

Dedicated Schools Grant (DSG) 2018-19

Introduction

From 1st April 2013 the Department for Education (DfE) implemented its reformed school funding arrangements with the intended focus being on ensuring the system is fairer, simpler, more consistent and transparent. As part of this it created 3 DSG funding blocks for Schools, Early Years and High Needs.

The Dedicated Schools Grant (DSG) is a ring-fenced grant and is used to fund schools and academies through the Schools block, fund services to high need pupils including special schools, alternative provision and out of county placements through the High Needs block and fund early years settings for 2, 3 and 4 year olds through the Early Years Block.

In accordance with Education and Skills Funding Agency (ESFA) guidelines a Schools Forum is established in Northamptonshire, which includes representative Headteachers and Governors. At these meetings finance issues relating to the DSG are presented and discussed, and where required by regulation voted on by Forum members.

As reported to Cabinet in November 2017 there are a number of important changes in the DSG allocations from April 2018. The schools block has been split so there is now a 4th block for the central schools block costs.

A national funding formula methodology applied to the early years block from April 2017 and will be applied to the other 3 blocks from April 2018. The national funding formula for all of these 3 latter blocks sees increased allocations to Northamptonshire in 2018-19. However the increases for all 3 NFF blocks have been capped in 2018-19 and will be in 2019-20.

The allocations for all of the blocks will be updated annually to reflect changes in the relevant pupil and other NFF formula elements. As a growing authority this methodology should ensure the funding from 2018-19 onwards is more in line with increasing numbers and pressures in the County.

At the 14th November 2017 Cabinet meeting delegated authority was approved for the Director for Children, Families and Education in consultation with the Cabinet Member for Children's Services, and supported by the S151 Officer to approve the 2018-19 final arrangements in respect of the school funding formula, the funding arrangements for pupils with high needs and the early years single funding formulae (EYSFF).

This Appendix sets out the draft budget and funding arrangements for each of the 4 blocks within the DSG (Schools, Central Schools, High Needs and Early Years). This reflects the DSG announcements for 2018-19 made by the ESFA up to November 2017.

The Appendix also includes the technical adjustments that the ESFA have made between the schools and high needs blocks to reflect changes in funding responsibilities.

Overview

Schools Forum have decision making powers on the central expenditure in the central schools and early years blocks. At the October Forum meeting the utilisation of the central schools block allocation recommended by the LA was approved by Forum members.

This Appendix sets out the information on the 2017-18 and 2018-19 DSG **base** budgets split over the 4 funding blocks.

It should be noted that the figures **exclude** the impact of any DSG carry forwards. Information on any DSG carry forwards is included in the DSG and schools Outturn report to Cabinet in June or July each year.

The budget by DSG Block is set out below and it should be noted that ALL of the 2018-19 figures are indicative.

TOTAL DSG BUDGET	2017-18 (£m)	2018-19 (£m)	Movement (£m)*
Central Schools block	10.85	10.93	0.08
Schools Block	437.56	447.55	9.99
Early Years Block	44.55	44.55	0
High Needs Block	66.94	69.3	2.36
TOTAL	559.90	572.33	12.43
Estimated DSG recoupment for academies	(340.0)	(360.0)	(20.0)
Estimated Net DSG grant	219.9	212.33	(7.57)

Note

The above includes the movement of £0.7m contribution from the high needs block to the early years Inclusion Fund in the early years block.

Schools Central Expenditure Block

This block includes 2 elements in the DfE's DSG block calculation - historic commitments, where budgets cannot be increased from 2017-18 levels, and an on-going duties element which is now calculated by national formula. The increase on the latter element has been capped by the Government at 2.5% giving an increased allocation of £78k in 2018-19.

The Schools central expenditure block base budget is made up of the following with the 2018-19 budgets shown below approved by Schools Forum on the 3rd October 2017.

	2017-18 (£m)	2018-19 (£m)	Movement (£m)	Notes
Schools Block Central Expenditure				
Historic Commitments				
Contributions to the schools PFI scheme costs	4.68	4.68	0	
Contribution to combined services	2.30	2.30	0	
Centrally funded schools termination of employment costs	0.80	0.80	0	Teacher's pensions on-going costs.
Sub total – historic commitments	7.78	7.78		
On-going duties				
Admissions	0.87	0.91	0.04	Increased by £43k from on-going duties grant increase to reflect pressures on this high profile service
Schools Forum	0	0.01	0.01	£5,650 budget for 2017-18 increased by £5,000 (from grant increase) to £10,650 for 2018-19
National copyright licences	0.53	0.56	0.03	Utilisation of £30k of grant increase to fund anticipated increased ESFA copyright charges in 2018-19.
Ex Education Services Grant - retained Local Authority duties for all schools	1.67	1.67	0	
Sub total – Ongoing duties	3.07	3.15	0.08	
TOTAL SCHOOLS CENTRAL EXPENDITURE BLOCK	10.85	10.93	0.08	Reflects utilisation of increased allocation for this DSG block. CSS block £10.93 million DSG allocation by ESFA

SCHOOLS BLOCK	2017-18 (£m)	2018-19 (£m)	Movement (£m)	Notes
2017-18 allocations Northamptonshire Schools Funding Formula for Primary and Secondary maintained schools and academies	434.45			
Baseline Adjustment for movement of £4k's for pupils in SEN units from high needs to schools block	1.42			Revision to base position by the DfE – SEN unit place funding reducing from £10k to £6k and all pupils, including in SEN Units, from 2018-19 included in schools funding formula
Sub total Restated Northamptonshire Schools Funding Formula for Primary and Secondary maintained schools and academies	435.87	445.86	9.99	<p>Increase in funding from the NFF and the additional investment in education in schools by the Government.</p> <p>The DSG funding will be updated in December 2017 by the ESFA to reflect the movement in the number of pupils in Northamptonshire's Primary and Secondary schools between the October 2016 and October 2017 school census. (Note – in 2017-18 there was an additional 2,239 pupils = £9.78 million increase.)</p> <p>Please note the Authority are consulting with schools from November 2017 on proposals including top slicing the schools formula allocations by up to 0.5% (£2.2 million) to move funding into the High Needs block to cover increasing pressures in high needs in the county. The consultation responses will be collated and submitted with recommendations to the Schools Forum meeting on the 5th December. At this meeting Forum will vote on this proposal.</p>
Pupil growth fund	1.69	1.69	0	
Total Schools Block	437.56	447.55	9.99	Schools block £447.55 million indicative DSG allocation by ESFA

Early Years Block

The Government's consultations and announcements on the Early Years National Funding Formula have impacted on the funding received and are increasingly impacting on how this funding can be applied and distributed to providers from April 2017.

In October 2017, following successful lobbying by the Local Authority and the 2 nursery schools, the allocation for the Maintained Nursery Schools supplement funding was corrected by the ESFA and increased by £1.5 million in recognition of the additional SLA funding to Pen Green and Camrose nursery schools.

The additional funding will be utilised in 2017-18 to:

- a) increase the SLA funding for the 2 nursery schools (approx. £0.17 million),
- b) the balance of £1.33 million utilised to offset the projected overall DSG overspend of £1.4 million in 2017-18 as discussed with Schools Forum at the October meeting.

The utilisation of this £1.5m adjustment of DSG grant funding in 2018-19 will be discussed at the Schools Forum meeting on 5th December. The Local Authority recommendations to Schools Forum will take account of the existing projected overspend on DSG funded early years budgets in 2017-18, increasing pressures including increasing numbers taking up the 30 hour offer, and the need for the local Authority to be reimbursed via the DSG for early years eligible support services it provides, up to the ESFA allowed 2018-19 maximum of 5% of early years 3 and 4 year old funding.

The DSG funding reflects the introduction of the 30 hours entitlement for working parents from September 2017. The indicative figure for 2018-19 is still to be announced so has been left at the 2017-18 value

The early years block funding will be revised in 2018-19 due to any changes in early years numbers in the County from January 2017 to those in January 2018.

The Early Years Block base budget is set out below with central expenditure items to be voted on at the Schools Forum meeting on 5th December 2017.

The latest ESFA indicative figures for the DSG early years block (for 2017-18) are:-

ESFA indicative funding 2017-18 (£ million)

Description	£m
Early years universal entitlement for 3 and 4 year olds	29.84
Indicative Early years additional entitlement for 3 and 4 year old children of eligible working parents	6.09
Early years entitlement funding for disadvantaged 2 year olds	5.25
Early years pupil premium- initial	0.34
Early years supplementary funding for maintained nursery school	2.18
Early years Disability Access Fund	0.16
Total provisional early years block	43.85
Note Plus high needs block contribution to the EY inclusion Fund of £0.7 million	44.55

Indicative Utilisation of funding -

EARLY YEARS BLOCK	2017-18 (£m)	2018-19 (£m)	Movement (£m)	Notes
Early Years Inclusion Fund	1.63	1.63		The budget for the Early Years Inclusion Fund includes an annual £0.7m contribution to the EY Inclusion Fund from the high needs block. The balance, £0.93m in 2017-18, is funded from the early years block.
Northamptonshire 3 and 4 year olds Early Years Single Funding Formula (EYSFF) for all early years providers in the county (15 hours)	28.77	28.77	0	The funding for this block in 2017-18 is predominantly determined by the Early Years National Funding Formula. The £28.77m includes the indicative figure for the Universal entitlement of £29.84m, Early Years Pupil Premium £0.34m and original MNS supplement funding of £0.68 million, less central expenditure of £1.15 million agreed for 2017-18 and transfer to EY Inclusion Fund of £0.93m. Additional funding for the introduction of the 30 hours entitlement for working parents from September 2017. Indicative 2018-19 amount to be published in December 2017 by the ESFA
EYSFF funding – additional hours funding for move to 30 hours	6.09	6.09	0	
Sub total EYSFF for 3 and 4 year olds including EY Inclusion Fund	36.49	36.49	0	
Northamptonshire 2 year olds EYSFF	5.25	5.25	0	
Total EYSFF and Inclusion Funds	41.74	41.74	0	
Additional allocations				
Early Years Disability Access funding	0.16	0.16	0	New national funding stream from April 2017.

Early Years Block Central Expenditure				
Early years improvement team and Early help and prevention business development function	0.91	0.91	0	Contributions to general EY related overheads including property costs and other LGSS support costs
Other central costs	0.24	0.24	0	
Total Early Years Block Central Expenditure	1.15	1.15		
EY MNS supplement correction of funding announced October 2017	1.5	1.5		Utilisation in 2018-19 to be discussed at 5 th December Schools Forum meeting.
Overall early years block expenditure	44.55	44.55		

Note - Both the 2017-18 and 2018-19 DSG grant allocations will be revised in July 2018 by the ESFA to reflect changes in early years pupil numbers from January 2017 to January 2018.

High Needs Block

The High Needs Block base budget consists of the items set out in the table below.

The DSG funding for 2018-19 has been increased by the Government as part of the introduction of the NFF for this block.

HIGH NEEDS BLOCK	2017-18 (£m)	2018-19 (£m)	Movement (£m)	Notes
Special Educational Needs Units and Resourced Provision	4.93			
Adjustment between blocks by the DfE	(1.42)			Moved to Schools block – see above
Sub total SEN units	3.51	3.51		
Special Schools and Academies	28.20	28.20		
Alternative Provision	4.28	4.28		
Mainstream high needs	6.29	6.29		After £0.7million movement of budget to Early Years Inclusion fund.
Post 16 in schools	3.33	3.33	0	
Post 16 including colleges	2.80	2.80	0	

Sensory support services	1.88	1.88	0	
Special schools PFI element	0.26	0.26	0	
Hospital and Outreach Education	1.30	1.30	0	2018-19 includes 0.5% uplift (funded through HN NFF formula component)
Out of County Placements	9.30	9.30		
High Needs support services	5.79	5.79		Includes contributions to costs of Education Entitlement service, Virtual school, Early Years advisory team, Education Psychologists, EHC team, MASH, SLAs with providers of additional high needs services, and high needs related NCC, LGSS and CFE running costs and overheads above those specifically identified above.
Indicative High Needs block 2018-19 increase	0	2.36	2.36	High Needs DSG block allocation to be revised for increases in special school pupil numbers between October 16 and October 17 and net export of high needs pupils to other Local Authorities. The indicative increase for 2018-19 is £360k higher than the increase of £2 million in the high needs block allocation for 2017-18. Demography and other pressures are putting increasing pressure on this budget area with the DSG monitoring report to Schools Forum in October 2017 reporting a £0.9million projected overspend on the high needs block in 2017-18.
TOTAL HIGH NEEDS BLOCK	66.94	69.3	2.36	Note – excludes £0.7m to EY Inclusion fund. Total 17-18 baseline including £0.7m = £67.64m, 18-19 £70m (Note ESFA 17-18 baseline = £67.64m)