

Meeting: Schools Forum

Date: 21 November 2016

Subject: Dedicated School Grant (DSG) Update.

Report of: Director of Children's Services

Summary: This paper provides an update on the DSG and Growth Fund allocation for 2016/17 and funding arrangements for 2017/18.

Contact Officer: Dawn Hill, Priory House, Shefford

Public/Exempt: Public

Wards Affected: All

Function of: Council

RECOMMENDATIONS:

- 1. To note and comment on the update to 2016/17 DSG allocations.**
- 2. To note and comment on the update to 2016/17 Growth Fund.**
- 3. To note and comment on the 2017/18 funding announcement.**

Background

1. Since the beginning of the financial year 2006/07 local authorities have received allocations of DSG to finance the Schools Budget in each authority. The full DSG received must be applied to the Schools Budget in each authority; although authorities may provide additional resources in support of the Schools Budget should they decide to do so. The Dedicated School Grant is split into three notional blocks; Early Years, High Needs and Schools.
2. The School and Early Years Finance (England) Regulations 2015 define the local authority education budgets (the non-schools education budget, the schools budget, the central expenditure and the Individual Schools Budget (ISB)). The regulations set out how local authorities are to allocate funding from ISB to maintained schools and private, voluntary and independent providers of free early years provision (relevant early years providers) through a locally determined formula.
3. The Regulations give effect to the decisions made to reform the school funding system through simplified local formulae, greater delegation to schools and new arrangements for funding pupils with high needs.
4. The Minimum Funding Guarantee (MFG) for schools has been set at negative 1.5% per pupil. The calculation has been simplified compared with previous years and the Regulations set out the factors which are excluded from the calculation.

Local Authority Assurance Statement

5. LAs are required to submit an annual outturn statement, confirming that the DSG received by the authority was fully deployed in support of the schools budgets in

accordance with the conditions of the grant and The School and Early Years Finance (England) Regulations 2015. The statement also includes a Non Maintained Special School (NMSS) statement and Fraud cases reported in schools statement.

6. The NMSS statement requires confirmation that based on the LAs work in reviewing Individual Placement Agreements for high needs pupils/students within NMSS, nothing has come to their attention that causes them to believe that the learners reviewed were not correctly defined as high needs students.
7. The Fraud cases statement requires the confirmation of the number and value of fraud cases reported in schools and the number of those that have been investigated and where appropriate action taken.

DSG Budget Allocation 2016/17

8. On 21 July 2016 the DfE announced details of the DSG for 2016 to 2017. The DSG remains split into three notional blocks; School, High Needs and Early Years.

School Block

9. The Schools Block is calculated based on school block unit of funding (SBUF). For CBC the SBUF is £4,294.39 an increase of £5.30 from 2015/16 to take into account the non-recoupment academy now incorporated into the SBUF for 2016 to 2017. Central Bedfordshire's pupil numbers, based on October 2015 census data has increased by 777 pupils to 36,643.
10. To protect schools from significant budget reductions, the Minimum Funding Guarantee is continuing to ensure that no school sees more than a 1.5% per pupil reduction in 2016/17 (excluding sixth form funding) compared with 2015/16.

High Needs Block

11. The High Needs Block for 2015/16 has been carried forward plus:
 - Increase in places for academic year 2016 to 2017
 - Additional top-up of £47m distributed based on the 2-19 aged population in each LA.

Early Year Block

12. The Early Years Block includes:
 - The 3 and 4 year old entitlement – set at the same per pupil rate as in 2015/16 of £3,979.80. This has been multiplied by pupil numbers from January 2015 early years census to give a provisional allocation. This has been updated in July 2016 based on the January 2016 pupil numbers and will be further updated in July 2017 based on 5/12ths of the January 2016 pupil numbers (to cover the April 2016 to August 2016 period) and 7/12ths of January 2017 pupil numbers (to cover the September 2016 to March 2017 period).
 - Participation funding for disadvantaged two year olds – set at the same hourly rate as in 2015/16 of £5.03. The final allocation will be based on 5/12ths of January participation numbers plus 7/12ths of January 2017 participation numbers.
 - The early years pupil premium will pay early year providers an additional £300 per year for each eligible child. The final allocation will be based on

5/12ths of January eligible pupil numbers plus 7/12ths of January 2017 eligible pupil numbers.

13. The table below illustrates the indicative DSG revenue allocation for 2016/17.

Block		2016/17 Allocation (M)
Schools	Schools Block	157.359
Early Years	3&4 year olds funding	10.431
	3&4 year olds adjustment (Jan Census)	(0.062)
	Indicative EYPP	0.139
	Indicative Two Year Olds Funding	1.658
High Needs	2015/16 HN base line	25.354
	Additional top-up	0.441
NQT		0.053
Total Indicative Allocation DSG		195.373

14. As in 2015/16 the DSG includes funding for the cost of monitoring and quality assurance of NQT induction (£53k).
15. To protect LAs with falling pupil numbers, a cash floor of minus 2% has been applied to the DSG allocations. This will ensure that no authority will lose more than 2% of its budget in cash terms.
16. The Department has agreed with the following agencies to purchase a single national licence managed by the Department for all state-funded schools in England:
- Christian Copyright Licensing International (CCLI);
 - Copyright Licensing Agency (CLA);
 - Education Recording Agency (ERA);
 - Filmbank Distributors Ltd. (for the PVSL);
 - Mechanical Copyright Protection Society (MCPS);
 - Motion Picture Licensing Company (MPLC);
 - Newspaper Licensing Authority (NLA);
 - Performing Rights Society (PRS);
 - Phonographic Performance Limited (PPL); and
 - Schools Printed Music Licenses (SPML)

The CLA deduction for 2016/17 will be £245k, an increase of £3k from 2015/16.

17. The following table represents the distribution of the 2016/17 DSG based on the Academy conversions as at October 2016 (51 including the Free School and UTC)

	DSG	ISB Academies	Revised DSG	ISB Schools	Central Spend	
					LA	Academies
	£'000	£'000	£'000	£'000	£'000	£'000
Schools	157,412	(88,789)	68,623	66,105	2,519	0
EY	12,166	0	12,166	8,999	1,814	1,353
High Needs	25,795	(3,718)	22,077	8,746	9,583	3,748
Total	195,373	(92,507)	102,866	83,850	13,916	5,101

18. The centrally retained DSG of £19M is further analysed in the table below;

Services	DSG £'000
Special Education Needs (Inc Post 16)	8,827
Academies Statements/Early Years	5,101
Two Year old Funding	1,658
EY Pupil Premium	139
Growth Fund	2,018
DSG Contribution to Central Overheads	719
School Admissions	261
School Contingency	4
DSG central adjustment (CLA)	245
Teachers Unions & Professional Associations	42
Early Years Contingency	0
School Forum	3
Total CE	19,017

Growth Fund 2016/17

19. The School and Early Years Finance (England) Regulations, Schedule 2, prescribes expenditure that may be deducted from the Schools budget before determining the Individual Schools Budget and held centrally. Growth Funding falls into this category and is for the purpose of expenditure due to significant growth in pupil numbers as a result of the LA's duty under section 13(1) of the 1996 Act to secure that efficient primary and secondary education are available to meet the needs of the population and in order to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) Regulations 2012.
20. Local Authorities are required to produce criteria on which any growth funding is to be allocated, and set out the circumstances in which a payment could be made and a basis for calculating the sum. The School Forum regulations requires the agreement of the School Forum for both the central spend on and the criteria for allocating funds.
21. The following table sets out the expenditure to 31 October 2016.

	Budget £	Spent £	Balance £
2016/17 Allocation	2,018,000		
2015/16 B/F balance	241,830		
Growth Fund			
Alameda Academy		(32,146)	
Bigglewade Academy		(85,600)	
Church End Lower		(45,150)	
Clipstone Brook Lower		(52,570)	
Cranfield Academy		(207,241)	
Edward Peake Middle		(71,263)	
Etonbury Middle		(321,726)	
Fairfield Park Lower		(75,260)	

Greenleas Lower		(45,876)	
Holywell Academy		(25,422)	
Leedon Lower		(45,150)	
Leighton Middle		(55,814)	
Redborne Academy		(45,396)	
Roecroft Lower		(45,150)	
Russell Lower		(45,150)	
Silsoe Lower		(100,468)	
St Marys Stotfold Academy		(19,275)	
Total Growth Fund	2,259,830	(1,318,657)	941,173

22. The School and Early Years Finance Regulations 2015 allows LAs to carry over any unspent money from the 2016/17 growth and infant class size funds to be used for the same purpose in 2017/18.
23. Where an LA makes a growth fund payment to an academy for the period April to August, the DfE will make an appropriate recoupment adjustment. Growth fund adjustments will not be made for “diseconomies of scale” or “start-up” funding. The final pro-forma for 2017/18 will include a request to adjust 2017/18 academy recoupment by £174k (as at end of October 2016). If agreed the amount will be added back to the Growth fund for 2017/18.

Funding announcement for 2017/18

24. On 21 July 2016 the DfE announced funding arrangements for 2017/18. For 2017/18, the government has confirmed that no local authority will see a reduction from their 2016/17 funding on the schools block of the DSG (per pupil funding) or the high needs block (cash amount). Final allocations for schools and high needs blocks will follow in December 2016 on the basis of pupil numbers recorded in the October 2016 census.
25. The current minimum funding guarantee (MFG) for schools will be retained so that no school can face a funding reduction of more than 1.5% per pupil in what it receives through the local authority funding formula, providing continued protection from excessive year-on-year changes.
26. Early this year the DfE carried out an exercise with local authorities to ‘**re-baseline**’ the DSG blocks for each local authority. The DfE have used these new 2016/17 baselines in calculating allocations for the schools block and high needs block in 2017/18.
27. The schools block baseline will also include funding for the previous Education Services Grant (ESG) retained duties (£15 per pupil) which will be transferred into the schools block for 2017/18 (£618k for CBC). LAs will be able to retain funding from the DSG from maintained schools, including special schools and pupil referral units (PRUs), for statutory duties previously covered by the ESG.
28. In mid-December 2016 the DfE will issue the Authority Proforma Tool (APT) to local authorities, containing October 2016 census-based pupil data. This data will be used to calculate the ISB for 2017/18. Also in December 2016 the DfE will publish the 2017/18 DSG allocation for Schools block, High needs block and provisional Early Years block.

29. The deadline for submitting the 2017/18 final APT is 20 January 2017. The deadline for confirmation of schools budget shares to maintained schools is 28 February 2017.
30. To ensure that LAs can start planning budgets for next year with certainty, proposals made in the first stage of the national funding formula consultation to create a new central schools block, allow local flexibility on the minimum funding guarantee and to ring-fence the schools block within the dedicated schools grant will not be implemented for 2017/18.
31. Authorities will continue to have flexibility to move funding between the blocks, provided that they comply with requirements on the minimum funding guarantee (MFG) and have the agreement of schools forum.
32. On the 11 August 2016 the DfE launched the consultation to set out plans for a national funding formula for early years, this consultation closed on 22 September 2016. The DfE will launch the second stage of the national funding formula consultation for schools and high needs to apply from 2018/19.

Appendices

None