

Dedicated Schools Grant (DSG) 2017-18

Introduction

From 1st April 2013 the 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 - 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 Funding Agency (EFA) 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 voted on by Forum members.

The current DSG allocated by Government largely reflects historical spending patterns in Northamptonshire. The allocations for both the Early Years and Schools blocks are however revised each year by the EFA to reflect changes in pupil and early years numbers, which drives the basis of the DSG allocation for the authority.

At the 6th September 2016 Cabinet meeting delegated authority was approved for the Corporate 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 2017-18 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 3 blocks within the DSG (Schools, High Needs and Early Years).

Overview

This appendix reflects the information presented to, and where relevant approved, by Schools Forum on the utilisation of the 2017-18 Dedicated Schools Grant (DSG) for Northamptonshire. This is the local utilisation of funding and so differs to the amount allocated to Northamptonshire by the Education Funding Agency (EFA). The local utilisation balances back to the total DSG allocation, which will be confirmed in December 2016.

This Appendix sets out the information on the 2016-17 and 2017-18 DSG **base** budgets split over the 3 funding blocks.

It should be noted that the figures **exclude** the impact of any DSG carry forwards. Information on any carry forwards will be included in the DSG and schools 2016-17 Outturn report to Cabinet in June 2017.

The budget by DSG Block is as follows. It should be noted that the 2017-18 figures are indicative with the majority of the DSG funding announcements expected in December 2016.

The Government is consulting on national funding formulae for all of the three DSG funding blocks (Schools, High Needs and Early Years), although the outcome of the first stage of the Government's consultation is still awaited.

The Government have announced that the 2017-18 DSG funding will include an element of the Education Services Grant (ESG) from 2016-17, however significant changes to the ESG are expected and further announcements on this are also awaited.

The Early Years DSG block funding will be increased by the EFA to reflect any changes in overall hours/FTE, an increase in the hourly rate of DSG grant paid for 2 year olds and the introduction of 30 hours for 3 and 4 year olds EYSFF entitlement for working parents from September 2017.

It is currently scheduled for an update report on DSG funding for 2017-18 to be brought to the February Cabinet meeting. This will include an update on the Government announcements on the consultations on the funding formula for all of the DSG blocks.

TOTAL DSG BUDGET	2016-17 (£m)	2017-18 (£m)	Movement (£m)*
Schools Block	438.10	438.10	0
Early Years Block	35.48	35.48	0
High Needs Block	62.87	62.87	0
TOTAL	536.45	536.45	0
Estimated DSG recoupment for academies		(340.00)	
Estimated Net DSG grant		196.45	

* no movements are currently reported although this will change once the December DSG announcements are made

Schools Block

The Schools Block base budget is made up of the following with central expenditure items from the DSG Schools Block being approved by Schools Forum on the 4th October 2016.

SCHOOLS BLOCK	2016-17 (£m)	2017-18 (£m)	Movement (£m)	Notes
Northamptonshire Schools Funding Formula for Primary and Secondary maintained schools and academies	427.23	427.37	0.14	Expected that central schools block expenditure savings (see below) of £0.14m will be distributed to schools via the funding formula (assumes no increased cost for Copyright Licenses or the Pupil Growth Fund). The DSG funding will be updated in December 2016 by the EFA to reflect the number of pupils in Northamptonshire's Primary and Secondary schools based on the October 2016 census.

SCHOOLS BLOCK	2016-17 (£m)	2017-18 (£m)	Movement (£m)	Notes
Schools Block Central Expenditure				
Admissions	0.87	0.87	0	
Schools Forum	0	0	0	£5,650 budget for both years (not showing due to rounding)
Contributions to the schools PFI schemes	4.68	4.68	0	
Contribution to combined services	2.45	2.31	(0.14)	Reduction of £140k agreed with Forum on 4 th October 2016, expected to be included in the schools funding formula as outlined above
Centrally funded schools termination of employment costs	0.80	0.80	0	
National copyright licences	0.52	0.52	0.0	The charge for the national copyright license in 2017-18 is still to be announced by the EFA.
Pupil growth fund	1.56	1.56	0.0	
Total Schools Block Central Expenditure	10.88	10.74	(0.14)	
TOTAL SCHOOLS BLOCK				
	438.10	438.10	0	

Early Years Block

The provisional Early Years Block base budget is set out below with central expenditure items being discussed at the Schools Forum meeting on 29th November 2016. Following the expected EFA announcement on the DSG funding and results of the Early Years National Funding Formula consultation in December 2016, the Schools Forum will vote on the early years central expenditure in 2017-18 at the 17th January 2017 meeting.

The Government's consultations on the Early Years National Funding Formula have major implications on the funding received and how this can be applied and distributed to providers from April 2017. An update report is planned for the February Cabinet meeting which will provide further updates in respect of the outcome of the Government's consultations where relevant.

The early years block funding will increase in 2017-18 due to higher early years numbers in the County, the introduction of the 30 hours entitlement for working parents from September 2017 and the EFA announced increase in the DSG grant hourly rate paid for 2 year olds. The DfE recent announcement of indicative figures for 2017-18 estimated that the Northants Early years block funding could increase by £5.4 million in 2017-18. This will be reflected in increased payments to early years providers in the County.

EARLY YEARS BLOCK	2016-17 (£m)	2017-18 (£m)	Movement (£m)	Notes
Northamptonshire 3 and 4 year olds Early Years Single Funding Formula (EYSFF) for all early years providers in the county	28.05	28.05	0.00	Both the 2016-17 and the 2017-18 DSG allocations will be updated by the EFA for the January 2017 Early Years pupil count and the implications of the Early Years National Funding Formula. This will include additional funding for the introduction of the 30 hours entitlement for working parents from September 2017.
Northamptonshire 2 year olds EYSFF	4.52	4.52	0	Both the 2016-17 and 2017-18 DSG grant allocations for 2 year olds will be increased by the EFA to reflect revised/increasing numbers from January 2016.

				The Government have also announced they are increasing the DSG 2 year olds hourly rate so the allocation will also be increased for this.
Total EYSFF	32.57	32.57	0.0	
Early Years Block Central Expenditure				
Early years improvement team	0.86			The Government's consultation set a maximum level for early year's central expenditure in 2017-18 and subsequent years. Northamptonshire are currently above this threshold so central expenditure reductions of c£450k in 2017-18 are in the process of being identified in order to meet the Governments required maximum levels. Additional central expenditure reductions will be required in 2018-19.
Early help and prevention business development function	0.20			
Other central costs	0.28			
Pen Green and Camrose funding	1.57			
Early Years Inclusion Fund	0			
Total Early Years Block Central Expenditure	2.91	2.91	0	
TOTAL EARLY YEARS BLOCK				
	35.48	35.48	0	

High Needs Block

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

Currently 2017-18 solely reflects the 2016-17 base budgets pending further announcements and work being undertaken with Schools Forum. High needs pressures in 2017-18 are estimated to exceed the available funding by £3.7 million. Proposals to deal with this have been discussed with Schools Forum and a Forum working group during 2016. Final proposals to deal with the £3.7 million will be presented to Schools Forum and voted on at the 29th November Forum meeting.

HIGH NEEDS BLOCK	2016-17 (£m)	2017-18 (£m)	Movement (£m)	Notes
Special Schools and Academies	26.14	26.14	0	
Special Educational Needs Units and Resourced Provision	5.31	5.31	0	
Alternative Provision	3.21	3.21	0	
Mainstream high needs	5.79	5.79	0	
Post 16 in schools	1.79	1.79	0	
Post 16 including colleges	2.61	2.61	0	
Sensory support services	2.08	2.08	0	
Special schools PFI element	0.26	0.26	0	
Hospital and Outreach Education	1.22	1.22	0	
Out of County Placements	8.20	8.20	0	
High Needs support services	6.26	6.26	0	
TOTAL HIGH NEEDS BLOCK	62.87	62.87	0	

The above budgets are shown for information. It must be noted that these are indicative pending the Governments DSG funding announcements and the work being undertaken by Officers and Schools Forum regarding how the projected £3.7 million over commitment on the high needs block in 2017-18 will be managed and funded.