

Meeting: Schools Forum

Date: 12 March 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 Individual School Budgets for 2018/19

Contact Officer: Phil Ball, 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**
- 2. To note the update on Individual school budgets for 2018/19**

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 |
| Total Indicative Allocation DSG | | 203.595 |

- 14 The following table represents the distribution of the 2017/18 DSG and latest recoupment costs based on the Academy conversions as at February 2018 (56 including the Free School).

| | DSG | ISB Academies | Revised DSG | ISB Schools | Central Spend | |
|-------------------|----------------|------------------|----------------|---------------|---------------|--------------|
| | | | | | LA | Academies |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Schools | 161,751 | (97,830) | 63,921 | 60,724 | 3,421 | 0 |
| EY | 14,429 | 0 | 14,429 | 9,992 | 2,574 | 1,626 |
| High Needs | 27,415 | (4,942) | 22,473 | 8,932 | 9,209 | 4,345 |
| Total | 203,595 | (102,772) | 100,823 | 79,648 | 15,203 | 5,971 |

- 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:

| Reserve | £ |
|------------------------------|------------------|
| 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 |
| Total | 1,442,048 |

Individual Schools Budget (Schools Block) 2018/19

- 17 The distribution of the DSG to the local authority is set out in four blocks: a schools block, a high needs block, an early years block, and the new central school services block (CSSB).
- 18 **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.
- 19 The local authority will continue to set a local formula to distribute the funding allocated to them through the national funding formula to the schools in their area in 2018/19 and 2019/20.
- 20 The table below reflects the Age Weighted Pupil Unit (AWPU) allocation:

| | Actual | Actual | Actual |
|--------------|----------------|----------------|----------------|
| | 2016/17 | 2017/18 | 2018/19 |
| Primary AWPU | £3,096 | £3,088 | £3,074 |
| KS3 AWPU | £4,358 | £4,350 | £4,336 |
| KS4 AWPU | £5,067 | £5,059 | £5,045 |

Total funding through this basic entitlement factor in 18/19 is £139.3M compared to £136.7M in 2017/18.

- 21 The main fundamental change for 2018/19 relates to the distribution of funding via the deprivation factor demonstrated in the table below.

| | 2017/18 | 2018/19 |
|---------------------------|---------|---------|
| IDACI Band 2 and 3 | £554 | |
| IDACI Band 4 | £1,108 | |
| IDACI Band 5 | £1,662 | |
| IDACI Band 6 | £2,216 | |
| Primary and Secondary FSM | | £440 |
| Primary FSM6 | | £540 |
| Secondary FSM6 | | £785 |
| Primary IDACI band A | | £575 |
| Primary IDACI band B | | £420 |
| Primary IDACI band C | | £390 |
| Primary IDACI band D | | £360 |
| Primary IDACI band E | | £240 |
| Primary IDACI band F | | £200 |
| Secondary IDACI band A | | £810 |
| Secondary IDACI band B | | £600 |
| Secondary IDACI band C | | £560 |
| Secondary IDACI band D | | £515 |
| Secondary IDACI band E | | £390 |
| Secondary IDACI band F | | £290 |

- 22 Schools received funding in 2017/18 based on the Deprivation factor IDACI whereas for 2018/19 this has been combined with Free School Meals (FSM) and FSM6, this is inline with the proposals for the National Funding Formula. As a result, 2018/19 deprivation funding increased to £8.1M , 4.94% of total funding (2017/18 - £4.5M , 2.81% of total funding)
- 23 Of the overall allocation for the School Block, 89.71% is Pupil led, i.e. funded through AWPU and the Deprivation factor (2017/18 – 88.91%)
- 24 The Looked After Children Factor has been removed in 2018/19 (2017/18 £468) as the Department has increased the Pupil Premium Plus rates by £400 for 2018/2019, rather than including a LAC factor in the NFF.
- 25 The lump sum for 2018/19 is £110,000 (2017/18 - £120,000).
- 26 The cost of rates, which is reimbursed to schools pound for pound, has increased by £541,203 to £2,416,655 (2017/18 – £1,875,452) largely as a result of rates revaluations. This additional cost has reduced the amount available for distribution through AWPU.

- 27 The final Authority Proforma Tool (APT) was submitted to the Education Funding Agency on 25 January 2018 and received political ratification on 19 February 2018. The summary is included on Appendix A.
- 28 Recoupment for academies will be based on data provided on the authority proforma tool (APT) submitted in January 2018
- 29 The school budgets have been made available on the website along with guidance. Please note this is only the Schools Block.

Next steps timetable

30

| Date | Action |
|---------------|---|
| 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 |