

**Meeting:** Schools Forum

**Date:** 11 June 2018

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

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

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

#### **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.
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 2017. 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 and Out turn 2017/18

8. The table below illustrates the final revenue allocation for 2017/18.

Block		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>

9. The Authority is required to provide a note to the council's accounts detailing the 2017/18 spend and carry forward to 2018/19.

	Central Expenditure £	Individual Schools Budget £	Total £
Final DSG for 2017/18 before academy recoupment			203,595,115
Academy figure recouped for 2017/18			102,840,115
Total DSG after academy recoupment for 2017/18			100,755,000
Plus: Brought Forward from 2016/17			1,443,048
Less: Carry-forward to 2018/19 agreed in advance			0
Agreed initial budgeted distribution in 2017/18	16,473,402	85,724,646	102,198,048
In-year adjustments	5,579,717	-6,154,146	-574,429
Final budget distribution for 2017/18	22,053,119	79,570,500	101,623,619
Less: Actual central expenditure	20,474,676		20,474,676
Less: Actual ISB deployed to schools		79,570,500	79,570,500
Plus Local authority contribution for 2017/18			
<b>Carry-forward to 2018/19</b>	<b>1,578,443</b>	<b>0</b>	<b>1,578,443</b>

10. The table below details the DSG carried forward to 2018/19:

<b>Reserve</b>	<b>£</b>
Schools Specific Contingency	250,227
Early Years Contingency	341,117
School Forum	6,852
Facilities Time	39,151
Growth Fund	419,504
Two-Year-Old Funding	390,541
<b>Total</b>	<b>1,447,392</b>

### **Growth Fund Out turn 2017/18**

11. 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 centrally held budgets. 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.

12.

	<b>Budget £</b>	<b>Spent £</b>	<b>Balance £</b>
2017/18 Allocation	2,000,000		
Academy Recoupment	173,839		
2016/17 B/F balance	645,934		
<b>Growth Fund</b>			
Payments 2017/18		(1,960,267)	
Overspend on High Needs block		(440,002)	
<b>Total Growth Fund</b>	<b>2,819,773</b>	<b>(2,400,269)</b>	<b>419,504</b>

The School and Early Years Finance Regulations 2017 allows LAs to carry over any unspent growth and infant class size funds to be used for the same purpose in the following year. The closing balance for 2017/18 of £419,504 will be added to the agreed 2018/19 Growth Fund allocation of £2M.

## DSG Funding Arrangements 2018/19

13. The table below illustrates the indicative DSG revenue allocation for 2018/19.

Block		2018/19 Allocation (M)
Schools	Schools Block	167.133
Early Years	3&4 year olds universal funding	10.598
	Indicative 3&4 year olds additional 15hrs	3.600
	Initial funding EYPP	0.091
	Indicative Two-Year Olds funding	1.629
	MNS Supplementary funding	0.195
	DAF funding	0.060
High Needs	HN base line	27.390
	Provisional import/export adjustment	0.228
<b>Total Indicative Allocation DSG</b>		<b>210.924</b>

14. 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.
15. 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).
16. 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.
17. **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.
18. Recoupment for academies will be based on data provided on the authority proforma tool (APT) submitted in January 2018
19. **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.
20. 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.

21. 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.
22. 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.
23. 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.
24. **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).
25. 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).
26. Additionally, the early years block includes an initial allocation for the early years disability access fund and the supplementary funding for maintained nursery schools.
27. **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).
28. 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.