

Schools Budget 2017-18

Appendix 6

Introduction

1. The Dedicated Schools Grant (DSG) is a ring fenced grant of which the majority is used to fund individual school budgets. It also funds certain central services provided by the local authority such as Early Years (private and voluntary sector and maintained nurseries) and Special Educational Needs (SEN) including fees for out of borough pupils at independent special schools.

DSG settlement 2017-18

2. The 2017-18 DSG is based on the number of pupils on the October 2016 schools census for schools and currently the January 2016 early years census for early years. The total indicative DSG for 2017-18 is £199.019m. Table 1 shows the breakdown DSG across the three blocks. The sections following the table provide a detailed explanation for each funding block.

Table 1 – 2017-18 DSG allocation

Block	GUf*	Pupil No.s	Total £'000
Schools Block - maintained schools and academies	£4,845.80	32,076	£154,910
Schools Block - Education Services Grant			£524
Early Years Block - 3&4 year old grant	£2,918.40 ⁽¹⁾	4,015	£11,719
Early Years Block - 3&4 year old grant add'l 15 hours	£2,918.40 ⁽¹⁾	660	£1,124 ⁽²⁾
Early Years Block - 2 year old grant	£3,374.40 ⁽³⁾	592	£1,997
Early Years Block - Pupil Premium			£96
Early Years Block - Disability Access Fund			£43
High Needs Block			£28,607
Total DSG Allocation 2017-18			£199,019

3. The 2017-18 schools budget was presented to Schools Forum on 17th January 2017. The 2017-18 funding for each block is detailed in Table 2. This was agreed by Schools Forum subject to further analysis of Central spend and ESG.

Table 2 – 2017-18 DSG Blocks

Description	2016-17 pre-recoupment budget	2017-18 proposed budget	Change	2017-18 Allocation
	£'000	£'000	£'000	£'000
Central	£738	£738	£0	£0
Early Years	£11,392	£14,978	£3,586	£14,978
Formula Deficit	-£2,069	-£1,792	£277	£0

Description	2016-17 pre- recoupment budget	2017-18 proposed budget	Change	2017-18 Allocation
	£'000	£'000	£'000	£'000
High Needs	£29,555	£31,250	£1,695	£28,607
Schools	£148,393	£150,738	£2,344	£155,434
Growth Fund - General	£2,502	£2,584	£82	£0
Growth Fund - Early Years	£536	£0	-£536	£0
ESG	£0	£524	£524	£0
Grand Total	£191,048	£199,019	£7,971	£199,019

4. The increase in funding is shown below at Table 3

Table 3 – DSG funding increase 2017-18

Description	£'000
Total DSG 2016-17	£191,048
Total DSG 2017-18	£199,019
Increase	£7,971
Made up of:	
- schools block	£1,246
- early years block	£2,608
- high needs block	£4,162
- induction for NQT	-£45
Total increase	£7,971

Schools block – delegated budget allocated to schools

- It is proposed that the Schools Funding Formula remains largely unchanged with the exception of changes to funding factor values for Income Deprivation Affecting Children Index (IDACI). IDACI is an indication of deprivation which uses location (child's postcode) as the basis of assessing a pupil's level of deprivation. Historically these bandings were ranged Band 6 (being most deprived) down to Band 0 (having no deprivation). In September 2015 a major national re-categorisation of wards took place a new data set derived. The effect of this was that wards were re-evaluated and the impact for London generally was that most wards were re-categorised with lower deprivation than the previous position.
- In 2017-18 a revised data set has been released which aims to smooth out some of the effects of the ward re-categorisation impacts of the previous year's dataset. In order to minimise financial impact to schools it is proposed to change the funding formula factor values.
- Schools are protected annually by the Minimum Funding Guarantee (MFG) from *per pupil* losses capped at -1.5% of the per pupil budget from the previous financial year. This means that schools cannot lose more than -1.5% of their previous years' per pupil budget. In 2016-17 there are 31 schools protected at MFG, 12 schools which gain but

which are capped by 0.8% in order to fund part of the MFG and 9 schools which either gain or reduce but below either cap. The total net MFG is £3.442m.

8. The proposed 2017-18 Schools Funding formula shows an improved position. There will be 23 schools (a reduction of 8) no protected at MFG, 13 schools (an increase of 1) which gain but which will be capped in order to fund part of the MFG and 18 schools (an increase of 9) which either gain or reduce but below either cap. The total net MFG is £2.380m.

Table 4 – 2016-17 and 2017-18 School Funding Formula Factor Values

Factor	Primary	Secondary		Primary	Secondary	
	All	KS3	KS4	All	KS3	KS4
Year	2016-17			2017-18		
Basic Entitlement	£3,268	£3,887	£4,742	£3,268	£3,887	£4,742
Free School Meals	£1,389	£2,645		£1,389	£2,645	
IDACI Band 1	£200	£434		£200	£434	
IDACI Band 2	£280	£607		£280	£607	
IDACI Band 3	£559	£1,058		£559	£1,058	
IDACI Band 4	£700	£1,200		£810	£1,395	
IDACI Band 5	£700	£1,200		£1,139	£1,694	
IDACI Band 6	£1,139	£1,694		£1,139	£1,694	
Looked After Children	£1,974	£1,974		£1,974	£1,974	
English as an Additional Language	£216	£2,962		£216	£2,962	
Mobility	£2,705	£2,422		£2,705	£2,422	
Prior Attainment	£618	£1,392		£618	£1,392	

Formula Deficit

9. In 2016-17 there is a formula deficit of £2.069m. This is being funded by a schools brought forward contingency. In 2017-18 it is anticipated that this figure will reduce to £1.792m (subject to business rate revaluations). This will be funded from the schools brought forward contingency. However, this is the final year that the contingency will be available and therefore any deficits in future years will need to be funded from future DSG allocations.
10. Whilst the MFG is a mandatory factor in the formula there is limited scope to further claw back any further funding through the formula. It is also not just a case of clawing back funding from schools who gain because there is no correlation between these schools and therefore no one change can be made that reduces funding to those

schools which does not negatively impact on those schools already experiencing losses.

Early Years Block

11. The DfE carried out a consultation in the Autumn of 2016 on a new Early Years National Funding Formula (EYNFF) for free entitlement nursery places for 3 & 4 year olds. The LA in turn consulted with Harrow early years providers. In 2017-18 the LA will receive funding of £5.12 per hour per participating 3&4 year old equating to £11.717m. Of this, 7% will be retained by the LA to fund central Early Years functions.
12. The outcome of the consultation and the proposed structure of the local Early Years Single Funding Formula (EYSFF) for Cabinet approval is included in another report on this agenda. Subject to this proposal being approved there will be more funding available for early years providers as the proposed maximum hourly funding rate to providers will increase from £4.29 per hour to £4.52 per hour.
13. In addition £96k is available for the Early Years Pupil Premium Grant. The grant will be paid to providers at a rate of £0.53 per hour per child upon evidencing that children in their settings meet the eligibility criteria.
14. Funding for 2 year olds has increased from £5.50 per hour to £5.92.

High Needs Block

15. Whilst there was no opportunity to bid for specific growth for High Needs the DfE have allocated each authority two separate growth funds totalling £761k for Harrow in 2017-18. This is made up as follows:
 - £469k – population based uplift (national total £95.3m)
 - £292k – population growth uplift (national total £34.7m)
16. The DfE undertook a 're-baselining' exercise in 2016-17 to realign funding blocks to reflect anticipated expenditure instead of using historical baselines. This has increased the High Needs Block by £4.2m. Historically this would have had to have been funded by top slicing funding available in the Schools Block.

Other School Budgets

Capital

17. This will continue into 2017-18 although the DfE has yet to confirm the 2017-18 capital allocation.

Pupil Premium

18. Schools will continue to receive the Pupil Premium in respect of pupils who have ever been eligible for Free School Meals in the last 6 years plus Children Looked After continuously for more than 6 months, service children and adoption children. The rates for pupil premium will remain the same as 2016-17.

Universal Infants Free School Meals (UIFSM)

19. The grant for UIFSM continues at a meal rate of £2.30 for the 2017-18 academic year. Further details will be produced later this year.

Year 7 Catch Up

20. This will continue into 2017-18

Primary PE and Sports Premium

21. This will continue into 2017-18.

Education Services Grant (ESG)

22. The ESG allows LAs to carry out duties in respect of **general** duties for maintained schools and **retained** duties for maintained schools, academies and free schools. In March 2016 the Government announced that the ESG would cease. From April to August 2017 the LA will receive a transitional ESG. The **general** funding rate will then be removed from September 2017.

23. In the case of maintained schools the DfE recognise that LAs will need to use other sources to pay for funding for maintained schools and the regulations will be amended to allow LAs to retain some of the schools block funding to cover statutory duties in respect of maintained schools. At its meeting on 18th January 2017 maintained school members agreed to the de-delegation of £9.57 per pupil from the school budgets in 2017-18 to fund the LA in respect of its statutory duties in relation to maintained school.

24. In the case of retained duties for maintained schools, academies and free schools £523k has been transferred into the DSG in 2017-18. The LA can only retain this funding subject to the agreement of all members of Schools Forum. At its meeting on 18th January 2017 Schools Forum requested further information in respect of the anticipated spend of the LA and therefore this funding is still subject to agreement.