



Leicester
City Council

WARDS AFFECTED
All

Schools Forum

1 February 2018

2018-19 Dedicated Schools Grant

Report of the Head of Finance Children's Services

1. Summary

1.1 The purpose of this report is to inform Schools Forum of the DSG allocation and Schools Block budget for 2018-19 (including final de-delegated sums) and to obtain approvals for the Growth Fund and use of Central School Services Block funding.

2 Recommendations

2.1 Schools Forum is recommended to:

- i) Note the 2018-19 DSG settlement
- ii) Note the approval by the City Council Executive to adopt the National School Funding Formula (as recommended by Forum) from 2018-19.
- iii) Note the MFG of +0.5%
- iv) Note the 'effective' cap on gains in per pupil funding of 2.78%
- v) Approve the pupil growth fund of £4.524m, noting that this includes £748k of funding set aside for Avanti Fields School and Falcons.
- vi) Note the use of DSG reserves to fund 50% of the increased Growth Fund (excluding that related to Avanti and Falcons).
- vii) Note the final de-delegated funding totals
- viii) Approve the expenditure to be funded from the Central School Services Block.

3. Report

DSG Allocation 2018-19

- 3.1 The DSG settlement for 2018-19 was released by the DfE in December 2017 for the Schools' Block (SB), the Central School Services Block (CSSB), the High Needs Block (HNB) and an estimate for Early Years Block (EYB).
- 3.2 The allocation of Schools Block DSG is based on the number of pupils from the October 2017 census. The number of pupils (Year R to Year 11) has increased from the October 2016 census by 1,345 pupils (2.69%) from 49,932 to 51,277.
- 3.3 The DfE have calculated a revised primary and secondary funding rate (the schools block unit of funding) using the 2017-18 baseline data in the National Funding Formula. The rates are £4,047 per Primary pupil and £5,362 per Secondary pupil. This is multiplied by 32,919 Primary pupils and 18,358 Secondary pupils taken from the October 2017 census. £8.985m of further funding is added to this for the growth fund, premises and mobility factors. This gives a total Schools Block allocation of £240.636m as per the table below:

TABLE 1 – DEDICATED SCHOOLS GRANT

Dedicated Schools Grant	2017-18 DSG funding as at November 2017	2018-19 NFF funding as at December 2017
Pupil numbers	49,932	51,277
	£m	£m
Schools Block	230.84	240.64
Central School Services Block (CSSB)	0.00	1.87
Early Years Block	23.15	24.93
High Needs Block*	48.01	48.58
Total DSG	301.99	316.02

**These figures are prior academy recoupment and deductions for direct funding of high needs places by ESFA*

- 3.4 The Central School Services Block (CSSB) is intended to fund services or expenditure which was previously classified as historic commitments (mainly the Admissions service and legacy pension costs) together with those services previously funded by the Education Services Grant. The funding has been calculated by the DfE using a rate of £32.83 per pupil plus an allowance for historic commitments. This is further discussed in para 3.17 below.
- 3.5 The indicative Early Years Block allocation of £24.93m includes funding for the universal 15 hour entitlement and the additional 15 hours for 3 and 4 year old children of eligible working

parents. It also includes funding for the 15-hour entitlement for disadvantaged 2 year olds, the early year pupil premium and the disability access fund. Centrally allocated Early Year's block spend has already been approved by Forum. We are about to consult on the hourly rate for providers in 2018/19.

- 3.6 We are currently agreeing places with Special Schools in order to finalise their budgets for 2018-19. There has been no significant change in the HNB funding allocation as a result of using the NFF.

2018-19 Schools Block DSG

- 3.7 The DfE has announced that for 2018-19 and 2019-20 schools funding remains a 'soft' version of the National Funding Formula, which means that the National Funding Formula will set notional allocations for each school, which will be aggregated, and used to calculate the total Schools Block received by each local authority. The Schools Block is then distributed by the local authority to schools according to a locally determined formula.
- 3.8 The City Council Executive have approved that from 2018-19 the LA will adopt the NFF formula factors and unit values in calculating individual school budgets. This was also recommended by Forum in the November 2017 meeting.
- 3.9 The MFG has been set at +0.5% and hence all schools will receive an increase of at least 0.5% in their per pupil funding. Under the NFF some schools receive a larger increase in per pupil funding although it is capped at 3%.
- 3.10 At the November 2017 meeting the LA recommended increasing the Growth Fund from £1.9m to £3.8m, the expected level of expenditure. This would have two significant benefits. Firstly we are rapidly exhausting the DSG reserves which are currently funding mainstream growth and HNB growth pressures. Secondly by including £3.8m in our 2018/19 Growth Fund budget we should secure an increase to our 2019/20 allocation to £3.8m. This is on the basis that future Growth Fund allocations from the DfE are based on previous year's budgets. It was recommended that we increase the Growth Fund by increasing the cap on those schools which gained more than 0.5%.
- 3.11 At a subsequent meeting of the Formula Funding Review Group in December a compromise was approved whereby the increase to the Growth Fund of £1.9m would be met equally from DSG reserves and by increasing the cap on those schools that gain more than 0.5% in per pupil funding. In practical terms this will be achieved firstly by capping gains in the DfE's funding tool to a level which generates the full £1.9m increase in Growth Fund and then making a separate payment to schools to return them to the position they would have been in if the Growth Fund increase had only been half of the £1.9m.
- 3.12 In addition to the changes to the Growth Fund explained above we have had to make a further adjustment. Avanti Field's School is a new proposed free school which may or may not open in September 2018. Furthermore Falcons Primary school is a growing school which may not achieve its full PAN. The funding for these places has not been provided for separately by the DfE and therefore will need to be found from increasing the Growth Fund.

The total funding is estimated at nearly £750k. As a result the cap on gains has had to be increased further. This increases the total Growth Fund budget to £4.524m which is recommended for approval.

- 3.13 In spite of the issue outlined in paragraph 4.6 the effective gains cap is 2.78% after using DSG reserves. (Note the actual gains cap which appears in the DfE's funding proforma tool for individual schools is set at 1.54% which is equivalent to 2.04% after taking into account the MFG of +0.5%).
- 3.14 Table 2 sets out the calculation of the Schools Block DSG funding allocation and how this has been distributed.

TABLE 2 - 2018-19 DSG SCHOOLS BLOCK

FUNDING ALLOCATION	UNIT OF FUNDING	PUPIL HEADCOUNT	£
Schools Block Primary	£4,046.83	32,919	£133,217,597
Schools Block Secondary	£5,361.86	18,358	£98,433,026
			£231,650,623
Growth Fund			£1,910,000
Rates, split site, mobility, PFI			£7,075,068
2018-19 TOTAL SCHOOLS BLOCK			£240,635,691

DISTRIBUTED AS FOLLOWS:

TOTAL DISTRIBUTED BY LEICESTER CITY SCHOOLS FUNDING FORMULA		£236,111,391
GROWTH FUND:		
ALLOCATED GROWTH FUND FROM THE DfE	£1,910,000	
GROWTH FUND GENERATED FROM SCHOOLS APT CAP: AS AGREED TO INCREASE GF TO £3.9M AVANTI FIELDS AND FALCON SCHOOLS GROWTH	£1,866,222 £748,078	
		£4,524,300
		£240,635,691
SCHOOLS ALLOCATION		
TOTAL DISTRIBUTED BY LEICESTER CITY SCHOOLS FUNDING FORMULA		£236,111,391
ADDITIONAL TO BE PAID FROM DSG RESERVES (50% of £1,866,222)		£933,111
TOTAL SCHOOLS FUNDING		£237,044,502

Aggregated Individual School Budgets

3.15 Table 3 provides the breakdown of the Schools' Block funding in aggregate by formula factor:

TABLE 3 - ALLOCATION FOR 2018-19

NFF Values 2018/19							
Formula Factor	Primary Unit Value	Secondary Unit Value	Pupils Primary	Pupils Secondary	Primary Total	Secondary Total	TOTAL
AWPU - Primary	£2,747		32,943		£90,493,863		£90,493,863
AWPU - KS3		£3,863		11,296		£43,632,494	£43,632,494
AWPU - KS4		£4,386		7,062		£30,972,590	£30,972,590
FSM	£440	£440	5,303	3,045	£2,333,112	£1,339,800	£3,672,912
Ever 6	£540	£785	9,432	6,520	£5,093,079	£5,117,809	£10,210,888
IDACI Band F	£200	£290	3,770	2,285	£753,984	£662,650	£1,416,634
IDACI Band E	£240	£390	3,862	2,309	£926,899	£900,659	£1,827,558
IDACI Band D	£360	£515	2,678	1,544	£964,153	£795,083	£1,759,236
IDACI Band C	£390	£560	4,530	2,257	£1,766,625	£1,263,888	£3,030,513
IDACI Band B	£420	£600	4,955	2,412	£2,081,058	£1,447,491	£3,528,549
IDACI Band A	£575	£810	2,995	1,478	£1,721,921	£1,197,019	£2,918,940
Low Prior Attainment	£1,050	£1,550	14,703	4,603	£15,438,100	£7,134,565	£22,572,665
EAL - 3 Year Data Set	£515	£1,385	10,355	1,962	£5,332,915	£2,717,671	£8,050,585
Mobility	£525	£3,036	520	109	£272,940	£331,446	£604,387
Lump Sum	£110,000	£110,000			£9,020,000	£1,980,000	£11,000,000
Split Site					£286,000	£50,000	£336,000
Rates					£1,888,326	£1,764,450	£3,652,776
PFI					£0	£1,113,000	£1,113,000
Total					£138,372,975	£102,420,616	£240,793,591
0.5% MFG							£2,610,372
1.54% CAP							-£7,292,572
APT							£236,111,391
Explicit Growth Fund							£4,524,300
Total Schools Block DSG							£240,635,691

De-delegated services

3.16 The final funding totals for de-delegated services as approved by Schools Forum in November 2017 are listed in Table 4.

TABLE 4 – DE-DELEGATED SERVICES

Number of Primary Pupils: 25,579

Number of Secondary Pupils: 13,155

De-Delegated Service	Primary 2018-19		Secondary 2018-19		Total 2018-19	
	Amount (£000)	Per Pupil £	Amount (£000)	Per Pupil £	Amount (£000)	Per Pupil £
Schools in Financial Difficulty	220	8.61	190	14.42	410	10.58
Schools facing Exceptional Cost Pressures	272	10.65	235	17.84	507	13.09
Behaviour Support Services (SEMH)	779	30.46	88	6.68	867	22.38
<i>Support for underperforming ethnic minority groups & bilingual learners*</i>	996	38.94	194	14.71	1,190	36.66
Free School Meal Eligibility	22	0.85	11	0.87	33	0.86
Licences / Subscriptions	7	0.29	4	0.29	11	0.29
Staff costs including supply costs (Union Duties)	101	3.96	79	6.00	180	4.65
	2,398	93.76	800	60.81	3,198	88.52

***Breakdown of Support for underperforming ethnic minority groups & bilingual learners finding**

Description	Primary 2018-19		Secondary 2018-19		Total 2018-19	
	Amount (£000)	Per Pupil £	Amount (£000)	Per Pupil £	Amount (£000)	Per Pupil £
Closing the Gap	317	12.38	167	12.66	483	12.48
Traveller Education	52	2.04	27	2.05	79	2.04
Whatever It Takes	179	7.00			179	4.62
Academic Coaching	30	1.19			30	1.19
Primary School Improvement	418	16.33			418	16.33
	996	38.94	194	14.71	1,190	36.66

2018-19 Central School Services Block DSG

3.17 Table 5 sets out Central Schools Services Block DSG.

TABLE 5 - CSSB DSG FUNDING

OCT 2017 PUPIL NUMBERS	£51,277
CSSB FUNDING RATE PER PUPIL FOR ONGOING RESPONSIBILITIES	£32.83
CSSB FOR ONGOING RESPONSIBILITIES	£1,683,424
CSSB FOR HISTORIC COMMITMENTS	£189,000
TOTAL 2018-19 DSG CSSB FUNDING	£1,872,424

	2017-18 BASELINES		2018-19 BUDGET ALLOCATION	
ONGOING RESPONSIBILITIES				
Admissions	£595,000		£595,000	
Schools Forum	£30,000		£30,000	
Copyright licensing	£217,000		£229,231	
Education Functions	£820,000		£829,193	
		£1,662,000		£1,683,424
HISTORIC COMMITMENTS				
PRC		£189,000		£189,000
TOTAL CSSB		£1,851,000		£1,872,424

- 3.18 The detailed descriptions for ongoing responsibilities elements are set out below. Schools Forum is asked to approve the budget allocations for the ongoing responsibilities totaling £1,683,424 as set out in Table 5 above.
- 3.19 Copyright licensing - the DfE purchase a single national licence managed by the Department for all state funded schools in England, covering 10 individual licences including Performing Rights Society, Copyright Licensing Agency and Newspaper Licensing Company.
- 3.20 Education functions cover the retained duties element of the old Education Services Grant which LAs used to part fund statutory services they provide to all schools including academies. These services include Educational Welfare (the most significant in terms of size), Standing Advisory Committees for Religious Education (SACRE), management of the LA's capital programme, preparation of the revenue budget, formulation of the local school funding formula and elements of the Director of Children's Services' time.
- 3.21 The total value of the Education functions included in the Central School Services Block is £829k. The funding provided by the DfE for Education Functions does not reflect the total expenditure on these services and the LA has continued to provide additional funding of its own as necessary. The Educational Welfare Service alone has a budget of £0.9m in 2018-19. Nevertheless the DfE require that Schools Forum approve the use of the CSSB for the purposes shown above.

3.22 The historic commitments element approved by the ESFA for Leicester City schools is the budget for Premature Retirement Costs which has been set at £189,000. Schools Forum is asked to approve the historic commitments element of CSSB expenditure item.

4. Financial, legal and other implications

Financial Implications

4.1 Financial implications are included in the main body of the report.

Legal Implications

4.2 There are no legal implications

Report Author

Martin Judson Head of Finance