

Dedicated Schools Grant (DSG) 2017-18

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 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 by regulation voted on by Forum members.

The allocations for both the Early Years and Schools blocks are 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. In addition for 2017-18 the High Needs block funding has been increased to reflect population growth in the County.

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). This reflects the DSG announcements for 2017-18 made by the EFA up to January 2017.

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 had been announced up to January 2017.

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 set out below and it should be noted that some of the 2017-18 figures are indicative.

The Government is continuing to consult on the national funding formulae for all of the DSG funding blocks (Schools, High Needs and Early Years) and the creation of a fourth funding block for Central Schools Services in future years.

The 2017-18 DSG funding includes the retained duties element (£15 per pupil) of the Education Services Grant (ESG) from 2016-17, totalling £1.667 million in 2017-18. The ESG relating to the retained duties was previously a separate grant that was funded to local authorities, this has now ceased and was transferred into the DSG from 2017-18.

The Early Years DSG block funding will be revised during 2017 by the EFA to reflect any changes in overall hours/FTE. However the figures below reflect 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.

An update report on DSG funding for 2017-18 is included as a separate agenda item to this Cabinet meeting. This includes 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	447.31	9.21
Early Years Block	35.48	42.39	6.91
High Needs Block	62.58	67.97	5.39
TOTAL	536.16	557.67	21.51
Estimated DSG recoupment for academies		(340.00)	
Estimated Net DSG grant		217.17	

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 and 17th January 2017.

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	434.76	7.53	<p>The DSG funding was 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. An additional 2,239 pupils = £9.78 million.</p> <p>As agreed by Forum the schools formula budget was reduced by £2.25 million in 2017-18 to fund additional on going costs in the high needs block. £1.25 million was from 'headroom' from the increased £9.78m additional funding for extra pupils and £1 million was generated by reducing Primary and Secondary schools AWPU values by approx. 0.4%</p>

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,
Centrally funded schools termination of employment costs	0.80	0.80	0	Teachers pensions on-going costs.
National copyright licences	0.52	0.53	0.01	Utilisation of £10k of Combined Services budget saving to fund increased EFA copyright charges in 2017-18.
Education Services Grant - retained duties	0	1.67	1.67	Element of £4.6m 2016-17 LA ESG grant moved to DSG for retained duties for the Local Authority's responsibilities for all Northants pupils.
Pupil growth fund	1.56	1.69	0.13	Utilisation of £130k of Combined Services budget saving to fund increasing costs and commitments in this area.
Total Schools Block Central Expenditure	10.88	12.55	1.67	ESG 'increase'/movement
TOTAL SCHOOLS BLOCK	438.10	447.31	9.21	

Early Years Block

The Early Years Block base budget is set out below with central expenditure items being voted on at the Schools Forum meeting on 17th January 2017.

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. An update report is included as a separate agenda item to this Cabinet meeting providing further updates in respect of the outcome of the Government's consultations.

DSG funding has been increased to reflect the introduction of the 30 hours entitlement for working parents from September 2017 and the increase in the DSG grant hourly rate paid for 2 year olds. These increases will be reflected in increased payments to early years providers in the County.

The early years block funding will be revised in 2017-18 due to any changes in early years numbers in the County from January 2016 to those in January 2017.

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 (15 hours) – in 2017-18 includes Early Years Inclusion Fund	28.05	28.69	0.64	<p>The funding for this block in 2017-18 is predominantly determined by the Early Years National Funding Formula. This includes an indicative figure for the Early Years Pupil Premium and from April 2017 the budget for the Early Years Inclusion Fund. Includes £700k contribution to the EY Inclusion Fund from the high needs block in 2017-18.</p> <p>Both the 2016-17 and the 2017-18 DSG allocations will be updated by the EFA for the January 2017 Early Years pupil count.</p>

EYSFF funding – additional hours funding for move to 30 hours	0	6.09	6.09	Additional funding for the introduction of the 30 hours entitlement for working parents from September 2017.
Sub total EYSFF for 3 and 4 year olds including EY Inclusion Fund	28.05	34.78	6.73	<p>The EFA required Local Authorities to create EY Inclusion Funds from April 17.</p> <p>The total funding identified for 2017-18 of £34.78 million will be split over the EYSFF formula and the in year targeted allocation of high needs/Inclusion funding. The basis and split will be decided by the Director for Children, Families and Education, in March 2017 following consultation with Northants EY providers and Schools Forum.</p> <p>This budget now includes responsibility to fund the high needs early years panel and this has been reflected in the movement of £700k in 2017-18 from the high needs block into the new Inclusion fund.</p>
Northamptonshire 2 year olds EYSFF	4.52	4.95	0.43	<p>The Government have increased the DSG 2 year olds hourly rate</p> <p>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.</p>
Total EYSFF and Inclusion Funds	32.57	39.73	7.16	

Additional Indicative allocations				
Early Years Disability Access funding	0	0.17	0.17	New national funding stream from April 2017.
Sub total additional indicative EY DSG funding – EY Disability Access funding	0	0.17	0.17	New funding from April 2017
Early Years Block Central Expenditure				
Early years improvement team and Early help and prevention business development function	1.06	0.91	(0.15)	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 £425k in 2017-18 were agreed at the 17 th January Schools Forum meeting in order to meet the Governments required maximum levels. Additional central expenditure reductions will be required in 2018-19 if the Government requirement to delegate EY funds increases as planned from 93% in 2017-18 to 95% in 2018-19.
Other central costs	0.28	0.24	(0.04)	
Pen Green and Camrose funding	1.57	1.34	(0.24)	
Total Early Years Block Central Expenditure	2.91	2.49	(0.42)	
TOTAL EARLY YEARS BLOCK	35.48	42.39	6.91	

High Needs Block

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

High needs pressures occurring in 2016-17 are estimated to mean the high needs block costs will exceed the available funding in 2017-18 by £3.7 million. It is important to note this excluded any assumptions or additional costs arising from increased high needs volumes from April 2017 onwards. Options to deal with the £3.7 million were discussed with Schools Forum and a Forum working group during 2016. Proposals reflecting these discussions were presented to Schools Forum and following discussion and revisions to the proposals to reflect these discussions approved at the 29th November Forum meeting.

These movements of funding from both the other blocks and within the high needs block are shown below.

In addition the DSG funding for 2017-18 has been increased by the Government in two areas. One is deemed to be a technical adjustment where additional funding for post 16 of £1.48m has been allocated. However it has been assumed this will be reflected in increased DSG recoupment i.e. no net impact in 2017-18.

In addition the EFA have increased high needs block funding in 2017-18 to reflect population growth in the County. The additional £1.96m from this has been allocated in full to the special schools budget line to reflect increased costs from greater numbers including in the new free special school, Purple Oaks, opening in September 2017 and the impact of Daventry Hill special school that opened in September 2016. Increases in numbers have also taken place at a number of other special schools.

HIGH NEEDS BLOCK	2016-17 (£m)	2017-18 (£m)	Movement (£m)	Notes
Special Schools and Academies	26.14	28.13	1.99	Addition of £1.96m additional high needs block DSG funding to fund 2017-18 pressures. Plus £300k base pressure from 2016-17 offset by 2% reduction (£270k) in special schools high needs top up rate.
Special Educational Needs Units and Resourced Provision	5.31	5.21	(0.1)	Savings from review of SEN unit place numbers and not paying High Needs top ups from April 17 where significant under occupancy
Alternative Provision	3.21	4.28	1.07	£1.1 million 2016-17 base pressure (part of overall £3.7m for high needs block) offset by 2% reduction (£30k) in AP top up rates from April 2017.
Mainstream high needs	5.79	6.29	0.5	£1.2 million 2016-17 base pressure (part of overall £3.7m for high needs block) less £0.7million movement of budget to Early Years Inclusion fund.
Post 16 in schools	1.79	1.79	0	
Post 16 including colleges	2.61	2.56	(0.05)	2% reduction in high needs top up rate.
Post 16 transfer	0	1.48	1.48	Transfer deemed to be a technical adjustment where additional funding for post 16 of £1.48m has been allocated by the EFA. However it has been assumed this will be reflected in increased DSG recoupment i.e. no net impact in 2017-18.
Sensory support services	2.08	1.88	(0.20)	Estimated savings from vacancies and potential CFE restructuring.
Special schools PFI element	0.26	0.26	0	
Hospital and Outreach Education	1.22	1.22	0	
Out of County Placements	8.20	9.30	1.1	£1.1 million 2016-17 base pressure (part of overall £3.7m for high needs block)
High Needs support services	5.97	5.57	(0.40)	£0.3m reduction in high needs SLA budget and estimated £0.1m savings from vacancies and potential CFE restructuring.
TOTAL HIGH NEEDS BLOCK	62.58	67.97	5.39	