

**DEPARTMENT FOR EDUCATION (DfE) CONFIRMED FUNDING ARRANGEMENTS FOR
2018-19 AND 2019-20 – SUMMARY OF ISSUES**

1. DfE DSG BASELINE 2018-19

1.1 In **Table 1** this confirms the DSG Baseline 2018-19 from the DSG 2017-18.

**Table 1:
DSG Baseline 2018-19 Schools and High Needs Blocks Based Upon the DSG 2017-18**

Detail	Original December 2016 £'m	Adjustment £'m	Revised August 2017 £'m	Notes
SCHOOLS BLOCK				
Schools	303.84	+0.73	304.57	A.
CENTRALLY SERVICES SCHOOLS BLOCK (CSSB)				
Central School Services	2.30	0.00	2.30	B.
Historic Commitments	1.50	0.00	1.50	C.
TOTAL	307.64	+0.73	308.37	
HIGH NEEDS (HN) BLOCK				
Schools and Services	47.52	-0.73	46.79	A.
Hospital Education	0.56		0.56	
TOTAL	48.08	-0.73	47.35	
TOTAL DSG SCHOOLS AND HIGH NEEDS	355.72	0.00	355.72	
Schools Block	£307.64m		£304.57m	
Guaranteed Unit of Funding (SB GUF) £	÷ 71232 =		÷ 71425 =	
DSG ÷ Pupil Numbers	£4,318.80		£4,264.17	

Notes

A. This reflects the transfer by the DfE of funding to the Schools Block from the High Needs Block for core funding for pupils in SEN Units and Resourced provision.

B. Central School Services £2.30m for ongoing functions for: -

- Co-ordinated Admissions – £0.70m
- Servicing of the Schools Forum – £0.06m
- Retained Duties Former ESG – £1.16m
- National Licenses and Subscriptions – £0.38m

C. Ongoing Historic Commitments £1.50m for: –

- Early Intervention Family Support Service (EIFS) – £1.50m

1.2 The key issues are: -

- The overall position is unchanged and the baselines are based on the information LAs returned to the ESFA through the 2017-18 baselines exercise.
- They reflect the fact that the DSG is now being distributed in four blocks, so schools block figures are not directly comparable to actual allocations in 2017-18 – there LAs received a single Schools Block Guaranteed Unit of Funding (SBGUF), which included both the schools block and the central school services block.
- The baselines represent a change in national policy by the DfE for the funding of SEN places in mainstream schools.
- Each LA's minimum amount for the schools block in 2018-19 is a £ per pupil figure. This is the guaranteed minimum LAs will receive per pupil in 2018-19. For each LA it is calculated by dividing the schools block adjusted baseline total by the LA's 2017-18 schools block pupil count (without deductions for pupils in high needs places).

2. SUMMARY OF KEY POLICY ISSUES

2.1 National Funding Formula (NFF)

- The DfE will introduce a NFF in 2018-19 to determine LAs DSG allocations for Schools, High Needs, Early Years and Central Schools Services.
- The Schools Block will be ring-fenced from 2018-19 with transfers out limited to 0.5% with agreement of local schools forums.

2.2 Local Schools Funding Formula (LSFF)

- LAs can still use a LSFF in the two years 2018-19 and 2019-20, so the local factor values and parameters may continue to differ from those used in the NFF for this period.
- A new factor will be allowed in LA formulae for primary and secondary schools to set a transitional amount of per pupil funding in 2018-19 and 2019-20.
- LAs will be able to use both current and Ever 6 Free School Meals (FSM) measures within their deprivation factors – previously this has been limited to one of these measures.
- There will no longer be a deduction to Schools Block pupil numbers for High Needs places in mainstream schools – the place funding of £10,000 will be allocated by a combination of per pupil and place funding of £6,000.

2.3 Minimum Funding Guarantee (MFG)

- This local protection will continue, but LAs will have the flexibility to set a local MFG between -1.5% to +0.5% per pupil.

2.4 Central School Services Block (CSSB) and De-delegated Services

- The existing arrangements for these will continue and required local consultation and Schools Forum approvals remain for 2018-19 and 2019-20.

3. ESFA SCHOOLS REVENUE FUNDING 2018 TO 2019 OPERATIONAL GUIDANCE

3.1 Dedicated Schools Grant (DSG)

- Introduction of a Central School Services Block (CSSB) 4th DSG block including Historic Commitments.
- Each of the four blocks of the DSG will be determined by a separate National Funding Formula (NFF).

- LA level allocations for 2018-19 for the Schools, CSSB and High Needs Blocks have been published in September. Final allocations will follow in December, on the basis of pupil numbers recorded in the October 2017 census.
- The government has confirmed that there will be an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, in addition to the schools budget set at the Spending Review 2015.
- This will mean that, in 2018-19, all LAs will receive some increase over the amount they plan to spend on Schools and High Needs through the DSG in 2017-18.

3.2 National Funding Formulae (NFF)

- The DfE will introduce a NFF in 2018-19 and this will determine LAs DSG allocations for Schools, High Needs and CSSB for the first time.
- The Early Years DSG has already been allocated through a NFF since 2017-18.
- The DSG blocks have been re-baselined to reflect current spending patterns.
- The Schools Block will be ring-fenced from 2018-19, but LAs will be able to transfer up to 0.5% of their Schools Block funding out with the agreement of their schools forum.
- Schools Block allocations will be expressed as separate per pupil primary and secondary rates for each LA. They will also include funding at LA level for premises, mobility and pupil growth, based on historic spend.
- Within the Schools Block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018-19 through the NFF.
- LAs Schools Block NFF allocations will be calculated by aggregating schools' notional allocations under the NFF and these notional allocations will reflect these increases.
- For the Schools Block Final 2018-19 allocations for LAs will then be confirmed as usual in December, taking into account pupil numbers recorded in the October 2017 census.
- The NFF will provide LAs with per pupil funding of at least £3,500 for all primary schools and £4,800 for all secondary schools by 2019-20.
- Funding for growth and falling rolls will be allocated through the Schools Block in 2018-19 and 2019-20, on the basis of historic spend in 2017-18.
- Within the High Needs Block, the Government will provide for at least a 0.5% overall increase from 2018-19 through the High Needs NFF.

3.3 Local Schools Formula Factors (LSFF)

- Although the DSG quantum will be determined by the NFF LAs can still use a LSFF in the two years 2018-19 and 2019-20, so the local factor values and parameters may continue to differ from those used in the NFF for this period.
- A new factor will be allowed in LA formulae for primary and secondary schools to endeavour to set a transitional amount of per pupil funding in 2018-19 in 2019-20 to reflect the nationally prescribed amounts per pupil.
- There will no longer be a deduction to Schools Block pupil numbers for High Needs places in mainstream schools. An adjustment has been made between the High Needs block and Schools Block for each LA to reflect this change. Instead: -
 - The school's budget share (or the equivalent academy funding) will be determined on the basis of the total number of pupils on the roll of the school, including those in the special unit or resourced provision.
 - The balance of funding for this kind of special provision will come from the place funding decided in accordance with the local authority's commissioning decisions, and the top-up funding for individual pupils.
 - The place funding will be £6,000 per place where the place is occupied by pupils in year's reception to 11 on the roll of the school at the time of the October school census return.

- Places not filled by such pupils will still be funded at £10,000.
- LAs will be able to use both current and Ever 6 Free School Meals (FSM) measures within their deprivation factors – previously this has been limited to one of these measures.
- The DfE will be increasing the Pupil Premium Plus rates for 2018-19 rather than including a LAC factor in the NFF. LAs may want to consider whether they reflect this in their local formulae.
- LPA – for the KS2 assessment used for secondary aged pupils the ESFA will continue to use a national weighting to dampen the effect. LAs will not be able to change this but adjust the unit of resource in the normal way.
- LAs will no longer have to request approval to vary pupil numbers for school reorganisations and changes in school age ranges – existing approvals can be carried forward.
- Existing exceptional premises factors already approved can continue providing they still meet the ESFA thresholds.
- LAs are again only required to submit one Local Authority Proforma Tool (APT) for 2018-19 by 19 January 2018 and must ensure they have built in the relevant statutory consultation and political approvals as required.
- Confirmation by LAs of Schools Block School Budget Shares (SBS) for its maintained schools is required by 28 February 2018.
- Confirmation by the ESFA of General Annual Grant (GAG) statements for academies is required by 31 March 2018.

3.4 Minimum Funding Guarantee (MFG)

- The MFG for schools will continue, but LAs will have the flexibility to set a local MFG between -1.5% to +0.5% per pupil.
- It is a statutory ESFA calculation and will be part of the APT calculation but the ESFA have indicated they will continue to re-calculate for academies.
- LAs will continue to be able to request MFG disapplication for exceptional local circumstances as now by the end of November 2017.
- Capping and scaling for gaining schools will continue to be permitted limited to the cash requirement of the MFG as now.

3.5 Central School Services Block (CSSB)

- Will include funding: -
 - Previously allocated through the retained duties element of the Education Services Grant (ESG).
 - For ongoing central functions, such as admissions, previously top-sliced from the schools block.
 - For historic commitments, previously top-sliced from the schools block.

3.6 De-delegated services

- The list of current services that can be subject to delegation remains for maintained primary, middle and secondary schools.
- However, De-delegation is still not an option for special schools, nursery schools and PRUs.
- Funding for de-delegated services must be allocated through the formula but can continue be passed back, or 'de-delegated', for maintained primary, middle and secondary schools with schools forum approval by primary and secondary phase as now.

- Any decisions made to de-delegate in 2017-18 related to that year only, so new decisions will be required for any service to be de-delegated in 2018-19 and 2019-20.
- As with de-delegation, the amount to be held by the LA will be determined after the MFG has been applied.

3.7 Education Services Grant (ESG)

- The split of former ESG duties to be funded from CSSB (for all pupils) and from the mechanism set out below (for maintained school pupils only) has been set out in the ESFA Operational Guidance.
- Retained Duties for All Maintained Schools and Academies: -
 - Funding previously allocated through the ESG retained duties rate is included in the CSSB in 2018-19.
 - LAs will need to ensure they retain sufficient funding centrally to cover duties previously funded by the ESG retained rate in addition to the responsibilities that are already funded from CSSB DSG.
- General Duties for Maintained Schools Only: -
 - LAs will continue to be able to fund services for maintained schools – primary, middle, secondary, special and PRUs – previously funded from the general funding rate of the ESG.
 - This can be by de-delegation from maintained school budget shares and will need the agreement of the maintained school members of the schools forum.
 - If the LA and Schools Forum are unable to reach consensus on the level of the DSG to be retained by the LA, the matter will need to be referred to the Secretary of State.
 - LAs should set a single rate for all mainstream maintained schools (both primary and secondary) and they may choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools.
 - Any decisions made to de-delegate in 2017-18 related to that year only, so new decisions will be required for any service to be de-delegated in 2018-19 and 2019-20.
 - As with de-delegation, the amount to be held by the LA will be determined after the MFG has been applied.

3.8 For High Needs Block Funding

- For 2018-19, every LA will receive at least a 0.5% increase to the amount of its DSG that it plans to spend on high needs in 2017-18, subject to the following adjustments for the: -
 - Change in the funding of special units and resourced provision in mainstream schools from April 2018.
 - Change between the 2016-17 and 2017-18 academic years in the number of pupils and students in maintained special schools, special academies, non-maintained special schools (NMSSs) and special post-16 institutions (SPIs).
 - Placement of pupils and students in schools and colleges located in other LA areas – i.e. 'import/export' amendments.
- LAs will continue to be able to make changes to the number of funded places in maintained schools and PRUs for 2018-19. Any changes for academies will continue to need agreement from the ESFA.

4. TIMELINE

Following confirmation by the DfE of their agreed policy for 2018-19 and 2019-20, WCC commenced the local consultation with its maintained schools and academies on the consideration of issues for the Local School Funding Formula, de-delegated and centrally retained items for 2018-19 and 2019-20.

The timeline is **detailed in Table 2**

Table 2: Consultation Timeline

DETAIL	DATE
Meeting of the WSF to discuss and agree consultation issues	12 October 2017
Formal consultation for 2018-19 and 2019-20 starts	17 October 2017
Formal consultation for 2018-19 and 2019-20 ends	24 November 2017
Further Meeting of the WSF to consider the results of the consultation and to formulate recommendations to Cabinet	29 November 2017
Report to Cabinet making recommendations for the Local Schools Funding Formula (LSFF), de-delegated and centrally retained budgets for 2018-19 and 2019-20	14 December 2017
Confirmation by the DfE/ESFA of: - <ul style="list-style-type: none"> • October 2017 census data • Final LSFF Authority Proforma Tool (APT) for 2018-19 • Schools Block DSG 2018-19) Late) December) 2017
LA to consider impact of the new October 2017 data sets for LSFF APT submission for 2018-19	Late December 2017/Early January 2018
Meeting of the WSF to: - <ul style="list-style-type: none"> • Consider impact of the new October 2017 data sets • Agree submission for the final LSFF APT 2018-19 to the ESFA) 16 January) 2018
LA to submit final data for Schools Budget DSG LSFF APT for 2018-19	19 January 2018
LA to confirm School Budget Shares 2018-19 for their maintained mainstream schools	By 28 February 2018
LA to confirm School Budget Shares 2018-19 for their maintained specialist providers	By 31 March 2018
ESFA to confirm General Annual Grant (GAG) 2018-19 to academies	By 31 March 2018

- **As in previous years, this consultation process has to take place prior to the receipt of the October 2017 data sets and the issue of the final Schools Block DSG for 2018-19. This is not anticipated until late December 2017.**