



Leicester  
City Council

**WARDS AFFECTED**

All

Schools Forum agenda item 5

**Schools Forum**

**31 January 2019**

**2019/20 Dedicated Schools Grant**

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**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 2019/20 and to obtain approvals for the Growth Fund and use of Central School Services Block funding. Final decisions regarding de-delegated sums are to be made at the meeting.

**2 Recommendations**

- 2.1 Schools Forum is recommended to:

- i. Note the 2019/20 DSG settlement
- ii. Note the MFG of +0.5%
- iii. Approve the recommended Growth Fund of £4.246m
- iv. Note that if (iii) is approved the overall cap on gains in per pupil funding will be 0.5%
  
- v. Request maintained primary schools' representatives to confirm whether or not to de-delegate for the Exceptional Cost Pressure (ECP) Fund and the Schools in Financial Difficulty (SIFD) Fund.
- vi. Request maintained schools' representatives agree the final de-delegated funding totals following approval at the meeting.
- vii. Approve the expenditure to be funded from the Central School Services Block.

### **3. Report**

#### **DSG Allocation 2019/20**

- 3.1 The DSG settlement for 2019/20 was released by the DfE in December 2018 for the Schools Block (SB), the Central School Services Block (CSSB), the High Needs Block (HNB) and an estimate for the Early Years Block (EYB).
- 3.2 The allocation of Schools Block DSG is based on the number of pupils from the October 2018 census. The number of pupils (Year R to Year 11) has increased from the October 2017 census by 1,162 pupils from 51,277 to 52,439, a 2.27% increase compared to 2.69% in the prior year.
- 3.3 The DfE have calculated primary and secondary school funding rates (the schools block unit of funding) using the 2018/19 APT (Authority Proforma Tool) data and National Funding Formula rates. In calculating the funding rates the DfE have capped gains at an individual school level at no more than 6% compared to the 2017/18 baseline data. The DfE have also applied a minimum increase at an individual school level of 1% compared to the 2017/18 baseline data. This is the second transitional year of using the NFF and the final year of capping gains by the DfE.
- 3.4 Whilst we use the NFF locally to distribute funding, the illustrative funding rates per school provided by the DfE are not directly comparable with the funding calculated using the 2019/20 APT, even though this uses the NFF rates. This is because we are using the pupil characteristics from the October 2018 census whereas the DfE are using the 2018/19 APT data. Moreover, the DfE continue to expect new schools to be funded from existing schools' funding allocation. In our case no additional funding has been made available by the DfE for Castle Mead Academy which is due to open in December and yet we must set aside sufficient funding for them to open in September 2019. This funding can only come by limiting the gains which some schools would otherwise have benefited from. This is not factored into the DfE's funding rate illustrations.
- 3.5 The final rates calculated by the DfE are £4,097 (£4,046 in 2018/19) per primary pupil and £5,440 (£5,361 in 2018/19) per secondary pupil. This is multiplied by 33,270 primary pupils (32,919 in 2018/19) and 19,169 secondary pupils (18,358 in 2018/19) taken from the October 2018 census. £8.239m of further funding is added to this for the growth fund, premises and mobility factors. This gives a total Schools Block allocation of £248.856m as per the Table 1 below:

**TABLE 1 – DEDICATED SCHOOLS GRANT ALLOCATIONS**

Dedicated Schools Grant	2019/20 DSG funding as at December 2018	2018/19 DSG funding as at December 2017
Pupil numbers	52,439 £m	51,277 £m
Schools Block	248.856	240.636
Central School Services Block (CSSB)	1.905	1.872
Early Years Block	23.930	23.928
High Needs Block*	50.487	49.374
<b>Total DSG</b>	<b>325.178</b>	<b>315.810</b>

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

- 3.6 The Central School Services Block (CSSB) is intended to fund services or expenditure which was previously classified as either historic commitments those which were funded by the Education Services Grant. The funding has been calculated by the DfE using a rate of £32.73 per pupil plus an allowance for historic commitments.
- 3.7 The indicative Early Years Block allocation of £23.93m 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.
- 3.8 The High Needs Block (HNB) funding allocation has increased as a result of the additional monies announced recently by the DfE (£886k) together with formula increases from more special school places and the impact of changes to pupil characteristics (such as low prior attainment).

### **2019-20 Schools Block DSG**

- 3.9 The DfE have delayed by a further year to 2021/22 the enforced use of the NFF by local authorities to distribute the funding allocation to schools and it is not clear when or even whether this will ever be done.
- 3.10 The City Council Executive approved the use of the NFF as our local formula from 2018/19 to calculate individual school budgets.

- 3.11 As in 2018/19 the LA has attempted, within the constraints of the overall funding allocation and the APT, to reflect the intentions of the NFF. Consequently, the MFG has once again been set at +0.5% (the maximum allowable) and hence all schools will receive an increase of at least 0.5% in their per pupil funding compared to 2018/19. If no further adjustments were made and with the MFG set at +0.5%, gains in per pupil funding would have to be capped at +1.4% in order that the total of school budgets remains within the allocation.
- 3.12 The DfE have decided to use a formula to calculate the Growth Fund allocation for local authorities based on the gross increase in pupil numbers between the 2017 and 2018 census dates. This is contrary to their previous guidance that the Growth Fund would be based on the previous year's LA budgeted expenditure. The funding rates in the new formula are £1,370 for primary schools and £2,050 for secondary schools per annum. We have used a rate for secondary schools of £2,603 pa in 2018/19 and funded primary schools based on individual bids at standardised marginal costs.
- 3.13 We are forecasting to spend all of the £3.8m Growth Fund set aside for growth in pupils estimated for 18/19 (excluding the amount set aside for new schools), covering around 1,306 growth pupils. The DfE formula for 2019/20 provides only £2.4m in total based on a growth in pupils of 1,356. This indicates that the DfE funding is approximately a third less generous than has been the case in 2018/19. As well as a more generous local funding rate the LA has also extended the funding period where the additional pupils have missed the in-year October census date. The DfE is assuming that all growth will be included between these October census dates.
- 3.14 The level of year on year growth in 2019/20 is likely to be similar to 2018/19 and it is recommended that the Growth Fund is set at an amount as close as possible to last year's level. If this is not done then those schools that can take the additional pupils will be unable to do so through a lack of revenue funding.
- 3.15 Maximising the Growth Fund for 2019/20 means that we need to cap individual school gains to 0.5%, rather than 1.4%, giving a Growth Fund of approximately £3.5m excluding amounts set aside for new schools. Limiting the gains of individual schools under the new NFF is clearly not desirable, however under the current DfE funding arrangements there is no alternative if we want growth to be adequately funded.
- 3.16 As noted in paragraph 3.4 the DfE also expect LAs to set aside growth funding for any new schools. Castle Mead Academy is expected to open in September 2019 and funding for 240 pupils totaling £777k has been set aside, resulting in a total Growth Fund of £4.25m as shown in table 2 below.
- 3.17 For 2019/20 there is no proposal to make any transfers from the Schools Block to the High Needs Block. The current shortfall in the HNB allocation compared to annual expenditure is being dealt with using one off funds as described previously. Nevertheless the need for transfers between blocks will need to be reviewed on annual basis until such time as the DfE adequately fund the HNB, which is not the case currently, despite the additional funding noted in paragraph 3.8.
- 3.17 Table 2 summarises the Schools Block DSG funding allocation and distribution:

**TABLE 2 - 2019-20 DSG SCHOOLS BLOCK**

FUNDING ALLOCATION	UNIT OF FUNDING	PUPIL HEADCOUNT	£
Schools Block Primary	£4,097.59	33,270	£136,326,819
Schools Block Secondary	£5,440.69	19,169	£104,289,866
Growth Fund			£240,616,685
Rates, split site, mobility, PFI			£2,494,600
<b>2019-20 TOTAL SCHOOLS BLOCK</b>			<b>£5,744,563</b>
			<b>£248,855,848</b>

**DISTRIBUTED AS FOLLOWS:**

TOTAL DISTRIBUTED BY LEICESTER CITY SCHOOLS FUNDING FORMULA		£244,609,727
<b>GROWTH FUND:</b>		
ALLOCATED GROWTH FUND FROM THE DfE	£2,494,600	
CASTLE MEAD ACADEMY GROWTH ADDITIONAL GROWTH FROM 0.5% CAP	£777,131 £974,390	
		£4,246,121
<b>SCHOOLS ALLOCATION</b>		<b>£248,855,848</b>

## Aggregated Individual School Budgets

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

**TABLE 3 - ALLOCATION FOR 2019/20**

NFF VALUES 2019/20							
Formula Factor	Primary Unit Value	Secondary Unit Value	Pupils Primary	Pupils Secondary	Primary Total	Secondary Total	TOTAL
AWPU - Primary	£2,746.99		33,270.00		£91,392,357		£91,392,357
AWPU - KS3		£3,862.65		11,867.50	£0	£45,839,999	£45,839,999
AWPU - KS4		£4,385.81		7,340.00	£0	£32,191,845	£32,191,845
FSM	£440.00	£440.00	5,685.00	3,207.92	£2,501,400	£1,411,485	£3,912,883
Ever 6	£540.00	£785.00	8,903.22	6,537.32	£4,807,739	£5,131,796	£9,939,535
IDACI Band F	£200.00	£290.00	3,760.52	2,348.23	£752,104	£680,987	£1,433,091
IDACI Band E	£240.00	£390.00	3,812.39	2,422.62	£914,974	£944,822	£1,859,795
IDACI Band D	£360.00	£515.00	2,737.61	1,571.32	£985,540	£809,230	£1,794,770
IDACI Band C	£390.00	£560.00	4,597.48	2,311.92	£1,793,017	£1,294,675	£3,087,690
IDACI Band B	£420.00	£600.00	5,036.44	2,670.23	£2,115,305	£1,602,138	£3,717,442
IDACI Band A	£575.00	£810.00	3,034.78	1,545.78	£1,744,999	£1,252,082	£2,997,083
Low Prior Attainment*	£1,022.00	£1,550.00	15,285.46	4,746.60	£15,621,740	£7,357,230	£22,978,976
EAL - 3 Year Data Set	£515.00	£1,385.00	10,376.26	1,861.61	£5,343,774	£2,578,330	£7,922,097
Mobility	£525.00	£3,035.55	483.08	55.36	£253,617	£168,048	£421,665
Lump Sum	£110,000.00	£110,000.00					£11,110,000
Split Site							£352,333
Rates							£3,532,018
PFI							£1,150,360
<b>Total</b>							£245,633,940
0.5% MFG							£4,788,573
0% CAP							-£5,812,786
APT							£244,609,727
Explicit Growth Fund							£4,246,121
<b>Total Schools Block DSG</b>							<b>£248,855,848</b>

\* Note the primary NFF Low Prior Attainment factor has reduced from £1,050 to 2018/19 to £1,022 in 2019/20.

- 3.19 Table 5 below analyses the distribution of the pre and post MFG per pupil % change year on year. This gives an indication of the number of schools that lost and gained compared to 2018/19, prior to applying the MFG and the gain cap.

The table illustrates the significant spread in terms of the variation in pupil funding that would have occurred without protection and gain capping being applied.

**TABLE 5 PRE AND POST CAP MFG PER PUPIL % CHANGE**

WITHOUT ADDITIONAL GROWTH FUND				WITH ADDITIONAL GROWTH FUND		
MFG per pupil % post capping	Number of schools	% by phase	MFG per pupil % pre cap range	MFG per pupil % post capping	Number of schools	MFG per pupil % pre cap range
<b>Maintained Primary Schools</b>						
0.50%	15	27%	-8.25% to + 0.28%	0.50%	56	-8.25% to + 14.92%
0.72%	1	2%	+0.72%			
0.82%	1	2%	0.82%			
1.40%	39	70%	+1.94% to +14.92%			
	56	100%				
<b>Primary Academies</b>						
0.50%	10	38%	-9.74% to + 0.36%	0.50%	26	-9.74% to + 10.15%
0.74%	1	4%	+0.74%			
0.80%	1	4%	+0.80%			
1.40%	14	54%	+1.90% to +10.15%			
	26	100%				
<b>Maintained Secondary Schools</b>						
0.50%	6	60%	-9.16 % to -1.78%	0.50%	10	-9.16 % to +6.22%
1.40%	4	40%	+1.49% to +6.22%			
	10	100%				
<b>Secondary Academies</b>						
0.50%	5	63%	-15.30% to +0.43%	0.50%	8	-15.30% to +12.64%
1.40%	3	38%	+3.19% to +12.64%			
	8	100%				
<b>All through academy</b>						
0.50%	1	100%	-3.34%	0.50%	1	-3.34%

## De-delegated services

- 3.20 Funding totals for those de-delegated services which were provisionally approved by Schools Forum in December 2018 are listed in Table 5. Primary schools representatives are still to confirm whether or not they wish to maintain the Exceptional Cost Pressure (ECP) Fund or the Schools in Financial Difficulty (SIFD) Fund.
- 3.21 For the avoidance of doubt, if there is no ECP or SIFD fund available then maintained schools, just like academies, will have to deal with any financial difficulties themselves as there will be no funding available from the LA. Schools who are in deficit will still have to produce a plan to reduce and eventually eliminate that deficit. Where eliminating the deficit is not possible schools will have to carry that deficit forward in their own books, the LA will not be in a position to ‘write off’ the deficit.

**TABLE 5 – DE-DELEGATED SERVICES**

Number of Primary Pupils: 23,632  
 Number of Secondary Pupils: 10,360

De-Delegated Service	Primary 2019/20		Secondary 2019/20		Total 2019/20 Amount (£000)
	Amount (£000)	Per Pupil £	Amount (£000)	Per Pupil £	
<b>Schools in Financial Difficulty</b>	<b>203</b>	<b>8.61</b>			<b>203</b>
<b>Schools facing Exceptional Cost Pressures</b>	<b>252</b>	<b>10.65</b>			<b>252</b>
Behaviour Support Services (SEMH)	720	30.46			720
<i>Support for underperforming ethnic minority groups &amp; bilingual learners*</i>	872	36.90			872
Free School Meal Eligibility	20	0.85	9	0.87	29
Licences / Subscriptions	7	0.29	3	0.29	10
Staff costs including supply costs (Union Duties)	94	3.96	62	6.00	156
	<b>2,168</b>	<b>91.72</b>	<b>74</b>	<b>7.16</b>	<b>2,242</b>

Description	Primary 2019/20		Secondary 2019/20		Total 2019/20 Amount (£000)
	Amount (£000)	Per Pupil £	Amount (£000)	Per Pupil £	
Closing the Gap	293	12.38			293
Whatever It Takes	165	7.00			165
Academic Coaching	28	1.19			28
Primary School Improvement	386	16.33			386
	<b>872</b>	<b>36.90</b>			<b>872</b>

## 2019/20 Central School Services Block DSG

- 3.22 Table 6 sets out Central Schools Services Block DSG.

**TABLE 6 - CSSB DSG FUNDING**

OCT 2018 PUPIL NUMBERS	52,438.50
CSSB FUNDING RATE PER PUPIL FOR ONGOING RESPONSIBILITIES	£32.73
CSSB FOR ONGOING RESPONSIBILITIES	£1,716,312
CSSB FOR HISTORIC COMMITMENTS	£189,000
<b>TOTAL 2019/20 DSG CSSB FUNDING</b>	<b>£1,905,312</b>

	<b>2019/20 BUDGET ALLOCATION</b>
<b>ONGOING RESPONSIBILITIES</b>	
Admissions	£595,000
Schools Forum	£30,000
Copyright licensing	£241,409
Education Functions	£849,903
	£1,716,312
<b>HISTORIC COMMITMENTS</b>	
PRC	£189,000
<b>TOTAL CSSB</b>	<b>£1,905,312</b>

- 3.23 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 £1,905,312 as set out in Table 6 above.
- 3.24 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.
- 3.25 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 cover a wide range of services including Educational Welfare, management of the LA's capital programme, preparation of the revenue budget, formulation of the local school funding formula, Standing Advisory Committees for Religious Education (SACRE) and elements of the Director of Children's Services' time.
- 3.26 The total value of the Education functions included in the Central School Services Block is £849.9k and the DfE require that Schools Forum approve the use of the CSSB for the purposes shown above.

- 3.27 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**

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