

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Deputy Chief Executive - People
and Director of Finance and Resources

to
Education Board

on
16 January 2018

Report prepared by:
Paul Grout
Senior Finance Business Partner

Dedicated Schools Grant budget 2018/19

1 Purpose of Report

To present a draft 2018/19 Dedicated Schools Grant (DSG) budget

2 Recommendation

- 2.1 That the proposed 2018/19 Dedicated Schools Grant Budget be agreed and recommended to the Council for approval.

3 Background

- 3.1 This report sets out the proposed Dedicated Schools Grant Budget for the financial year 2018/19, to be set by the Council as part of its budget making in January 2018.
- 3.2 This report follows the Department for Education (DfE) DSG 2018/19 funding block announcements made on 19th December 2017, and release of the 2018/19 DfE Authority Proforma Tool on the 15th December 2017, which enables the Education Board agreed distribution of 2018/19 school block funds to individual schools using the latest October 2017 census data.
- 3.3 As agreed at the previous Education Board meeting on the 5th December 2017, individual school budget allocations for 2018/19 have been set, implementing the 2019/20 National Funding Formulae (NFF) basic minimum funding rates per pupil of £3,500 for primary and £4,800 for secondary. Delegated and centrally retained funding budgets have also been set in accordance with the approval of the previous Education Board meeting.

4 Dedicated Schools Grant Allocations 2018/19

- 4.1 The Department for Education (DfE) has set out the following funding blocks for Southend's Dedicated Schools Grant for 2018/19;

Schools Block	£117.421 Million
Central Block	£1.738 Million
High Need Block (provisional)	£18.209 Million
Early Years Block (provisional)	£10.377 Million
Total	£147.745 Million

Appendix 1 – DSG budget 2018/19, provides a detailed allocation including budget movement from 2017/18.

- 4.2 For pupil led funding, the Schools block is based on a confirmed payment of £3,944.78 per primary pupil and £5,228.74 per secondary pupil. For information average per pupil funding for selected areas is given below;

	Primary unit of funding per pupil £	Secondary unit of funding per pupil £
Southend-on-Sea	3,944.78	5,228.74
Thurrock	3,863.25	5,143.35
Essex	3,776.95	4,975.98
Statistical Neighbour Group	3,872.38	5,038.01
London	4,664.47	6,116.78
East of England	3,887.79	5,035.53
South East England	3,786.42	4,907.34
England	4,057.87	5,228.74

- 4.3 The provisional high needs block funding for 2018/19 has increased by £0.425 Million to £18.209 Million. Of this £7.182 Million will be deducted for high needs places funded directly by the EFA, leaving the locally available sum for distribution at £11.027 Million. The high needs block is still provisional, as the DfE will be updating the final funding allocations for import/export adjustments using the January 2018 school census, February 2018 R06 Individualised Learner Records (ILR) data and hospital education funding. However, as these final adjustments, will not be known until early summer, High Needs funding distribution for 2018/19 has to now be planned on this provisional allocation.
- 4.4 The DfE Early Years funding rates for 2018/19 are the same as 2017/18, confirmed at £4.40 per hour for 3 & 4 year olds and £5.24 per hour for 2 year olds. The Early years block is also provisional for 2018/19, as 2018/19 DfE allocations for take up of provision will be updated during 2018/19 and 2019/20, based on January 2018 and January 2019 census data.

5 Schools Block

- 5.1 As agreed, at the last Education Board meeting, and in accordance with National Funding Formulae principles, Individual Schools budget have been set for 2018/19, awarding the 2019/20 basic minimum funding per pupil of £3,500 for primary and £4,800 for secondary. All other remaining schools have received the same small % uplift in their per pupil led funding.

5.2 Basic entitlement has been set, as per the NFF, at;

Primary	£2,756.52
Key Stage 3	£3,876.05
Key Stage 4	£4,401.03

5.3 This Primary to Secondary funding ratio is now set at 1:1.38.

5.4 The allocations to each school for 2018/19 are detailed in Appendix 2 including movement from 2017/18. The total modelled in the 2018/19 funding formula is £116,230,800 before de-delegation, (£116,219,655 after de-delegation).

5.5 In addition to funding from the DSG, schools will receive 2018/19 Pupil Premium grant, which will provide £1,320 / £935 of funding per primary / secondary pupil (2017/18 = £1,320 / £935 per pupil) who have been registered for free school meals in any of the past 6 years.

6 Centrally Retained Funding

6.1 Education Board approved the arrangements and amounts for Centrally Retained Funding. Those approved amounts have therefore been used in the construction of the schools budgets.

6.2 In 2018/19 there is a slight increase adjustment to the funding allocation in the central block of £6,345, which is incorporated within the Education Support Grant (ESG) retained duties. This is mainly due to the slight increase in school pupil head count from 2017/18, where a proportion of the central block funding is based on the October school pupil census count.

6.3 The final amounts are therefore confirmed as;

	Amount
De-delegated budgets	£9,085
<i>Being:</i>	
<i>Licences</i>	£1,015
<i>Staff Costs (TU)</i>	£8,070
CLA/MPA Licences	£122,297
Combined Budgets	£941,288
Growth Fund	£690,000
Schools Admissions	£236,300
Servicing of Schools Forum	£18,700
ESG Retained Duties	£419,562

7 Early Years Block (Provisional)

7.1 For 2 year old funding, and 3 & 4 year old universal entitlement, the DfE have provisionally set the 2018/19 Early Years Block on the same basis as the latest 2017/18 Early Years Block allocation, with the same funding rates, and anticipating part time equivalent (PTE) support to 476 2 year olds and 2,744 3 &

4 years old accessing the universal entitlement, where PTE assumes they all access the full 15hrs per week support over 38 weeks.

- 7.2 2018/19 will be the first full financial year of the 3 & 4 year old additional entitlement funding for eligible working parents, as it was originally implemented from September 2017. The DfE have therefore provisionally awarded an additional £0.843 Million to the Early Years block, based on a full financial year entitlement of this funding and anticipating support to 737 PTE 3&4 year olds.
- 7.3 As previously highlighted at the Education Board, the Early Years' service will be presenting an options paper to the March 2018 Education Board on the benefits of sustaining the provision of services funded from the £0.500 Million transfer in 2018/19, and options to consider the funding of those services from 2019/20, given the now highly likely loss of the £0.500 Million from the Schools block in 2019/20, and therefore ability to retain this transfer in 2019/20.
- 7.4 The Early Years' service will also be presenting a paper in the March 2018 Education board, with regards to an alternative methodology for the statutory distribution of supplementary funds passed onto providers for deprivation.

8 High Needs Block (Provisional)

- 8.1 The 2018/19 High Needs block under NFF, has seen much needed provisional confirmed growth in funding from the DfE of £0.425 Million, and further indicative growth of £0.346 Million in 2019/20. However, given 2017/18 is the second year of continuing spending pressure on the High Needs block, which will leave DSG balances in a deficit at the end of 2017/18, the message remains the same as presented at the last Education Board, that a cash freeze in funding for all high needs settings and providers would have been the best case scenario for 2018/19.
- 8.2 However, now given the level of additional provisional funding awarded in 2018/19 and what is anticipated in 2019/20, in order to enable DSG financial recovery to be achieved by the end of 2019/20 which includes the restoration of depleted DSG reserves and moves High Needs funding towards a sustainable financial position, at a minimum further estimated cashable high need savings of £0.200 Million (or equivalent 1.1% of total 2018/19 High Needs block funding) in 2018/19 are now required. This cashable saving has to be an estimate, as it is based on the latest 2017/18 High Needs forecast spend position, rolling into future years, which are of course subject to further volatility in demand and cost.
- 8.3 The DfE decision, in relation to the disapplication of Minimum Funding Guarantee (MFG) for the special schools is expected to be announced by the end of January 2018. As highlighted at previous Education Board meetings, should the DfE request be granted, it will only be evoked with the agreement of the Education Board if there is no alternative way of balancing the High Needs budget including the recovery of DSG reserves by the end of 2019/20. It is therefore hoped that the work of the Vulnerable Learners Sub Group, in conjunction with the Council's high needs team are successful in finding alternative workable and sustainable solutions to assist in balancing the high needs budget without invoking any granted disapplication of MFG.

- 8.4 As previously agreed the detailed line level funding allocation for the High Need block in 2018/19 needs to be presented to the March 2018 Education Board. This paper will be prepared by Council Officers, following the consideration and work of the Vulnerable Learners Sub Group. It is also strongly recommended that this work involves the creation of a contingency budget within high needs to assist with coping with in-year financial pressures, and ensure High Needs is sustainable within its own block funding allocation.

9 Conclusion

- 9.1 The overall position set out for 2018/19 is a balanced schools budget. Following agreement by the Education Board, this budget will be recommended to the Council for approval.
- 9.2 The Education Board, note, that the detailed 2018/19 funding allocation for High Needs block funding will be presented for approval in the March 2018 Education Board meeting.

10 Appendices

Appendix 1 – DSG Budget 2018/19

Appendix 2 – DSG Budget 2018/19 – Individual Schools Budgets