

**Meeting:** Schools Forum

**Date:** 29 January 2018

**Subject:** Dedicated School Grant (DSG)

**Report of:** Director of Children's Services

**Summary:** This paper provides an update on the 2017/18 DSG and funding arrangements for 2018/19.

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 the 2017/18 DSG and funding arrangements for 2018/19.**
- 2. School forum approval is required to retain centrally for 2018/19; Admissions £313,004, School forum servicing £3,000 and a contribution to the responsibilities that the LA holds for all schools £612,216.**
- 3. Forum decision required.**

#### **Background**

- 1 Local authorities receive allocations of Dedicated Schools Grant (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 2017 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 the ISB to maintained schools and private, voluntary and independent providers of free early years provision (relevant early years providers) through a locally determined formula.

#### **Local Authority Assurance Statement**

- 3 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 2017. The statement also includes a Non Maintained Special School (NMSS) statement and Fraud cases reported in schools statement.

- 4 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 the local authorities attention that causes them to believe that the learners reviewed were not correctly defined as high needs students.
- 5 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 2017/18**

- 6 The DSG remains split into three blocks: Schools, High Needs and Early Years. The schools block baseline for 2017/18 includes funding for the previous Education Services Grant (ESG) retained duties.
- 7 The current minimum funding guarantee (MFG) for schools is 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.

### **Schools Block**

- 8 This is based on the schools block unit of funding (SBUF) as published in July 2016. For CBC the SBUF is £4,314.16, this is multiplied by the pupil numbers from October 2016 school census. Central Bedfordshire's pupil numbers based on October 2016 census data have increased by 850 pupils to 37,493. For CBC the total school block allocation is £161.751M of which £612,216 is ESG retained duties.
- 9 The previous funding for statutory induction of Non Qualified Teachers has now been incorporated into each local authority's SBUF.
- 10 Previously a cash floor of minus 2% has been applied across the schools block and the allocation for three and four-year-olds, to protect LAs with significant falling rolls. Due to the baselining exercise and the changes to the early years block this cash floor cannot be applied in 2017/18. To continue to protect LAs with significant falling rolls the DfE have replaced the cash floor with a pupil number floor, applied to the schools block only. This means that if any LAs schools block pupil numbers fell by more than 2% between October 2015 and October 2016, they will be funded at 98% of their October 2015 pupil numbers.

### **Early Years Block**

- 11 The Early Years block was announced on 1 December 2016 and includes:
- Funding for the **universal 15-hour entitlement** for all 3&4 year olds. This is calculated based on the hourly rate which was announced on 1 December 2016, for CBC this is £4.30. The allocation will be updated in July 2018 based on 5/12ths of the January 2017 census numbers (to cover the April 2017 to August 2017 period) and 7/12ths of the January 2018 census numbers (to cover the September 2017 to March 2018 period).
  - Funding for the **additional 15 hours** for 3&4 year old children of eligible working parents. This is calculated based on an hourly rate, set at the same level as for the universal entitlement for 3&4. As the additional entitlement starts in September 2017, the allocations for these additional hours do not relate to a full twelve months but are pro-rated to cover the seven months of the year from September 2017 to March 2018.
  - Funding for the **15-hour entitlement for disadvantaged two-year olds**. The hourly rate has been set at £5.39 (36p more than in 2016/17).

- Funding for the **early years pupil premium (EYPP)**, set at the 2016/17 per pupil rate, £300 per eligible pupil.
- Funding for the new **disability access fund (DAF)**. The 3&4 years olds will be eligible for the DAF if they are in receipt of the child disability living allowances and received free early education. EY settings will be entitled to receive a one-off payment of £615 per year.
- **Supplementary funding** for maintained nursery schools (MNS). The Government will provide supplement funding of £56.2M to LAs for maintained nursery schools, for CBC this is £151,270.

### High Needs Block

12 The high needs block baseline is based on the local authority 2016/17 spend published in July 2016 plus:

- Post-16 budget transferred for high needs places in further education (FE) colleges and charitable and commercial providers.
- An additional uplift allocated on the basis of the estimated 2-18 aged population in each authority and estimated growth in the 2-18 aged population.

13 The table below illustrates the updated DSG revenue allocation for 2017/18. The Early Years Block has been updated based on January 17 census data.

Block		Updated Allocation (M)
Schools	Schools Block	161.751
Early Years	3&4 year olds universal funding	10.598
	3&4 year olds additional 15hrs	2.024
	Final 16/17 allocation (Jan17)	(0.169)
	EYPP	0.091
	Two Year Olds funding	1.629
	MNS Supplementary funding	0.196
	DAF funding	0.060
High Needs	2016/17 HN base line	25.886
	Post-16 transfer	0.678
	Additional uplift	0.851
<b>Total Indicative Allocation DSG</b>		<b>203.595</b>

14 The following table represents the distribution of the 2017/18 DSG and latest recoupment costs based on the Academy conversions as at December 2017 (51 including the Free School).

	DSG	ISB Academies	Revised DSG	ISB Schools	Central Spend	
					LA	Academies
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Schools</b>	161,751	(97,415)	64,336	61,141	3,420	0
<b>EY</b>	14,429	0	14,429	9,909	2,852	1,430
<b>High Needs</b>	27,415	(4,942)	22,473	8,773	9,539	4,174
<b>Total</b>	<b>203,595</b>	<b>(102,357)</b>	<b>101,238</b>	<b>79,823</b>	<b>15,811</b>	<b>5,604</b>

- 15 The High Needs Block recoupment has been updated for September places and Academy conversions. This has increased from £4.446M 16/17 academic year to £5.236M 17/18 academic year. The impact on the 17/18 financial year is an increase of £476k.
- 16 The table below details the DSG carried forward to 2017/18:

<b>Reserve</b>	<b>£</b>
Schools Specific Contingency	149,629
Early Years Contingency	139,234
School Forum	5,522
Facilities Time	36,651
Growth Fund	645,934
Two Year Old Funding	465,078
<b>Total</b>	<b>1,442,048</b>

### **DSG Funding Arrangements 2018/19**

- 17 On 19 December 2017, The Minister of State for School Standards confirmed the school and early years funding allocations for 2018 to 2019 (Appendix A). The announcement covered the DSG, the Education Services Grant (ESG) protections for academies and the Pupil Premium.
- 18 As previously announced, the distribution of the DSG to the local authority will be set out in four blocks: a schools block, a high needs block, an early years block, and the new central school services block (CSSB).
- 19 A new national funding formula for schools and high needs from April 2018, which follows the introduction of a national funding formula for early years in April 2017.
- 20 **The schools block** has been allocated between local authorities on the basis of the primary and secondary units of funding published in September 2017; for Central Bedfordshire Council (CBC) the primary unit of funding being £3,805 and secondary £4,980. The unit of funding is multiplied by the October 2017 school census (primary – reception to year group 6 and secondary – year group 7 to 11). Those pupils not assigned to a year group are allocated to primary and secondary based on the age of the pupil (age 4 to 10 or age 11 to 15). Pupils in special units and resource provisions are included in the pupil counts.
- 21 Recoupment for academies will be based on data provided on the authority proforma tool (APT) submitted in January 2018
- 22 **The high needs block** has been updated with the latest pupil numbers, following the publication of provisional allocations in September. The high needs funding block is a single block for local authorities' pupils and students aged 0 to 24, with high needs. The block includes funding for pre 16 and post 16 places.
- 23 The import and export adjustment will be updated in May 2018 to reflect the latest data from the January 2018 school census and the R06 of the 2017 to 2018 ILR.
- 24 The high needs place funding deduction has been based on the academic year 2017/18 for places directly paid for by the ESFA to institutions, or through the sixth form grant. In March 2018 the deduction will be updated to take account of further academy conversions and the outcome of the 2018/19 place change notification process.

- 25 Special units and resourced provision are funded on the places reported and agreed through the place change notification process, not on the number of pupils reported on the 2018/19 APT. The pupil data from the APT is only used to identify whether places are occupied by pupils on the school roll funded at £6,000, or funded at £10,000.
- 26 Deductions will be made from DSG for pre 16 places in AP free schools opened before or during the 2015/16 academic year. Deductions are from the pupil's home local authority, based on school census data. Local authorities will be notified of these deductions in March 2018. No deductions will be made from local authorities' 2018/19 DSG for post 16 high needs places in AP free schools; these will be funded directly by the ESFA.
- 27 **The early years block** comprises funding for: the free early education entitlements for 3 and 4 year olds and disadvantaged 2 year olds, the early years Pupil Premium. The early years national funding formula rates for 3 and 4 year olds for 2018/19 were published on 17 November (£4.30 per hourly rate).
- 28 The ESFA will update these allocations in July 2018, based on January 2018 census numbers and July 2019, based on five twelfths of the January 2018 census numbers (to cover the April to August 2018 period), and seven twelfths of the January 2019 census numbers (to cover the September 2018 to March 2019 period).
- 29 Additionally the early years block includes an initial allocation for the early years disability access fund and the supplementary funding for maintained nursery schools.
- 30 **The new central school services block** which funds local authorities for their ongoing responsibilities for both academies and maintained schools has also been allocated on the basis of the latest pupil numbers, in line with September's announcement (£32.21 unit of funding multiplied by the number of pupils recorded in the October 2017 school census in reception to year group 11, and those aged 4 to 15, not assigned to a year group).
- 31 A number of the services that are covered by funding that is held centrally are subject to a limitation of no new commitments or increases in expenditure from 2017 to 2018. This limit does not now apply to admissions or the servicing of schools forums. Schools forum approval is required each year to confirm the amounts on each line. When using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.
- 32 The table below describes the level of approval required for centrally retained services:

Approval required	Services covered (and funding block)
Schools forum approval is not required (although they should be consulted)	<ul style="list-style-type: none"> <li>• high needs block provision</li> <li>• central licences negotiated by the Secretary of State</li> </ul>
Schools forum approval is required on a line-by-line basis	<ul style="list-style-type: none"> <li>• funding to enable all schools to meet the infant class size requirement</li> <li>• back-pay for equal pay claims</li> <li>• remission of boarding fees at maintained schools and</li> </ul>

	<ul style="list-style-type: none"> <li>academies</li> <li>places in independent schools for non-SEN pupils</li> <li>admissions</li> <li>servicing of schools forum</li> <li>contribution to responsibilities that local authorities hold for all schools</li> <li>contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only)</li> <li>de-delegated services from the schools block (voted on by the relevant maintained school members of the forum only)</li> </ul>
Schools forum approval is required	<ul style="list-style-type: none"> <li>central early years block provision</li> <li>any movement of funding out of the schools block</li> <li>any deficit from the previous funding period that reduces the amount of the schools budget</li> <li>any brought forward deficit on de-delegated services which is to be met by the overall schools budget</li> </ul>
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into.	<ul style="list-style-type: none"> <li>capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged. Details of the remaining costs should be presented</li> <li>contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources</li> <li>existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged)</li> <li>prudential borrowing costs – the commitment must have been approved prior to April 2013. Details of the remaining costs should be presented</li> </ul>
Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools	<ul style="list-style-type: none"> <li>funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy</li> <li>funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years</li> </ul>

33 Centrally held funding in the **new central school services block** includes Admissions (£313,004), the servicing of the schools forum (£3,000), central licences negotiated by the Secretary of State (£250,985) and the contribution to responsibilities that local authorities hold for all schools (£612,216). The allocation for the CSSB for 2018/19 is £1,236,349.

34 School forum approval is required on a line by line to retain centrally for 2018/19 Admissions, School forum servicing and a contribution to the responsibilities that the

LA hold for all schools (academies and maintained schools on an equivalent basis).

35 **The ESG** protections will be maintained in 2018/19 at their current rates, to protect academies from excessive changes in funding as a result of the ending of the ESG.

36 **The pupil premium** per pupil amounts will be protected at the current rates, with the exception of the pupil premium plus, which will increase from £1,900 per pupil to £2,300, as previously announced. The amounts for 2018/19 will be:

<b>Pupils</b>	<b>Per pupil rate</b>
Disadvantaged pupils: Primary	£1,320
Disadvantaged pupils: Secondary	£935
Pupil Premium Plus: Looked After Children (LAC) and those adopted from care or who leave care under a Special Guardianship Order or Child Arrangements Order (formally known as a residence order).	£2,300
Service children	£300

37 A looked after child is defined in the Children Act 1989 as one who is in the care of, or provided with accommodation by, an English or Welsh local authority. Pupil Premium allocations for financial year 2018/19 will be published in June 2018 following the receipt of pupil number data from the spring 2018 schools and alternative provision censuses.

38 A single national copyright license has been agreed as in previous years, managed by the DfE 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)
- Schools Printed Music Licence (SPML)

The ESFA will deduct the charge from the DSG.

### Next steps timetable

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<b>Date</b>	<b>Action</b>
19 December 2017	ESFA announce: <ul style="list-style-type: none"> <li>• 2018 to 2019 schools block</li> <li>• 2018 to 2019 early years block</li> <li>• 2018 to 2019 high needs block</li> <li>• details of the charges for national copyright licences issued to local authorities</li> </ul>
19 January 2018	Local authorities submit final APT for 2018 to 2019

January 2018	ESFA issues 2018 to 2019 recoupment guidance
February 2018	ESFA issues details of high needs places in free schools
March 2018	Update for recoupment and high needs deductions for academies as at 1 March 2018
May 2018	Updated import and export adjustment for cross border high need places in high needs national funding formula using January 2018 census and R06 ILR 2017 to 2018 data
July 2018	Update for in year recoupment and high needs deductions and early years block updated for data from January 2018 census
July 2018	Deductions made for national copyright licences
November 2018	Update for in year recoupment and high needs deductions
March 2019	Final update for in year recoupment and high needs deductions
July 2019	Early years block funding updated to take account of January 2019 census figures

Appendix A – DSG Settlement and HN places and deductions 2018/19