
Dedicated Schools Grant (DSG) Budget Overview and Funding Settlement 2019/20

Report being considered by: Schools' Forum
On: 21st January 2019
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Item for: Discussion **By:** All Forum Members

1. Purpose of the Report

1.1 To set out the overall calculation of the Dedicated Schools Grant (DSG) and funding settlement for 2019/20

2. Recommendation

2.1 To note funding allocation for the 2019/20 budgets.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Introduction

3.1 The DSG consists of 4 funding blocks:

- Schools
- Central Schools Services
- Early Years
- High Needs.

3.2 2019/20 is the second year of the new National Funding Formula which is a new formula used to calculate the funding allocation for the Schools Block, Central School Services Block, and High Needs Block. The new formula for calculating the Early Years was introduced from April 2017.

3.3 Funding can be transferred between blocks but there is a restriction of 0.5% for the transfer between the Schools Block and the High Needs Block. All transfers are subject to Schools Forum approvals.

3.4 This report sets out the 2019/20 DSG settlement for each block, as announced by the Government – though for Early Years and High Needs, these are provisional, and the budgets for these blocks will need to be set using estimates. The likely overall position of the 2019/20 budget for each block is also set out.

4. Overall Position

4.1 Table 1 summarises for 2019/20 the estimated DSG funding to be received for each funding block.

4.2

Table 1

Categories	(£'m)
Schools block	100.009
Central school services block allocation	0.976
High needs block allocation	18.509
Early years block	9.646
Total DSG allocation	129.140

5. Schools Block

5.1 The 2019/20 Schools Block allocation is shown in table below

Categories	(£'m)
Primary unit of funding (£3.89*13,293)	51.826
Secondary unit of funding (£4.94*9,352)	46.164
Funding through the premises and mobility factors	1.4642
Growth funding	0.5554
Total schools block	100.009

5.2 The final funding for 2019/20 has been determined by the October 2018 pupil numbers multiplied by West Berkshire's primary and secondary units of funding.

5.3 The sum for growth funding is calculated based on pupil data from the October 2018 census.

5.4 The total allocation excluding the growth fund is distributed to schools through the formula, by setting the formula funding rates and a minimum funding guarantee and funding cap on gains. The schools have been consulted on the formula and Schools Forum 09.12.2018 approved a 0% on MFG and 2 % Cap on gains.

5.5 The budget has no transfers from other Blocks, though the National Funding Formula does allow for 0.5% of the Schools Block funding, £490k, to be transferred into another Block (specifically High Needs Block). This was not approved by Schools Forum 09.12.2018.

5.6 After setting aside £555k for the growth fund, £99.445m is available to be allocated out to schools as per the formula principles agreed by Schools Forum in December (subject to final approval by the Council's Executive).

6. Central Schools Services Block

6.1 The 2019/20 Central Schools' Services (CSSB) block allocation is shown in table below;

Categories	
CSSB unit of funding (£s)	43.11
CSSB pupils (headcount for Primary and Secondary)	22,645
Total CSSB block (£'m)	0.9762

6.2 The Central Schools Services Block consists of the centrally retained services that were previously funded from the Schools Block, i.e. admissions, licences, servicing of Schools' Forum, Education Welfare, asset management, and statutory & regulatory duties.

6.3 For 2019/20, costs have been brought down by £135k mostly by staffing reductions, however the grant has reduced by £16k. This leaves a funding shortfall of £132k, and it is proposed to balance this by using underspends from 2018/19 and releasing unutilised ESG funding from Council reserves.

6.4 Further details and proposals on this block is discussed in separate report.

7. Early Years Block

7.1 The 2019/20 provisional Early Years block allocations is shown in table below:

Categories	(£'m)
Initial funding allocation for universal entitlement for 3 and 4 year olds	6.622
Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds	2.051
Initial funding allocation for 2 year old entitlement	0.655
Initial funding allocation for Early Years Pupil Premium	0.035
Initial funding allocation for Disability Access Fund	0.024
Initial allocation for maintained nursery school supplementary funding	0.258
Provisional Total early years block	9.646

7.2 The funding is based on two consecutive years of January census data, and will be finalised three months after the close of the financial year to which it relates. The requirement to manage shortfalls or surpluses on an annual basis due to the mismatch between funding received based on the January census, and allocations to providers based on actual provision of nursery hours during the year, continues to be a challenge.

7.3 The provisional DSG allocation received in December is based on the January 2018 census and therefore assumes no change to hours of early year's provision, other than the full year effect of the introduction of 30 hours provision for three and four year old children of working parents. West Berkshire will base the budget on the January 2019 census when the relevant data is received in late February.

- 7.4 The impact of funding allocated for the additional 15 hours against actual take up will also need to be managed, as will allocations for pupil premium grant and the Disability Access Fund.
- 7.5 The fixed sum allocation for maintained nursery schools has been guaranteed until 2019/20, but there is no news yet on what will happen beyond this date.
- 7.6 All providers will need to be on a single rate in 2019/20.
- 7.7 In 2019/20, 5% of funding can be set aside for centrally retained services, which can include services to support early year's children with high needs, and transfers to other funding blocks.
- 7.8 Proposals for this block will be brought to the next round of meetings when data from the January 2019 census is available to inform the current position and forecast.

8. High Needs Block

- 8.1 The basic structure of the High Needs formula is not changing in 2019/20. The formula uses a number of proxy factors (population, deprivation, low prior attainment, disability living allowance and children in bad health), but with 50% allocated on the basis of historical spend, and a basic entitlement for the number of places in special schools. Under this formula West Berkshire receive less than the current High Needs Block allocation. However in 2019/20 the funding floor will increase so that all Local Authorities will attract at least a 1% gain per head of population against their 2017 – 2018 baselines.
- 8.2 Place numbers at special schools, and import/export adjustments will be excluded from the baseline, and will be an additional allocation, so that any year on year changes can be taken into account in the annual allocation.
- 8.3 The 2019/20 provisional high needs block allocation is shown in table below:

Categories	(£'m)
Actual 2019-20 high needs NFF allocation	17.103
Basic entitlement factor, ACA-weighted (unit rate * Actual number of pupils)	1.818
Import / Export adjustments (based on January 2018 school census and February R06 2017/18 ILR.)	0.768
2019-20 Additional high needs funding	0.381
Deduction to High Needs Block for direct funding of places by ESFA	-1.561
Provisional Total high needs block	18.509

- 8.4 The pupil number element is based on the October 2018 census, whereas the import/export adjustment will use the January 2019 census and February 2019 ILR data – the final allocation being provided *after* the budget for 2019/20 is required to be set. An estimate will therefore need to be made.
- 8.5 The import/export adjustment is to reflect that the DSG funding is based on resident population rather than where pupils go to school/college. If a local authority is

receiving more pupils from other local authority areas than are being sent to other local authority areas, (and vice versa) a funding adjustment is made.

- 8.6 High Needs Block deductions will be updated in March 2019, with the 2019 to 2020 academic year place numbers for the September 2019 to March 2020 period.
- 8.7 The High Needs Block was in deficit at the end of 2016/17. When the budget was set in 2017/18 budget it was agreed to repay the deficit over a three year period i.e. by the end of 2019/20. Since the High needs Block is showing a significant over spend this does not now seem possible.
- 8.8 The High Needs budget has no proposed transfers from other Blocks which would have gone some way to addressing the deficit position for 2019/20 however it would not address the underlying problem of funding within the High Needs Block.
- 8.9 Initial indications are that the demand in terms of numbers of high needs pupils and unit costs of provision is continuing to rise and savings will need to be found once again in order to prevent a growing deficit in this block.
- 8.10 Another report on this matter will set out in detail the possible options for making savings which is discussed in another report.