

DEDICATED SCHOOLS GRANT (DSG)

Schools are funded through the DSG which for Brent schools (maintained, academy and free schools) in 2015-16 amounts to £298m. Within this grant £96m relates to year groups' reception to year 11 of academy and free schools which is recouped and paid directly – however this amount is not static and is subject to change every time a maintained school converts to an academy. In simpler terms, this means that although Brent's total allocation is £298m, £96m of this is given directly to academy and free schools. Of the amount that Brent does receive, £157m funds maintained schools and the remainder is used to pay for early years, high needs and to provide services to schools, as will be explained further below.

The DSG is a ring-fenced grant provided specifically for the support of the schools budget as defined in the School and Early Years Finance (England) Regulations 2014, and can be used for no other purpose. This grant is allocated on a financial year basis (April to March).

The remit of the Schools Forum relates solely to the DSG and encompasses both the schools funding formula and central spend. Local authorities are responsible for determining the split of the grant between central expenditure and the Individual Schools Budget (ISB) in conjunction with local schools forums. Local authorities are responsible for allocating the ISB to individual schools in accordance with the local schools' funding formula.

The DSG allocations are split into three blocks of funding: Schools, Early Years and High Needs. The schools block is intended to fund the individual schools budgets (ISB) for pupils in reception to year 11. The early years block is intended to fund pre-school education in all settings, including the private, voluntary and independent sectors (PVI). The high needs block funds special needs from age 0 to 25, and provides funding for special schools, pupil referral units (PRUs) and provides top-up funding for statemented pupils in all settings. Sixth form funding is provided as a separate grant to the LA for maintained schools, or to academies directly. A school's ISB may therefore be made up from all three blocks, plus sixth form funding. The funding provided per block is not fixed, and LAs are free to move funding between blocks.

Schools Block

This is calculated using a schools funding formula. The past three years has seen major reform of the schools' funding system, as a result of the government's commitment to simplify the system and to work towards the introduction of a national school fair funding formula (NFFF) with local discretion. The premise behind such a formula is to equalise funding for pupils across the country so that no matter where a child attends school they attract similar levels of funding, and have the same opportunities to excel without financial constraints.

2013-14 saw the first steps towards simplifying the system. Prior to 2013-14 each local authority had their own funding formula, which included many factors – up to 37 factors were used, and this has now been reduced to 10. Many mainstream grants were also consolidated into one source of funding. The new formula must comply with strict national guidelines and applies to year groups' reception to 11 in primary, secondary and all-through schools only.

For the 2015-16 financial year the DfE announced that an additional £390m funding would be distributed to local authorities to implement minimum funding levels. Brent was amongst the local authorities that benefited from this, receiving a share of £11m.

Whilst the government remains committed towards introducing a NFFF, there remains much speculation as to how this will be best achieved, and this should be decided in the current spending review. In the meantime, the 2016-17 Operational Guide has been released which makes no major changes and consolidates previous guidance.

Funding through the formula is based on pupils on census as at October of the previous year. Where schools are permanently expanding, the local authorities includes a pro-rata'd adjustment to pupil numbers for those schools, through the funding formula for September onwards. Where schools take on additional pupils during the year, they will attract rising rolls on a pro-rata'd basis, if their pupils numbers increase by 1.75% or more above the October census. Where schools take on bulge (temporary) additional classes the school would be funding via additional classes funding. Both rising rolls and additional classes are funded through a contingency budget held centrally, and schools are guaranteed funding at a rate of £3300 per year per pupil, or £3600 for annexes, for 30 pupils for five terms. From the third term onwards pupils will attract funding through the funding formula, but if classes are not full on census day, funding will be provided through additional classes for the difference.

i. Factors

Below is the list of allowable factors included within the funding formula, with explanations and what Brent currently does. At least 80% of the funding must be distributed via pupil-led factors, and the emphasis is very much on deprivation – pupils from the areas that are considered to be more deprived will attract more funding for schools.

- **Basic Entitlement**

This is a compulsory factor that gives the school funding for each child that attends the school. Funding is allocated based on an aged-weighted pupil unit (AWPU), which means that there are different rates for pupils in primary (minimum £2000), Key Stage 3 and Key Stage 4 (minimum £3000).

Brent rates 2015/16: Primary £3,262.59; KS3 £4,815; KS4 £5,314.32.

- **Deprivation**

This is another compulsory factor, and LAs may choose to use free school meals (FSM) (as at census date or Ever 6) and/or the Income Deprivation Affecting Children Index (IDACI). Brent has chosen to use IDACI only, and this uses six bands of deprivation, with each band attracting different funding, with different rates primary and secondary aged pupils.

Brent rates 2015/16:

⇒ *Primary: Band 1 £335.37; Band 2 £340.14; Band 3 £347; Band 4 £572.87; Band 5 £871.23; Band 6 £1,229.28.*

⇒ *Secondary: Band 1 £357.33; Band 2 £379.00; Band 3 £470.00; Band 4 £626.00; Band 5 £961.84; Band 6 £1,364.84.*

- **Prior Attainment**

Although this is an optional factor it is used by almost all LAs, including Brent. It acts as a proxy indicator for low level, high incidence SEN. This is applied for primary pupils



identified as not achieving the expected level of development within the early years' age group. This is also applied for secondary pupils that did not reach level 4 at KS2 in either English or Maths.

Brent rates 2015/16: Primary £1,193.47; Secondary £1,484.00.

- **Looked After Children (LAC)**

This is an optional factor which is used by Brent. Schools attract funding for the number of LAC pupils identified as being at that school on the LAs return of 31st March of the previous year.

Brent rates 2015/16: £1004.00.

- **English as an Additional Language (EAL)**

This is an optional factor which is used by Brent. Pupils may attract funding for up to 3 years after they enter the school system, having come from abroad. LAs can choose one, two or three years, and may choose differently for primary and secondary. Brent has chosen one year for both primary and secondary, which means that pupils will only attract funding in the first year they enter the school system.

Brent rates 2015/16: Primary: £1,229.28; Secondary £1,383.65.

- **Pupil Mobility**

This is an optional factor which is not used by Brent. This measure counts the number of pupils that entered a school during the last three academic years, but did not start in September (or January for reception pupils). Funding is allocated above a 10% threshold.

Brent rates 2015/16: not used.

- **Sparsity**

This is an optional factor which is not used by Brent. This is used in more rural areas where pupils may have to travel far to their nearest school.

Brent rates 2015/16: not used.

- **Lump Sum**

Although this is an optional factor it is used by all LAs. This provides a fixed amount of funding to the school, which takes care of core costs including premises. Different lump sums can be set by phase, i.e. different for primary and secondary schools, and the maximum allowable lump sum is £175,000. Where schools amalgamate, they keep 85% of the two lumps sums for the first year of amalgamation as a transition, before reverting to one lump sum.

Brent rates 2015/16: £175,000 for all.

- **Split Sites**

This is an optional factor used to support schools which have unavoidable extra costs because the school buildings are on separate sites. Currently two schools in Brent attract this funding on a permanent basis, and three schools temporarily also receive this, with one at a lower rate due to not meeting the criteria in full.

Brent rates 2015/16: if full criteria is met, £151,847 lump sum and £113.70 per pupil.

- **Rates**

Although this is an optional factor it is used by all LAs. This provides funding to schools for their rates bill. This means that although schools will pay a rates bill, they have received the funding to do so.

Brent rates 2015/16: The amount allocated to each school is an estimate of their rates bill for the year.

- **Private Finance Initiative (PFI) contracts**

This is an optional factor which is not used by Brent. This either provides support to schools which have unavoidable extra premises costs because they are a PFI school, or where the affordability gap of the PFI is delegated and paid back to the LA.

Brent rates 2015/16: not used.

In addition to the above factors, LAs may apply for exceptional circumstances. In 2015/16 the DfE approved MFG Exclusions for the two schools that met the split-site factor, and for the two all-through schools in the borough.

- ii. **Minimum Funding Guarantee (MFG)**

A minimum funding guarantee applies to the school funding formula, to prevent schools from losing 1.5% in funding per pupil, year on year. As this applies to the funding formula, this only applies to pupils in year groups' reception to 11, and excludes lump sums and rates. Due to the additional funding provided to Brent schools in 2015-16, very few schools attracted MFG in 2015-16.

- iii. **De-Delegation**

Schools funding is delegated to schools, which means that although it forms part of the local authority funding, schools have been given responsibility for management of those funds. The Schools Forum can however de-delegate or give funds back to the LA for provision of particular services. There is a list of specific de-delegations as determined by the DfE. For 2015-16 there were five de-delegations, and these have to be agreed each year, by phase. De-delegations are made as a deduction to schools funding, are entered as a per pupil amount, and can only be deducted from maintained primary and secondary schools. All other types of schools (maintained nurseries, maintained special schools, academies, free schools, PRUs) can still have the benefit of the de-delegated service through a buy-back service.

The current de-delegations are:

- **Maternity Grant**

This allows pooling of risk so that costs of maternity do not fall disproportionately on individual schools. This covers schools for female staff, except SMSA's, with a grant of £4,206 for teachers, and £3,179 for non-teachers. Staff are only covered if they have at least 1 year's continuous employment within Brent or Local Government. Schools are not entitled to this grant if the staff member does not return to work after the pregnancy.

- **Licences**

The LA currently purchases a number of copyright licenses on behalf of all maintained schools within the borough. The DfE has however over the past few years been working with copyright management organisations to simplify the way in which copyright licences are paid for by schools and academies. As a result, the DfE now manages most of the copyright licences for all maintained schools in England. The de-delegation only relates to licences not yet covered by the central arrangement. Maintained nurseries and special schools have been provided with extra funding to enable their buy in, as de-delegation is not an option for them.

- **Free School Meals Eligibility**
This is used for the administration of determining eligibility for FSM centrally by the LA, rather than schools doing the checks themselves. This covers staffing costs, application forms, web pages, online applications, liaising with the DfE and DWP, updating information and advising schools of eligible pupils/families.
- **Schools Causing Concern**
This provides support to schools that have a rapid improvement group (RIG) in place, and where the school submits an application for funding with the support of a School Effectiveness professional outlining the purpose for such funding and the anticipated impact on pupils' outcomes, together with information on the school's ability to fund the required support from its own budget.
- **Trade Union Facilities Funding**
This is a pooling of risk so that costs do not fall unevenly on individual schools. Under the Employment Protection Act 1975 Trade Union representatives have a statutory right to reasonable paid time off from employment to carry out trade union duties and training. This de-delegation allows the LA to fund this time off to allow the representative to be released and the school to get supply cover. The funding is provided annually in arrears, at an M6 grade, and is paid to schools based on the number of staff and the time they have had off due to trade union duties.

iv. Primary: Secondary Ratio

The current ratio between primary and secondary funding is 1:1.29. The Schools Forum has agreed to keep this ratio in line with the national average, which is only known retrospectively. LAs are not expected to conform to the national average, but this was agreed because in 2013-14 Brent was the biggest outlier with a ratio of 1:1.09. As a result Brent schools also had the highest level of MFG in the country that year. The national average for 2015-16 is 1:1.28.

v. Timetable

- September
 - ⇒ Early Provisional APT issued to LAs (the October 2014 census data is used for initial calculations).
 - ⇒ 30th Deadline for submitting requests for MFG exclusions, lump sum variations for amalgamating schools, pupil number variations, etc.
- October
 - ⇒ 1st School Census Day.
 - ⇒ Mid Schools Forum consultation.
 - ⇒ 30th Deadline for submission of Provisional APT.
- December
 - ⇒ Early Political Approval
 - ⇒ 10th Final APT issued to LAs, which includes October 2015 census data.
 - ⇒ w/b 14th Publication of provisional DSG allocations for 2016-17.
 - ⇒ 31st Deadline for submitting final requests for MFG exclusions, lump sum variations for amalgamating schools, pupil number variations, etc.
- January
 - ⇒ Mid Schools Forum consultation.
 - ⇒ 21st Deadline for submission of Final APT to EFA.
- February
 - ⇒ 29th Deadline for confirming school budget shares (schools block only) to maintained schools.
- March
 - ⇒ 31st Deadline for confirming school budget shares, including early years and SEN, to maintained schools.

Early Years

As with the other block, this block is currently under review and reforms are expected at some point in the future. This block provides funding for nursery schools, nurseries attached to schools, and the private, voluntary and independent sector.

This funding is provided to schools based on

1. Historical data – the budget for 2015/16 will be based on take up by term, in 2014-15.
2. IDACI data as a proxy for deprivation.
3. Adjustment for prior year – any differences for the actual take up for 2014-15, and what was budgeted, was adjusted in the 2015/16 budget.

In addition, nursery schools receive a lump sum (based on historical funding) which covers their base costs. Former mainstream grants have been consolidated and are distributed through the deprivation factors.

High Needs

This block is currently funded based on historical data. The government is determined to also reform this block of funding, but this funding provides many complications which does not make this easy.

Funding for special schools, pupil referral units (PRUs), alternative resource provisions (ARPs) are funded from the high needs block. In addition, statemented funding is provided to maintained schools within their funding.

- **Statemented Funding**

Maintained schools receive funding within their ISB based on the number of in-borough statemented pupils on roll as at 31st December of the previous year. Any changes to this number is paid or invoiced to schools through top-up funding, termly in arrears. All out-borough statemented pupils are funded through top-up funding, termly in arrears.

The 2013-14 reforms implemented changes so that the first £6k of each statemented pupil is no longer funded. This is because these pupils already attract funding through the funding formula, and thus were historically double-funded. Whilst this was implemented over three years, schools now see the full effect of this change.

The DfE however expects that LAS provide support to schools most affected by this, based on specific criteria. The Schools Forum has agreed that this targeted funding is provided to schools based on the percentage of in-borough statemented pupils on roll, as a percentage of the total number on roll. The funding is based on £5k per pupil for each statemented pupil that the school has above the expected average number of statements. The average is applied to the number on roll in each Brent school to take account of the differences in school sizes.

- **Special Schools**

Funding is based on £10,000 base funding for each planned place for the financial year, and is therefore pro-rata'd to account for the overlap of academic years. Top-up funding is then applied based on pupils on roll as at 31st December, and is based on the banding of those pupils. There are six bands, with the highest bands attracting more money as a reflection of the

greater needs of those pupils. Band 6 attracts an additional £27k funding in 2015-16. Any changes to the pupil population will get paid as top-up funding, termly in arrears. Academy special schools receive their base funding directly from the EFA.

- **Alternative Resource Provisions (ARPs)**

Funding is based on £10,000 base funding for each planned place for the financial year, and is therefore pro-rata'd to account for the overlap of academic years. Top-up funding is then applied based on pupils on roll as at 31st December, and is based on the banding of those pupils. Top-up funding has been agreed for each ARP.

- **Pupil Referral Units (PRUs)**

Funding is based on £10,000 base funding (from September 2015) for each planned place for the financial year, and is therefore pro-rata'd to account for the overlap of academic years. Base funding up to August 2015 was £8000, but this increase was cost neutral as the base funding increased due to regulations, and the top-funding decreased by the same amount. Top-up funding is then applied based on pupils on roll as at 31st December, and is based on the banding of those pupils. Top-up funding has been agreed for each PRU.

Central Spend

All other funding is retained by the local authority for provision of services to schools. Decisions around this funding is made at the Schools Forum. This spend includes (but is not limited to) SEN assessments, commissioning and transport, Early Years service, inclusion team, children in need and children with disabilities, and contingencies for out of school places.

Glossary

Academy	A state-funded school that is independent from LA control and receives its funding directly from the EFA. These may be sponsored by another school or educational charity.
APT	Authority Proforma Tool – this has been developed by the EFA to enable LAs to specify their schools funding formulae in accordance with regulations. It is also designed to support LAs in modelling different options for the funding formulae, and to capture all the data required by EFA to calculate academy budgets and recoument deductions to the DSG.
AWPU	Age Weighted Pupil Units – This is the basic per pupil funding for each school.
DfE	Department for Education
DSG	Dedicated Schools Grant – a ring-fenced grant provided to LA specifically for supporting the education of pupils.
EAL	English as an Additional Language – pupils entering school where their first language is not English.
EFA	Education Funding Agency – a section of the DfE that deals with and pays schools funding.
Free school	A type of academy that is set up by an organisation or a group of individuals, for which no school fees are charged.

IDACI	Income Deprivation Affecting Children Index – this is an index of deprivation used in the UK and is calculated by the Office of the Deputy Prime Minister to measure in a local area the proportion of children under the age of 16 that live in low income households.
ISB	Individual Schools Budget – this is funding delegated to schools.
LA	Local Authority/Council
LAC	Looked After Children – children in care, looked after by the LA.
Maintained school	A school that remains under LA control and receives its funding through the LA. There are different types of maintained schools in Brent, including foundation, community, voluntary aided, nursery and PRUs.
NFFF	National Fair Funding Formula
NOR	Number on Roll – number of pupils that attend a school, as recorded on census day.
PRUs	Pupil Referral Units – this is a type of maintained school which provides education for pupils that have been excluded, are sick or are otherwise unable to attend a mainstream or special maintained school.
PVIs	Private, Voluntary and Independent Settings – early year provision run by such organisations.
Rising Rolls	Additional NOR of a school after the October census date used for funding.
SEN	Special Educational Needs – this refers to children who have learning difficulties or disabilities that make it harder for them to learn than most children of the same age.