of at least 20% is anticipated for 2021/22, although this has not been confirmed by government and the actual reduction could differ. To protect against a reduction of 20%, at least £400k of historic commitment funding will need to be delegated to schools in 2020/21 to ensure it is in the schools' block baseline for 2021/22.
12. The table below shows the impact on DSG allocations of delegating the historic commitment funding:

	Estimated DSG at 2020/21 levels (excluding early years) (£m)		
Year	With proposed delegation	Without proposed delegation	Retained DSG through delegating Early Help
2020/21	596.33	596.33	0.00
2021/22	596.33	595.69	0.64
2022/23	596.33	595.05	1.28
2023/24	596.33	594.41	1.92
2024/25	596.33	593.77	2.56

13. In order to protect total DSG funding for Staffordshire, the budget for Early Help will be reduced to £1m for 2020/21 and an additional £448k will be delegated to schools. It is also highly likely that the remaining £1m will be delegated to schools in 2021/22.

Impact on Early Help Service

14. We have reviewed the Early Help service data to identify the annual numbers of families coming through the service. This amounts to approximately 1,600 families across the county per year, at a cost of circa £2.05 million.

15. The Early Help service is funded by contributions from DSG, BRFC and from the Children’s Centre budget.
16. Ministry of Housing Community & Local Government have confirmed a further 12-month funding for BRFC for 2020/21. This is not a long-term funding source.
17. This contract is a payment by results contract, this means that providers are not paid until all outcomes met. As a result, of the 1600 annual referrals approximately 600 per annum will be worked with into the next financial year. The below illustrates this point;

Year	Carried from previous year	Average No. of Referrals	Approx. No. of carried forward into following year
2018/19	N/A	1,600	600
2019/20	600	1,600	600
2020/21	600	1,600	600
2021/22	600	1,000	600
2022/23	600	0	0

18. Staffordshire County Council are committing to work with schools to manage the financial reduction in DSG funds until 2021/22 in order that current service commissioned is not affected.
19. From 2022/23, this funding arrangement is not sustainable and commissioners will seek to work with schools to find a solution to bridge the long term financial gap in an effort to ensure that the Early Help service can be maintained.

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