**AGENDA ITEM 03**

**Title of report:**

**DSG Budget 2019-20**

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**Officer to present the paper to School Forum:**

**Sailesh Patel**

**Details on who has been consulted with on this paper to date:**

Neville Murton, Christine McInnes

**Exec Summary:**

This report is to inform Schools Forum of the DSG allocation for the 2019/20 financial year. Updated allocations were supplied on the 17 December 2018.

Agreeing the formula itself – based on the 2019/20 schools block settlement.

**Details of recommendations and timescales for decisions:**

Schools Forum is invited to note and comment on the contents of this report and to endorse the associated Proforma for the ESFA 2019/20 submission including approving the DSG budget 2019/20.

1. **DSG Allocation 2019/20**
	1. Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support the education of pupils. The LA receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for these settings to pay them direct, leaving a net or LA allocation.
	2. The methodology for allocating the DSG to local authorities changed significantly in 2018/19, with new national funding formula introduced for each of the schools, central school services, and high needs blocks. The early years block was funded by a new national formula from 2017/18.
	3. The revenue funding for schools will continue to be made by via 4 blocks – Schools, Central, High Needs and Early Years. As in 2018/19 the allocations are to be calculated on the basis of the national school funding formula reforms but will be aggregated and allocated to each Local Authority. This arrangement is confirmed for 2019/20 and 2020/21, which means the primary legislation needed to fund schools directly will not be put before parliament for another year or two.
	4. In July 2018, the EFSA issued the operational guidance on schools funding for 2019/20.
	5. At the same time, the EFSA published provisional allocations for 2019/20 for the Schools Block, Central Services Block and the High Needs Block. No changes were announced about the Early Years Block arrangements for 2019/20.
	6. Growth for 2019/20 will be distributed on the basis of a new methodology. The technical basis is that the DfE will count growing pupil numbers in Middle Super Output Areas between October 2017 and October 2018 and it will ignore reductions. If this approach had been used to calculate growth for 2018/19, Tower Hamlets like other London LA’s would see a reduction in our growth fund, from £2.460m to £1.456m.
	7. There are a number of continuing pressures, specifically in relation to the High Needs Block which is managed by the Council for those pupils with needs that cannot be fully met from schools’ individual budgets. The Government has extended the scope of the High Needs funding to cover educational costs of children and young people up to the age of 25. This expansion of the age range, coupled by an increase in the number of children who are applying for Education, Health and Care plans is placing significant pressure on both the retained budget and schools’ own budgets.
	8. Schools can also, through the Schools Forum, agree to de-delegate some of their Schools Block resources for certain specific services such as to fund release time for trade union duties and allow the Local Authority to fund them centrally on behalf of all schools and contributions to support the Former Education Services Grant (ESG) General Duties which was removed by the government in 2017, these are LA statutory functions for schools, example; finance monitoring/compliance/Internal audit and other CFO S151 responsibilities.
	9. A new Central Schools Services Block (CSSB) introduced in 2018-19 to fund LAs for their statutory duties relating to maintained schools and academies. The CSSB brings together funding previously allocated through the retained duties element of the Education Services Grant; funding for ongoing central functions e.g. admissions; and funding for historic commitments e.g. items previously agreed locally such as combined budgets.
2. **Dedicated Schools Grant 2019/20**
	1. The DfE announced the DSG for 2019/20 on the 17th December 2018.

 The table below sets out the estimated DSG deployment over the funding blocks for 2019-20;

|  |  |  |  |
| --- | --- | --- | --- |
| **Schools Forum Summary** |  |  | **2019-20** |
|  |  |  | **£m** |
| 1.0 Schools Block  |   |   | 257,420 |
| 1.1 De-delegated items (Schools block ) |  |  | 3,226 |
| 1.2 High Needs Block |   |  | 50,531 |
| 1.3 Early Years Block |   |  | 29,471 |
| 1.4 Central Schools Service Block |   |   | 4,811 |
| **Total Schools Budget**  | **Expenditure 2019-20** |   | **345,459** |
| **Schools Forum Summary** |  |  | **2019-20** |
|  |  |  | **£m** |
| 1.7.1 DSG |   |   | -279,130 |
| 1.7.5 Academy Recoupment  |  |  | -61,700 |
| 1.7.5 ESFA Recoupment High Needs |  |   | -4,629 |
| **Total funding**  | **Income 2019-20** |   | **-345,459** |

* 1. Local authorities will be required to submit APTs by 19 January 2019 after obtaining Schools Forum approval of indicative budget at this meeting. The attached **Appendix 1** contains the Final APT.
	2. **EFA Post 16 Grant**. Is additional funding for post 16 pupils, the final allocations will be confirmed in march 2019, for planning purposes EFA Post 16 income and expenditure has been set at the revised 2018/19 levels at £13.200m.

* 1. **Pupil Premium** The pupil premium is to be continued in 2019/20 and for planning purposes 2018-19 actual figures will be used and revised figures used once they are release later in 2019.
	2. **High Needs** On 17 December the Secretary of State announced some additional funding for high needs totalling £350m: £100m capital and £250m revenue. Tower Hamlets will receive additional £724k revenue funding in 2018/19 and the same amount again in 2019/20.
	3. The additional funding is welcomed however significantly short of what is required to support the current deficit in the High needs block (representing around a fifth of the likely shortfall).

**Background Papers**;

ESFA - Dedicated schools grant (DSG): 2019 to 2020

https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2018-to-2019

EFSA – Authority Proforma Tool (APT) 2019 to 2020

https://www.gov.uk/guidance/authority-proforma-tool-apt-information-for-local-authorities#apt-2018-to-2019

Secretary of State’s announcement on additional funding for SEND [Link](https://www.gov.uk/government/news/new-funding-to-support-children-with-special-educational-needs?utm_source=66f72beb-fb23-4082-bf88-447959321037&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily)