

Report To: **SCHOOLS FORUM**

Date: 28 November 2017

Reporting Officer: Bob Berry – Assistant Director - Learning
Tom Wilkinson – Assistant Director - Finance

Subject: **DEDICATED SCHOOLS GRANT NATIONAL FUNDING FORMULA**

Report Summary: A report providing an update on the indicative national funding figures released by Education & Skills Funding Agency for Schools consultation.

Recommendations: Members of the Schools Forum are requested to note the contents of the report.

Links to Community Strategy: Effectively calculated and targeted resources will improve access to a quality education experience for all our children.

Policy Implications: Expenditure in line with financial and policy framework.

Financial Implications: The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
(Authorised by the Section 151 officer)
This report summarises the high level effects of the proposals for Tameside and the appendices contain the information release to date.

Legal Implications: There is a statutory duty to use resources efficiently and effectively against priorities.
(Authorised by the Borough Solicitor)

Risk Management: 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:



Telephone: 0161 342 3216



e-mail: christine.mullins@tameside.gov.uk

1. BACKGROUND AND INTRODUCTION

1.1 The Department for Education (DFE) carried out consultation in 2016/17 in relation to proposals surrounding National Funding Formula (NFF) to allocate the Dedicated Schools Grant (DSG). This report provides an update on the indicative figures for 2018/19 to 2020/21 and the impact for Tameside. It should be noted at this stage that these figures will be subject to change for pupil census and have been illustrated by DFE using October 2016 census data.

1.2 The grant value descriptions shown throughout the documents and in this report refer to:

- The 2017/18 funding amounts as a Baseline of what each local authority area receives now;
- the Illustrative National Funding Formula (NFF) amounts as the target figures the DFE believe that each local authority area should receive in future at the point the NFF is delivered directly by Education & Skills Funding Agency in 2020/21.
- the Illustrative NFF funding for the First Year amounts as the estimated grant values for 2018/19.

1.3 The DSG is the primary source of funding for Schools. The estimated total target funding to be allocated to Tameside at the end of the proposed changes is £181.374m. The estimated allocation of DSG funding for 2018/19 is £176.594m. The equivalent baseline value in 2017/18 was £173.359m the year on year increase represents an estimated increase of £3.234 (1.87%). The increase over the funding period 2017/18 to 2020/21 being increase of £8.014m (4.62%). The timescale for reaching the final target figure is at this stage expected to be 2020/21, the table below provides the indicative figures provided by DFE.

	Schools Block £m	High Needs Block £m	Central Services Block £m	Total DSG excluding Early Years £m	Increase £m	% Increase
Baseline 2017/18	153.795	18.704	0.860	173.359		
Estimated NFF 2018/19	156.424	19.287	0.882	176.594	3.234	1.87%
Estimated NFF 2019/20	158.090	19.825	0.901	178.816	2.223	3.15%
Estimated NFF 2020/21	158.238	22.020	1.116	181.374	2.557	4.62%

1.4 The above figures do not include any of the Early Years funding provided through the DSG as they have not been released. The consultation was completed last year. There has been a percentage increase in funding across all blocks.

1.5 This report summarises the effect of the NFF on each block of funding within the elements of the DSG covered by this consultation. **Appendix A** contains details of the individual School level effects of the target funding and 2020/21 funding compared to the baseline funding in 2017/18.

1.6 The full consultation documents can be accessed via this link - <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/> .

1.7 A further report with more detailed information will be brought to forum once final confirmation of funding has been received from DFE.

2. CENTRAL SERVICES SCHOOLS BLOCK

- 2.1 Central Services Schools Block is the terminology used by the DFE to refer to the element of the DSG that Councils are expected to access to fund statutory duties they carry out on behalf of schools. The total value of the grant for this block of funding is £0.882m for 2018/19 under the proposals, compared to the £0.860m baseline from 2017/18 which is an increase of £0.022m.
- 2.2 The DFE have indicated that the target NFF calculation of this element of funding for Tameside should be £1.116m, which is based primarily on per pupil rates and a small element of historic commitments.
- 2.3 The central school services block provides funding for local authorities for other responsibilities in respect of education services, these responsibilities include the provision of home to school transport, assessing pupils with SEN, and planning for and supply of sufficient school places.

3. SCHOOLS BLOCK

- 3.1 The Schools Block of the DSG is the area of funding that is intended to fund mainstream (non-special) Schools. The element of the total DSG figure that relates to the Schools Block is £156.424m for 2018/19 under the proposals, compared to the £153.795m baseline for 2017/18 which is an increase of £2.629m or 1.9% (these totals include the two new and growing schools (Inspire and Discovery), however the totals are excluded from the details presented in **Appendix A**).
- 3.2 This is a significant change from the Minimum Funding Levels exercise that the DFE conducted in 2014/15 that was reported to Schools Forum and suggested that Tameside Schools were overfunded by approximately 3.52%.
- 3.3 On the assumption that the increase in funding in the Schools Block proves to be accurate, then the 2018/19 NFF funding for Schools across Tameside results in a net increase of £2.621 (per **Appendix A**).
- 3.4 **Appendix A** shows the individual School level implications of the proposals including the 2017/18 baseline, the eventual target funding amount and the amount in the first year of the implementation in 2018/19.
- 3.5 The DFE have targeted a ratio of funding in the proposed national funding formula between Primary and Secondary Schools of 1:1.29 meaning that on average Secondary Schools should receive 29% more funding per pupil than a Primary School. This matches the national average and Tameside's 2016/17 baseline equivalent ratio was 1:1.30, so this is not a significant change from the average distribution of funding already in place.
- 3.6 The government proposes that all schools will receive an additional 0.5% of pupil led funding per pupil.
- 3.7 In schools forum report in January 2017, reference was made with regards to query being raised regarding with the DFE regarding the treatment of PFI and which block it has been allocated to suggesting this should be included in the Schools Block figures, based on the information released in October 2017, we can confirm PFI has been included within the schools block.
- 3.8 The DFE have recognised that PFI contract cost inflation cannot be controlled by Councils or Schools and therefore the after consultation confirmed that the PFI element of funding would be annually inflated with reference to RPIX (Retail Price Index excluding Housing)

which is the same index used in the Tameside PFI contracts to inflate the cost of those services.

- 3.9 The proposed full implementation of the national funding formula will start in 2020/21 and is referred to as the hard formula by the DFE. Local authorities will still be able to agree local schemes during 2018/19 in the same manner as they do now, referred to as the soft formula. Consideration needs to be given to switching to a funding formula in 2018/19 that more closely matches the 2019/20 formula.

4. HIGH NEEDS BLOCK

- 4.1 The High Needs (often referred to as Special Education Needs (SEN)) element of the estimated DSG grant is £19.287m for 2018/19 under the new proposals, compared to £18.704m in the baseline year of 2017/18 which is an increase of £0.583m or 1.87%.
- 4.2 The total potential gain in target funding in this area of £2.195m is based on the DFE's revised assessment of needs in Tameside and should eventually result in a total of £22.02m of High Needs funding. However, the annual gains are capped at 3% per year initially and therefore it results in an increase of £0.583m in additional funding in the first year 2018/19.
- 4.3 As part of the National Funding Formula DFE have made a switch of funding from the High Needs block to the Schools Block for core funding for pupils in SEN units or resource unit. The total amount of the switch at Tameside is £0.324m. Schools with SEN or resource units will see a reduction in the high needs place funding from £10,000 per place to £6,000k per place to recognise this.
- 4.4 The number of children and young adults accessing High Needs provision has been increasing annually for several years whereas significant elements of the DSG funding since April 2013 have been allocated based on data from 2011 and earlier years. Therefore this additional funding is essential in order to fund the cost of the increasing numbers of Pre and Post 16 High Needs placements.

5 RECOMMENDATIONS

- 5.1 As stated on the report cover.