

Birmingham City Council

Report to Cabinet Member for Education Skills and Culture, jointly with Corporate Director Education & Skills

Date : 24th January 2019



Subject: DEDICATED SCHOOL GRANT FORMULA 2019/20

Report of: Assistant Director - Service Finance (Interim)

Relevant Cabinet Member: Cllr Jayne Francis - Education, Skills and Culture

Relevant O &S Chair(s): Cllr Marian Khan - Learning, Culture & Physical Activity

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 This report seeks political approval of the Fair Funding formula that will be used to allocate part of the Dedicated School Grant to mainstream Primary and Secondary schools (including Academies) for Reception to Year 11 revenue provision in 2019/20. Each authority is statutorily required to have a Fair Funding formula in line with nationally set criteria and parameters.

2 Recommendations

2.1 That the Cabinet Member for Education Skills and Culture jointly with the Director for Education and Skills:

- Approves the Fair Funding Formula for Reception to Year 11 revenue provision in 2019/20 as set out in **Appendices 1 and 2**.

3 Background

3.1 The Dedicated Schools Grant was introduced in 2006-07, and is the principal source of revenue funding for pre 16 funding for schools and related activities in England. The grant is ring fenced and its use is prescribed by statutory regulations which are updated on an annual basis. The regulations also set out Schools Forum and Local Authority decision making powers. Where decision making rests with the Council it is still required to consult with Schools Forum and/or individual schools.

3.2 The DSG is allocated in 4 blocks

- Schools Block (Reception to Year 11)
- Early Years (for under 5's)
- High Needs (0 -25)
- Central School Service Block

3.3 The basis of allocation to schools and other providers is underpinned by national funding regulations and is different for each block, as is the timeline by which allocations must be made. The focus of this report is the formula to be used for the School block with the choice of factors prescribed by the DfE.

3.4 Birmingham is required to submit a prescribed return (Authority Proforma Tool - APT) to the Education, Schools and Funding Agency (ESFA) by no later than 21st January 2019 setting out its proposed fair funding formula for delegating funding to primary and secondary schools covering Reception to Year 11 in the Schools block. Political ratification is required, though can be obtained after the submission date. The ESFA will check the proforma to ensure it is compliant with national regulations. Following ESFA approval the Council will need to issue budgets to its maintained primary and secondary schools by the national deadline of 28th February 2019. The ESFA will also use the proforma to calculate the Academy budgets. Budgets for Early Years and High Needs provision are required to be issued by 31st March 2019.

3.5 **Appendix 1** gives a breakdown of the funding formula and allocations by funding factor. **Appendix 2** is an extract of the operational guidance for schools revenue funding 2019/20, which provides an explanation of each of the factors used in the national funding formula and whether they have been used in the Birmingham formula.

- 3.6 Birmingham has fully implemented the national formula as consulted on in 2018/19. An additional optional factor relating to funding floors has not been included in the national funding formula by ESFA in 2019/20, due to affordability, though will be reviewed in 2020/21.

4 Options considered and Recommended Proposal

- 4.1 There are no alternative options.

5 Consultation

- 5.1 Consultation on the implementation of the new national funding formula in 2018/19 was undertaken with Birmingham Schools during Autumn 2017 term. There have been no significant changes to the national funding formula for 2019/20. In addition the Fair Funding Technical Group (a sub group of School Forum) has not expressed any contra views on the implementation of the formula at its meeting on 18th October 2018.

6 Risk Management

- 6.1 The proposed allocation of funding is aligned with the national formula. There are no identified risks from the allocation.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 Education protects all children, and Birmingham's schools employ the largest child protection workforce in the City. This proposal contributes directly to protecting the most vulnerable children in our city, opening up opportunities to the most excluded and narrowing the gap in life chances between our citizens.

7.2 Legal Implications

- 7.2.1 The School and Early Years Finance (England) Regulations 2018 and DfE Operational guidance for 2019/20 set out the process by which the Council must consult with the Schools Forum to allocate DSG funding to schools.

7.3 Financial Implications

- 7.3.1 The Fair Funding formula for Reception to Year 11 provision will allocate the 2019/20 Dedicated School Grant for the School block (i.e. that part of DSG earmarked for reception to year 11) announced by the Department for Education on the 17th December 2018 after allowing for any funding that School Forum have agreed can be retained centrally. The total value of the School Block allocation for 2019/20 is £918.2m. The total indicative DSG allocation itself is £1,188.8m – the difference being that earmarked for Early

Years (£90.7m), Central School Services (£18.0m) and High Needs (£161.9m) i.e. pupils and students with high cost SEN. There is no General Fund resource supplementing the DSG allocations

- 7.3.2 The proposed Fair Funding formula for 2019/20 uses the same formula factors as that used for 2018/19 (**as per Appendix 1**).

7.4 Procurement Implications (if required)

7.4.1 N/A

7.5 Human Resources Implications (if required)

7.5.1 N/A

7.6 Public Sector Equality Duty

- 7.6.1 The principal impact of the formula (within the constraints and parameters set out by the DfE)is to allocate funding based on prescribed factors that are primarily pupil driven but recognising for example the impact of deprivation and low prior attainment.

8 Background Documents

8.1 Background documents referred to in producing this report are:

- 8.1.1 The School and Early Years Finance (England Regulations 2018
8.1.2 DfE Operational Guidance 2019/20

8.2 List of Appendices accompanying this Report (if any):

1. Local Authority Proposed Funding Reform Proforma
2. Local Authority Funding Formula Factors for 2019 to 2020