

<b>Report To:</b>	<b>SCHOOLS FORUM</b>
<b>Date:</b>	13 February 2018
<b>Reporting Officer:</b>	Kathy Roe - Director of Finance
<b>Subject:</b>	<b>DEDICATED SCHOOLS GRANT FUNDING (DSG) FORMULA 2018/19</b>
<b>Report Summary:</b>	A report on the arrangements concerning the Dedicated Schools Grant funding formula proposals for 2018/19.
<b>Recommendations:</b>	<p>Members of the Schools Forum are requested to note the contents of the report.</p> <p>Members of the Schools Forum approve the proposed Dedicated Schools Grant 2018/19 proposed funding formula for mainstream schools.</p> <p>Members of the Primary and Secondary sectors are required to vote separately on the De-delegation of funding for each of the four services described in paragraph 3.11 of the report.</p> <p>Members of the Forum are required to vote on the central retention of funding for each of the three services described in Section 5 of the report.</p>
<b>Links to Community Strategy:</b>	Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.
<b>Policy Implications:</b>	Expenditure in line with financial and policy framework.
<b>Financial Implications:</b> <b>(Authorised by the Section 151 Officer)</b>	<p>The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.</p> <p>There has been an increase in the Dedicated Schools Grant for 2018/19. This report sets out the allocation basis for all Tameside schools.</p>
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	There is a statutory duty to use resources efficiently and effectively against priorities.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.


**ACCESS TO INFORMATION**


**NON-CONFIDENTIAL**

**This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**

## Background Papers

The background papers relating to this report can be inspected by contacting Christine Mullins – Business Partner by:

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## 1. BACKGROUND AND INTRODUCTION

- 1.1 This report sets out information on the allocation of the Dedicated Schools Grant (DSG) for 2018/19.
- 1.2 The Department for Education (DFE) carried out consultation in 2016/17 in relation to proposals surrounding National Funding Formula (NFF) to allocate the DSG. Further to this consultation the DSG now comprises of four blocks:
- A Schools block;
  - A High Needs block
  - A new Central School Services Block (CSSB)
  - An Early Years block
- 1.3 Each of the four blocks is determined by a separate national funding formula. National funding formula will determine the schools, high needs and central services block for the first time in 2018/19. Funding for early years has already been allocated through national funding formula since 2017/18.
- 1.4 Section 2 contains a summary of the DSG allocations from the DFE/ESFA and how they have been used in Tameside in 2017/18 and the estimated use in 2018/19.
- 1.5 Section 3 of the report provides details of the proposed funding formula for Mainstream Schools in Tameside in 2018/19.
- 1.6 Section 4 of the report provides details of the proposed funding formula for Pre and Post 16 High Needs.
- 1.7 Section 5 contains details of the Central School Services block.
- 1.8 Section 6 contains a request to vote on the issues discussed in sections 3 to 5
- the de-delegation of 4 central Council services,
  - the Council retaining funding for Central Schools Services Block
- 1.9 A separate report being considered at this meeting details the proposed funding scheme for the Early Years element of the DSG.

## 2. DEDICATED SCHOOLS GRANT SUMMARY 2017/18 & 2018/19

- 2.1 The table below summarises the gross allocations of DSG to Tameside from the current financial year 2017/18 by DFE/ESFA funding block.

**Table 1**

<b>2017/18 DSG Allocations from DFE/ESFA</b>	<b>£000</b>
Schools Block	153,780
Retained Duties	545
Early Years 3 and 4 Year Olds	9,211
Extended Entitlement for 3 and 4 Years Olds	1,511
2 Year Old Block	3,064
Disability Access Fund	49
Early Years Pupil Premium	123
High Needs	19,035
Schools Block Retrospective Gains Cap Funding B/fwd from 2016/17	308
<b>Gross DSG Allocation Before DFE/ESFA Recoupment</b>	<b>187,625</b>

- 2.2 The table below summarises the deductions made to the gross DSG allocation in 2017/18 by the DFE/ESFA in relation to Mainstream Academies and both Academy and Non Maintained Special School places. It also shows the net allocation of DSG after those deductions.

**Table 2**

	<b>£000</b>
<b>Gross DSG Allocation Before DFE/ESFA Recoupment</b>	<b>187,625</b>
DFE/ESFA Recoupment Deduction for Academy Mainstream Schools	-58,683
DFE/ESFA Recoupment Deduction for Non Maintained Special School High Needs Places	-838
DFE/ESFA Recoupment Deduction for Academy Special School High Needs Places	-660
<b>Total DFE Recoupment Deduction</b>	<b>-60,181</b>
<b>Net DSG Allocation to Tameside</b>	<b>127,444</b>

- 2.3 The table below summarises how the current net DSG allocation has been used in Tameside.

**Table 3**

	<b>£000</b>
<b>Net DSG Allocation to Tameside</b>	<b>127,444</b>
<b>2017/18 Net DSG Allocation in Tameside</b>	
Schools Block	95,351
Retained Duties	545
Early Years 3 and 4 Year Olds	9,211
Extended Entitlement for 3 and 4 year olds	1,511
2 Year Old Block	3,064
Disability Access Fund	49
Early Years pupil Premium	123
High Needs	17,590
<b>Total Net DSG Allocations in Tameside</b>	<b>127,444</b>

- 2.4 The above table is based on estimated spend and any balance (surplus or deficit) at the end of the financial year 2017/18 will be carried forward to 2018/19.
- 2.5 The table below summarises the estimated gross allocations of DSG to Tameside for financial year 2018/19 by DSG funding block.

**Table 4**

<b>2018/19 DSG Allocations from DFE/ESFA</b>	<b>£000</b>
Schools Block	159,018
Central Service Schools Block	897
Early Years 3 and 4 Year Olds	9,661
Extended Entitlement for 3 and 4 year olds	2,817
2 Year Old Block	3,064
Disability Access Fund	51
Early Years Pupil Premium	123
High Needs	19,396
<b>Gross DSG Allocation Before DFE/ESFA Recoupment</b>	<b>195,027</b>

- 2.6 The table below summarises the estimated deductions made to the gross DSG allocation in 2018/19 by the DFE/ESFA in relation to Mainstream Academies and both Academy and Non Maintained Special School places. It also shows the estimated net allocation of DSG after those deductions.

**Table 5**

	<b>£000</b>
<b>Gross DSG Allocation Before DFE/ESFA Recoupment</b>	<b>195,027</b>
DFE/ESFA Recoupment Deduction for Academy Mainstream Schools	-64,777
DFE/ESFA Recoupment Deduction for Non Maintained Special School High Needs Places	-774
DFE/ESFA Recoupment Deduction for Academy Special School High Needs Places	-660
<b>Total DFE Recoupment Deduction</b>	<b>-66,211</b>
<b>Net DSG Allocation to Tameside</b>	<b>128,816</b>

- 2.7 The table below summarises how the estimated net DSG allocation has been used in Tameside.

**Table 6**

	<b>£000</b>
<b>Net DSG Allocation to Tameside</b>	<b>128,816</b>
<b>Estimated Use of 2018/19 Net DSG Allocation in Tameside</b>	
Schools Block	94,241
Central Services Schools Block	897
Early Years 3 and 4 Year Olds	9,661
Extended Entitlement for 3 and 4 year olds	2,817
2 Year Old Block	3,064
Disability Access Fund	51
Early Years Pupil Premium	123
High Needs	17,962
<b>Total Net DSG Allocations in Tameside</b>	<b>128,816</b>

- 2.8 The Schools block element of the 2018/19 grant has increased from 2017/18. This increase relates to an increase in pupil numbers, uplift for RPIX on PFI, and increase in pupil led funding rates (further to the Secretary of States announcement in July 2017). It should be noted that there has been a transfer of funding from the High Needs block to Schools block for core funding for pupils in SEN units or resource unit.
- 2.9 There has also been an increase in the amount allocated by the DFE for High Needs as the allocation is based on pupil data from the October 2017 census. A limit is applied to the per head gain that each local authority sees over the previous year's allocation. This is set at 3% in 2018/19 and a further 3% in 2019/20. The High Needs funding amount provisional and could be adjusted if there is a change to the import/export adjustments (which reflect the cross border movement of pupils and students with high needs living in one local authority who attend provision in another).

### 3. DEDICATED SCHOOLS GRANT 2018/19 – PROPOSED FUNDING FORMULA FOR MAINSTREAM SCHOOLS

3.1 The Schools Block is the largest element of DSG funding which provides the majority of funding for Mainstream Schools, with additional elements potentially being allocated to Mainstream Schools through the Early Years and High Needs blocks. The schools block allocation received from the DFE is made up of the following funding:

- A primary unit of funding (PUF) of £4,104.34 and a secondary unit of funding (SUF) of £5,223.23 for 2018/19. These units of funding are based on 2017/18 pupil numbers and characteristics and make up the vast majority of the schools block. This core school funding covers funding for all pupil and school led factors in the funding formula. The PUF and SUF are multiplied by the pupil numbers from October 2017 census and then funding for exceptional factors (PFI), business rates and growth (which are based on historical spend) are added.

3.2 As discussed in the report to Schools Forum in November 2017, the DFE have issued National Funding Formula rates but local authorities still have a choice for 2018/19 and 2019/20 as to whether they adopt a soft formula (local formula) or a hard formula (NFF).

3.3 Consultation was undertaken with schools in Tameside to determine which approach they would like to adopt. The results of the consultation indicated that Primary Schools felt they should adopt the Local Formula, whilst Secondary Schools felt they should adopt the National Funding Formula.

Having taken the responses into account, the proposed funding formula for all mainstream Schools in Tameside in 2018/19, is continuation of the Local Formula for the Primary sector and the introduction of the National Funding Formula for the Secondary sector. It should be noted that the DFE deduct the total amount of funding calculated for Academies from the DSG they pay to the Council through a process termed Academy recoupment.

3.4 **Appendix A** provides information on the rates used for each sector to allocate the funding to each individual school.

3.5 In 2017/18 the DFE confirmed in their operational guidance that all PFI funding has to be initially delegated to the Schools within the contract and then recovered from them by the Council. Therefore, the PFI funding will be delegated to the relevant schools which will then be recovered in 2018/19.

3.6 All Schools will receive an allocation of DSG funding through the Business Rates factor which is equivalent to the value of the Business Rates charge for 2018/19.

3.7 It is proposed that the existing policy of Schools who are being asked by the Council to admit additional classes of children from September 2018 will be allocated a Growth allocation. The value of the allocation has been updated from £40,578 to £41,045 for 2018/19. This figure is based on the elements:

- The salary costs including oncosts of a Teacher on point 1 of the UPS grade for 7 months;
- The salary costs including oncosts of a Level 3 Teaching Assistant for 7 months; and
- £2,000 for resources.

3.8 It is also proposed that the existing specific Growth allocation criteria and funding amounts outlined below are continued.

- Schools that have been rebuilt within the last 7 years which have taken over 30 additional pupils in year groups other than the Reception bulge classes they initially formally agreed to. This would only apply to Schools that agreed the additional

intake with the Council in advance. This would not apply where Schools have chosen to admit those children without agreement with the Council. The rationale for this is that the Schools concerned are helping to address an area wide demand for places coordinated through the Council. The value of this growth allocation for 2018/19 is proposed to be £66,935 which is intended to cover the same staffing costs as detailed in 3.12 above, but for a full year.

- Schools that agreed to take a one year only Bulge class of 30 children within the last 7 years, where the Bulge class concerned has less than 20 children on roll. This would only apply to Schools that agreed to take the bulge class with the Council in advance and where there is only one Bulge class in the School meaning it was not possible to combine classes across year groups. This would not apply where Schools have chosen to admit additional children without agreement with the Council. The rationale for this is that the Schools concerned are helping to address an area wide demand for places coordinated through the Council. The value of this for 2018/19 is proposed to be £32,640 which is intended to replace the AWPU funding for 10 children.

- 3.9 The growth fund required in 2018/19 is £0.661m compared with £0.489m in 2017/18. This increase is due to the increase in pupil numbers coming through from the Primary sector into the Secondary Sector.
- 3.10 The DSG grant conditions dictate that mainstream Schools should receive MFG (Minimum Funding Guarantee) funding protection which prevents them losing more than 1.5% of their equivalent per pupil level funding from the previous financial year. The Secretary of State confirmed in July 2017 that the national funding formula would provide for at least a 0.5% per pupil increase in respect of each school in 2018/19. Therefore, greater flexibility has been introduced for 2018/19 which allows local authorities to set the MFG between minus 1.5% and plus 0.5% per pupil. It is proposed that MFG for Tameside schools should be set at plus 0.5% per pupil. The amount used to calculate the MFG is the total Schools Block funding less the Business Rates and the Lump Sum.
- 3.11 As the DFE have allocated additional funding, this has resulted in a change in requirement for the Gains Cap. The Gains Cap is based on limiting the gain in pupil led funding per pupil that a School receives as the Council has a duty to set a balanced DSG budget. For 2018/19 it is proposed to include a cap on increases at 2%. Any gain above this is retained to allow the Council to set a balanced DSG budget.
- 3.12 De-delegation is the terminology employed by the DFE in relation to Schools Forum representatives of Council Maintained Schools voting on whether to support mandatory charging to all other Council Maintained Schools of certain Council services. The Primary and Secondary sector vote separately in relation to each of the services. The De-delegation rates in 2018/19 are shown below. Members of the Primary and Secondary Maintained sectors respectively are asked to indicate for each sector whether they support the de-delegation of the services listed immediately below.
- Behaviour for Learning and Inclusion Service (BLIS)
  - Equality, Multiculturalism and Access Team (EMAT)
  - Staff Cover for Trade Union Support
  - Schools Contingency

**Table 8 – De-delegation Per Pupil Rates**

Service	Rate per Pupil - All Pupils	Rate per Pupil - EAL for 2 Years Pupils
Behaviour for Learning & Inclusion Service (BLIS)	28.40	
Contingency	5.81	
Equality, Multiculturalism & Access Team (EMAT)		203.19
Trade Union Support	7.34	

3.13 In previous financial years Schools agreed to repay an element of their overall DSG funding to the Council to enable it to continue to contribute approximately £90,000 of DSG towards the cost of the LSCB (Local Safeguarding Children Board). Schools will be asked to continue this arrangement in 2018/19.

#### **4. DEDICATED SCHOOLS GRANT UPDATE 2018/19 – HIGH NEEDS PRE 16 AND POST 16 BLOCKS**

4.1 The DFE prescribed basic funding formula for the High Needs area including Primary and Secondary Special Schools consists of the following main elements:

- An allocation of £10,000 per Pre 16 place for Special Schools (This funding is allocated even if all places are not full);
- An allocation of £6,000 per Pre 16 place for Mainstream School Resourced Units where the place is occupied and £10,000 per place for the remainder of places to be funded; and
- A top-up rate based on the category of School or on the category of needs of individual children in attendance at the School. The School then receives a Top-up allocation for each child in attendance at the School.

4.2 The Council's SEN (Special Educational Needs) Assessment, Review and Monitoring team initially carried out a detailed exercise in conjunction with Special School Head Teachers to allocate individual children at Special Schools into categories of need which was used to inform the Top-up rate element of the funding described above. **Appendix B** contains a summary of the proposed Top-up categories that will be used in Tameside. Top-up funding is time adjusted and not annually allocated and therefore if a child only attends a School until the end of the Summer Term, then funding will only be allocated for 5/12ths of the top-up rate. For the Autumn Term the apportionment is 4/12ths and for the Spring Term it is 3/12ths. It is proposed that these adjustments are made on a termly basis, rather than on an annual, monthly or weekly basis.

4.3 As recommended by the DFE and agreed at Schools Forum on 20 November 2012 all Mainstream Schools are required to meet the first £6,000 of the additional costs associated with educating children with High Needs from their main DSG revenue budget. The DFE refers to this as Notional SEN funding, but it is important to note that it is not additional funding being allocated to Schools. The funding intended to support these SEN costs is from the main School funding formula allocation described in Section 3 above. School funding statements show a value for Total Notional SEN for each School which is based on the full Prior Attainment funding allocation and a small percentage of the AWPU (Age Weighted Pupil Unit) funding allocation. This Total Notional SEN funding value does not have to be used for SEN purposes and equally it is not the only funding that Schools are



expected to use to fund the first £6,000 of the additional costs associated with educating children with High Needs.

- 4.4 The level of costs expected to be incurred by a Mainstream School in relation to a child with an SEN statement will be confirmed by the Council's Assessment, Review and Monitoring team. This estimate of costs is based on any formal assessments maintained by the Assessment, Review and Monitoring team and also on the Provision Map information which is supplied by the School for every child with High Needs. Each child is then allocated to one of the funding bands shown in the table in **Appendix C**, with the School meeting the first £6,000 of the assessed costs directly as described above. Any costs above £6,000 will result in the child being allocated to a funding band that attracts additional funding.
- 4.5 The DFE national funding regime for Pre 16 Special Schools allocates funding via two factors. As described above the first element is £10,000 per place available in Special Schools and Schools are also allocated Top-up funding based on the needs of the children actually attending the School. The Top-up funding is calculated in different ways at different Councils, but generally follows one of two themes. The first is a standard Top-up rate per School which is often used for Schools whose children tend to have very similar needs. The second method which is used in Tameside involves placing each child in a Top-up banding based on their individually assessed needs, which means Schools have children in different Top-up bandings. An unfortunate consequence of the Special School funding system nationally is that the Schools concerned have a lack of clarity over how much Top-up funding they will receive each year.
- 4.6 The Finance Officers of Councils across the North West meet several times a year and often discuss and compare publically available information concerning School funding in each of our areas. One of the main areas of comparison over the past few years has been the cost of both Pre and Post 16 High Needs placements. This comparative data triggered the start of more detailed work with Tameside Special Schools, which was subsequently deferred when DFE announced the first stage of their consultation on High Needs funding reforms in Spring 2016. Further to the second stage of the DFE consultation, High Needs will continue to be managed locally.
- 4.7 The formula review work that was due to commence two years ago included assessing how comparable the Top-up bandings are across the North West Councils. This review will need to re-commence and will involve trying to ensure that any comparisons are as accurate as possible, as there are variations in the criteria used for each Council's Top-up bandings.

## **5. CENTRAL SCHOOL SERVICES BLOCK (CSSB)**

- 5.1 This block is being introduced in 2018/19 to fund local authorities for the statutory duties they hold for both maintained schools and academies. The CSSB brings together:
- Funding previously allocated through the retained duties element of the Education Services Grant (ESG)
  - Funding for ongoing central function such as admissions which were previously top sliced from the schools block
  - Residual funding for historic commitments of which there are none for Tameside MBC
- 5.2 The allocation to the Council is based on a per pupil element of £26.42 for ongoing duties (i.e. Admissions, Schools Forum, Copyright Licenses, former ESG duties) totaling £0.897m.
- 5.3 The DSG operational guidance for 2018/19 requires the Council to formally request Schools Forum approval for the central retention of the following:

- £229,030 of DSG to support the School Admissions service (this has been uplifted to reflect the actual cost of the Admissions Service; the uplift will be funded through a reduction in the central funding to support the former retained duties element of ESG)
- £5,000 of DSG to support the costs of the Schools Forum
- £499,160 of DSG to support elements of the Councils Centrally retained duties (formally the retained duties element of the ESG)

## **6. RECOMMENDATIONS**

- 6.1 Members of the Schools Forum are requested to note the contents of the report.
- 6.2 Members of the Schools Forum approve the proposed Dedicated Schools Grant 2018/19 proposed funding formula for mainstream schools.
- 6.3 Members of the Primary and Secondary Maintained sectors respectively are recommended to approve for each sector the de-delegation of service costs in relation to the following services that were referenced in section 3.11 of this report:
- a) Behaviour for Learning and Inclusion Service (BLIS)
  - b) Equality, Multiculturalism and Access Team (EMAT)
  - c) Staff Cover for Trade Union Support
  - d) Schools Contingency
- 6.4 Members of the Forum are recommended to approve in principle
- a) The retention of £229,030 of DSG in 2018/19 to support the cost of the Admissions service
  - b) The retention of £5,000 of DSG in 2018/19 to support the cost of the Schools Forum
  - c) The retention of £499,160 of DSG in 2018/19 by the Council in relation to former ESG funded Retained Duties