# AGENDA ITEM 3

**Title of report: Administrative Arrangements for the Allocation of Central Government Grants Paid to Schools via the Authority.**

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

**Christine McInnes**

## Exec Summary:

The Schools Forum (England) Finance Regulations require that the Authority must consult the Schools Forum annually on a number of issues relating to its Schools Budget including the administrative arrangements for the allocation of central government grants paid to schools via the Authority.

## Action required

Schools Forum is invited to **discuss and comment on** any of the issues raised in the report and to note the arrangements.

1. School Grants
   1. Tower Hamlets, like all local authorities, is required to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers, the Chief Finance Officer, has responsibility for the administration of those affairs. This report informs Forum of the arrangements in place for the administration of central government grants paid to schools or retained for the benefit of schools.
   2. In Tower Hamlets the major grants set out below are administered by the Schools Finance Team.
   3. The net grants received (i.e. excluding the amounts deducted and paid directly to academies) and the expenditure they fund appear in Tower Hamlet’s Annual Statement of Accounts. They are therefore subject to scrutiny by the Council’s external auditor as well as its Internal Audit Team.

## Dedicated Schools Grant (DSG)

* 1. Forum members will be familiar with the arrangements of the DSG. It is split into four blocks, the Schools Block (SB), the High Needs Block (HNB), the Early Years Block (EYB) and the Central School Services Block (CSSB). The DSG, net of deductions for institutions such as academies, is paid to the Local Authority (LA) in 25 instalments throughout the year.
  2. The Schools and Early Years Finance Regulations prescribe what can be retained centrally and, in some categories, limit budgets to the level of the previous year.
  3. Forum receives reports on the proposed use of the DSG during the autumn and spring term meetings. It has the power to approve or disapprove the LA’s proposed centrally retained budgets except in the HNB, on which Forum is consulted but the LA decides. If a forum and LA cannot reach agreement on central retention the LA can appeal to the Secretary of State for Education for a resolution.

### Schools Block

* 1. Only two items can be top-sliced from the Schools Block. These are the Growth Fund and the Falling Rolls Fund. The size and criteria for accessing the funds is agreed annually by Forum and is available to both maintained schools and academies. The remainder of the Block must then be delegated to schools and academies through the local funding formula. The formula is determined by the LA following consultation with schools/academies and with the Forum.
  2. The formula allocations for academies are deducted (recouped) from the DSG and paid directly to them by the Education and Skills Funding Agency (ESFA).
  3. The LA can seek the Forum’s agreement to ‘de-delegate’ SB funds from the formula allocations of maintained schools (not academies). De-delegated funds fall into three categories:
     1. De-delegation for those services for which funds were newly delegated in April 2013. These include contingencies, behaviour support, support for underachieving ethnic groups, trade union facilities time etc. For these services each phase must agree to the de-delegation, which is then removed from all mainstream maintained schools in that phase.
     2. De-delegation for those services formerly funded from the General Duties element of the Education Services Grant (ESG). Services covered by this include elements of asset management, statutory and regulatory duties, school improvement etc. In this case de-delegation has to be agreed by all maintained school members of the Forum and is a single rate applied to mainstream maintained schools; equivalent de-delegation also applies to the place led funding of special schools and pupil referral units.
     3. De-delegation for school improvement services. Following the removal of the Education Services Grant, maintained mainstream schools can de-delegate funding to provide additional school improvement services.

* 1. The remaining formula allocations are paid to maintained schools through the cash advances, the cash profile is 20% budget share in April and then 8% in the next 10 months. Payments to maintained schools are paid net of de-delegated sums.
  2. The centrally retained Growth Fund is paid to schools in the Autumn term based on the schools census which verifies the additional pupils as agreed in the growth allocation, schools are paid lump sum of 7/12th for that year group, via the cash advance. The Falling Rolls Fund was instituted in April 2019 and the methodology for its allocation and distribution is still under discussion.

### High Needs Block

* 1. Delegated budgets for place-led funding are allocated to special schools and Pupil Referral Units (PRUs) based on agreed numbers of places funded at £10k per place, regardless of whether the place is occupied or not; de-delegation for former ESG services can be deducted from this sum at maintained settings.
  2. Delegated funding is also provided for places in special resource units at mainstream schools at £6k per place (£10k if the place was vacant at the census date).
  3. The ESFA will deduct (recoup) funding in respect of academies and other institutions that receive funding directly from the agency and the remainder of the HNB will be included in the DSG received annually by the LA.
  4. Maintained special schools, PRUs and special resource units will receive their delegated funding through the cash advances monthly.
  5. A significant element of the HNB is retained, either to provide central support services or to be allocated to schools, academies and other institutions, both in and out borough, as top-up (Element 3) funding.
  6. In Tower Hamlets this top-up is provided to schools in the monthly cash-advance on an estimated basis, then amended termly for actual numbers. Academies receive their top-ups termly.
  7. The Top Rates for 2019-20 are attached in **Appendix 1**

### Early Years Block

* 1. This block covers the universal entitlement for three and four year olds, the additional entitlement for the three and four year old children of eligible working parents and the entitlement for eligible two year olds. It also covers funding for the Disabilities Access Fund, the Early Years Pupil Premium and the Maintained Nursery School Supplement. From the Block the LA is able to retain funding for the top-up element of the SEN Inclusion Fund paid to providers. It can also retain a maximum of 5% for centrally retained services.
  2. The LA is responsible for paying the free entitlement to all providers, including academies and free schools and Private, Voluntary and Independent (PVI) settings. Schools, including academies and free schools receive payment through the cash advance, and PVI’s are paid by the Early Years Team on an agreed periodic pattern. PVI funding is adjusted throughout the year to reflect actual numbers in the setting. For maintained provision the allocations are indicative and termly adjustments are made based on the termly census information.

### Central Schools Services Block

* 1. The CSSB covers three main elements, all of which are centrally retained.
     1. Historic Budgets. These are former commitments entered into by the Forum prior to 2013, either as a contribution to ‘Combined Budgets’ or because of costs incurred due to savings in the DSG. No new commitments can be entered into and the Education and Skills Funding Agency (ESFA) expect these commitments to disappear in the coming years. These commitments are funded through a lump sum.
     2. Statutory responsibilities, such as admissions and supporting the schools forum.
     3. Retained duties, for both maintained schools and academies, formerly funded through the ESG. This and the statutory responsibilities element are funded through a national funding formula.

### General

* 1. Any DSG unspent at the end of the year must be carried forward for the purposes of the following year’s Schools Budget. Any overspend on the DSG would normally be carried forward to be funded from the following year’s allocation. The outcome for the previous year and the proposed use of balances is reported to the Forum in the summer term.
  2. The LA must summarise the planned and actual use of its DSG annually in the Section 251[[1]](#footnote-1) Budget and Outturn statements. Its CFO must also certify annually that the DSG is being used as required by the School and Early Years Finance Regulations and must produce a note to the LA’s Statement of Account showing the DSG received, how it has been allocated and the brought and carried forward balances.

## Pupil Premium

* 1. For pupils in KS1 to KS4, including reception classes, this is calculated by the ESFA using data it holds. It includes funding for those deemed to be from a deprived background, defined as having been eligible for free school meals at any time in the last six years (FSM6), for the children of service families and children adopted from care. The money for maintained schools is passed to the LA and paid in its entirety to schools through the monthly cash advance.The actual allocation is not confirmed until the June/ July after the start of the financial year.
  2. Early years Pupil Premium (EYPP) is also paid in respect of eligible three and four year olds in early years settings, the Spring census drives the allocation of this funding, schools are paid through the cash advance on a lump sum in the summer term and PVI’s are paid by the Early Years Team.
  3. The LA also receives funding for current Looked After Children (LAC). This funding is controlled by the Head of the Virtual School, funding is passed to the school in which the pupil is placed. If that is a Tower Hamlets school it is paid through the monthly advance.
  4. The CFO must certify that the Pupil Premium and the grants in sections 4 to 7 have been allocated as required by the grant conditions attached to them.

## Education and Skills Funding Agency (ESFA) Post 16 Funding

* 1. This provides funding for Post 16 pupils in Tower Hamlets maintained provision. The funding is calculated by the ESFA using its funding formula, student data and contracts with the LA. For maintained schools this funding, and funding for bursaries are passed on in their entirety to the appropriate school through the monthly cash advance. Academies receive funding directly from the ESFA.
  2. The LA enters a funding agreement with the ESFA on this funding and must certify at year end that all payments have been passed to the appropriate schools.

## Universal Infants Free School Meals

* 1. This is paid on an academic year basis using data from the October and January censuses. Allocations are annual and finalised in June. The grant covers infant age pupils not otherwise eligible for free school meals. It is paid in full to maintained schoolsthrough the cash advance in July covering academic year (5/12ths and 7/12ths)***.***

## Year 7 Catch-up

* 1. The grant is paid for Year 7 pupils not achieving specified levels in numeracy and literacy. It is paid as a lump sum per pupil and normally comes to LAs for maintained schools in January and paid as a lump sum through the cash advance in February/ March.

## Primary P.E. and Sports Grant

* 1. This funding has been used to fund improvements in the provision of P.E. and sport for the benefit of primary aged pupils. It is paid in two tranches, in October and April and is passed on to schools as lump sums through the cash advance in June and November.

## Schools Direct (NCTL)

* 1. Paid to lead schools participating in the programme. The funding is paid to LAs for maintained schools and passed on through the cash advance on a monthly basis**.**

## Devolved Formula Capital

* 1. This is calculated using a lump sum plus an amount per pupil. The grant is received by the LA for maintained schools that are not voluntary aided. These schools are paid in full in July through the cash advance.

## School Improvement Monitoring and Brokering Grant

* 1. This grant was introduced in September 2017; prior to this School Improvement was funded through the ESG. The grant funds a local authority for its continuing statutory duties in relation to school improvement. Authorities could provide this service in-house or could commission services from a third party.

## Miscellaneous Grants

* 1. The main grants are set out above. In addition, some smaller or more limited grants may become available during the course of the year that will be administered in accordance with their accompanying Conditions of Grant.

**Background Papers and Contact Officer Details**

List of background papers held by Sailesh Patel on Schools Forum File:

<https://www.gov.uk/education/local-authority-schools-funding>

### Appendix 1



1. Section 251 of the Apprenticeships, Skills, Children and Learning Act 2009. [↑](#footnote-ref-1)