



Education
Funding
Agency

Dedicated schools grant:

Technical note for 2017 to 2018

December 2016

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Introduction

1. This technical note sets out details of the calculation of dedicated schools grant (DSG) allocations for 2017 to 2018.
2. The DSG for 2017 to 2018 is comprised of three parts:
 - schools block – this is based on the schools block units of funding (SBUF) as published in July 2016 [available in schools funding arrangements 2017 to 2018](#).
 - early years block – this was [announced on 1 December 2016](#) and includes:
 - funding for the universal 15-hour entitlement for all three- and four-year olds
 - funding for the additional 15 hours for three- and four-year old children of eligible working parents
 - funding for the 15-hour entitlement for disadvantaged two-year olds
 - funding for the year years pupil premium (EYPP), set at the 2016 to 2017 per pupil rate
 - funding for the disability access fund (DAF)
 - supplementary funding for maintained nursery schools
 - high needs block, including:
 - the high needs block baseline based on local authority 2016 to 2017 spend published in July 2016 in [schools funding arrangements 2017 to 2018](#) guidance
 - £125 million post-16 budget transferred for high needs places in further education (FE) colleges and charitable and commercial providers
 - an additional uplift of £130 million, of which:
 - £95.3 million is allocated on the basis of the estimated 2-18 aged population in each authority
 - £34.7 million is allocated on the basis of the estimated growth in the 2-18 aged population
3. A table setting out the 2017 to 2018 DSG allocations for each local authority is published alongside this note. This table shows the DSG prior to academies recoupment from the schools block.

Calculating 2017 to 2018 DSG

4. Information on the pupil numbers used for the schools block and early years block can be found in the pupil number information document and pupil number tool published alongside this note. The total pupil numbers in each local authority are rounded to the nearest pupil. Each unit of funding is rounded to the nearest penny. Final DSG allocations are rounded to the nearest £1,000.

Schools block

5. Each local authority's SBUF for the schools block was published in July 2016 at [schools funding arrangements 2017 to 2018](#).

6. The SBUF has been multiplied by the pupil numbers from the October 2016 school census and the January 2016 alternative provision census, plus the reception uplift, minus high needs places as set out in the pupil number tool. For these purposes reception pupils are counted as one full time equivalent (FTE) irrespective of the hours they attend.

Reception uplift

7. The final pupil numbers are uplifted by the increase between October 2015 and January 2016 school censuses so that no local authority loses out because of deferred entry to reception arising from the use of the October census count. The change (calculated using the number of pupils, not a percentage change) will be calculated for each school in the local authority, and all increases will be totalled across the local authority area. Schools with fewer reception pupils in the January 2016 census than in the October 2015 census will be treated as having zero change, rather than a decrease.

Non-recoupment academies cash transfer

8. The final cash transfer amount for 2015 to 2016 was calculated in November 2015. For local authorities where this final cash transfer amount was larger than the figure previously calculated in July 2015, the increase was added into the schools block allocation for 2016 to 2017. These remaining increases have now been incorporated into the DSG baseline for 2017 to 2018.

Arrangements for academies recoupment 2017 to 2018

9. We will calculate amounts for recoupment using data provided on the authority proforma tool (APT) submitted in January 2017. The basic method for calculating recoupment will be to take the individual schools budget (ISB) share shown in the APT. We will provide details of the proposed recoupment amount, including relevant

calculations, to local authorities by the end of April 2017. Detailed guidance will be issued to all recoupment contacts and published in January 2017.

Education services grant (ESG) retained duties

10. As announced in July 2016, the £117m for ESG retained duties has been transferred into the DSG schools block for 2017 to 2018 and is included within the SBUF for each local authority. The DSG table shows the notional amount of each authority's schools block allocation that this transfer represents. This has been calculated by distributing the £117m transferred according to the schools block pupil numbers in each authority.

Early years block

11. The early years block is comprised of:

- funding for the universal 15-hour entitlement for all three- and four-year-olds
- funding for the additional 15 hours for three- and four-year-old children of eligible working parents
- funding for the 15-hour entitlement for disadvantaged two-year-olds
- funding for the EYPP (set at the 2016 to 2017 per-pupil rate)
- funding for the DAF
- supplementary funding for maintained nursery schools

Early years universal entitlement for three- and four-year olds

12. The hourly rates and initial allocations for the early years free entitlement for all three- and four-years-olds were [announced on 1 December 2016](#):

13. These allocations will be updated in:

- July 2017 based on the January 2017 census numbers
- July 2018 based on 5/12ths of the January 2017 census numbers (to cover the April 2017 to August 2017 period) and 7/12ths of the January 2018 census numbers (to cover the September 2017 to March 2018 period)

14. This means that the final allocations for universal three- and four-year-old entitlement funding for 2017 to 2018 will be based on $5/12 \times$ January 2017 census numbers plus $7/12 \times$ January 2018 census numbers.

Early years additional entitlement for three- and four-year-old children of eligible working parents

15. The hourly rates, which are the same as for the universal entitlement for three- and four-year-olds, and initial allocations were also [announced on 1 December 2016](#). Note that as the additional entitlement starts in September 2017, the allocations for these additional hours do not relate to a full twelve months but are pro-rated to cover the seven months of the year from September 2017 to March 2018.

16. The final allocations for the additional entitlement in 2017 to 2018 will be based on data from the January 2018 census.

Early years entitlement funding for disadvantaged two-year-olds

17. The hourly rates and initial allocations for disadvantaged two-year-olds were [announced on 1 December 2016](#).

18. These allocations will be updated in:

- July 2017 based on January 2017 census numbers
- July 2018 based on 5/12ths of the January 2017 census numbers (to cover the April 2017 to August 2017 period) and 7/12ths of the January 2018 census numbers (to cover the September 2017 to March 2017 period)

19. This means that the final allocations for disadvantaged two-year-olds for 2017 to 2018 will be based on $5/12 \times$ January 2017 census number plus $7/12 \times$ January 2018 census numbers.

Early years pupil premium

20. Initial allocations for the EYPP were [announced on 1 December 2016](#).

21. These allocations will be updated in:

- July 2017 based on January 2017 census numbers
- July 2018 based on 5/12ths of the January 2017 census numbers (to cover the April 2017 to August 2017 period) and 7/12ths of the January 2018 census numbers (to cover the September 2017 to March 2017 period)

22. This means that the final allocations for the EYPP for 2017 to 2018 will be based on $5/12 \times$ January 2017 census number plus $7/12 \times$ January 2018 census numbers.

Early years disability access fund

23. Illustrative allocations for the DAF [were announced on 1 December 2016](#). Further details on the DAF can be found in the [operational guidance and technical note](#).

Early years supplementary funding for maintained nursery schools

24. Illustrative allocations for supplementary funding for maintained nursery schools (MNS) were [announced on 1 December 2016](#). Further details on the MNS supplementary funding can be found in the [operational guidance and technical note](#).

25. Final allocations for this MNS funding for 2017 to 2018 will be based on a data assurance exercise of section 251 budget returns, to be undertaken in early 2017.

High needs block

26. The high needs block is a single block for local authorities' high needs pupils/students aged 0-24. The block includes place funding for pre-16 and post-16 places in:

- maintained mainstream schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- maintained special schools
- pupil referral units (PRU)
- mainstream academies and free schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- special academies
- alternative provision (AP) academies
- FE colleges and commercial and charitable providers (CCP)
- AP free schools – pre-16 places, excluding those at schools opened during the 2016 to 2017 or 2017 to 18 academic years

27. The high needs block includes top-up funding for pupils and students occupying the places in institution types listed in paragraph 26. It also includes top-up funding for pupils/students in special post-16 institutions and non-maintained special schools (NMSS); and all funding for children and young people placed in independent schools, independent AP providers (unless the places are commissioned directly by schools) and hospital education (including independent providers). It also includes funding for central high needs services and budgets.

28. High needs places in AP free schools opened during the 2016 to 2017 or 2017 to 2018 academic years and all special free schools are not included in the DSG allocations. These will be paid directly by EFA, without any deductions from local authorities. We will publish a schedule of EFA funded places in each free school to help inform local authorities' commissioning by the end of March 2017.

29. For 2017 to 2018 the high needs block is made up of each local authority's 2016 to 2017 high needs block baseline, based on the information local authorities returned to the EFA through the 2016 to 2017 baselines exercise, adjusted to show:

- Each local authority's allocation of the £125m transferred from the post-16 budget for places in FE colleges and post-16 CCP
- Each local authority's share of additional uplift funding of £130 million

High needs uplift

30. The uplift has been calculated in two elements, as follows:

Population aged 2 to 18¹

£95.3m on the estimated 2 to 18 aged population for mid- 2017 in each local authority

Growth in population aged 2 to 18

The 2016 to 2017 national high needs adjusted baseline as [published in July 2016](#), **divided by**

The estimate of the national 2 to 18 aged population for mid-2016

This gives a per unit amount **multiplied by**

The growth in the national 2 to 18 population (the estimate of the 2 to 18 aged population for mid-2017 **minus** the estimate of the 2 to 18 aged population for mid-2016)

The resulting amount of £34.7m has then been distributed amongst all local authorities with growth, against the estimated growth in their 2 to 18 aged population for mid-2017

Local authorities without growth or who are reducing in size will not receive an allocation for this element of the uplift

High needs places funding deductions

31. The place funding deductions made in the financial year 2016 to 2017 for the academic year 2016 to 2017 (for places directly paid for by the EFA or through the sixth

¹ Population estimates are taken from the Office of National Statistics 2014 population projections.

form grant) have been carried forward to 2017 to 2018 and grossed up to a full 12 months. Further adjustments will be made in March 2017 to reflect the outcome of the 2017 to 2018 place change notification process and for further academy conversions. We have also deducted for high needs places at FE colleges and CCP for the academic year 2016 to 2017. This will be updated in March 2017 to reflect the outcome of the 2017 to 2018 place change notification.

Free schools with high needs places

32. Places in mainstream free schools will be funded on the same basis as those in a mainstream academy, with deductions made from the local authority in which the free school is located.

33. Places in AP free schools opened during the 2016 to 2017 or 2017 to 2018 academic years will be funded directly by the EFA, with no deduction from DSG. However, a deduction will be made from DSG for pre-16 places in AP free schools opened before or during the 2015 to 2016 academic year. Deductions will be made from the pupil's home local authority, based on school census data. These deductions will be notified to local authorities in March 2017. No deductions will be made from local authorities' 2017 to 2018 DSG for post-16 high needs places in AP free schools; these will be funded directly by EFA.

34. Special free schools' place funding will not be included in the DSG allocations for 2017 to 2018 and no deductions will be made from local authorities' 2017 to 2018 DSG for places in these schools.

Other additions to DSG

Induction for newly qualified teachers (NQTs)

35. In September 2012 the induction regulations changed to allow teaching schools to act as the appropriate body to monitor and quality assure NQT induction. In order to allow schools to pay for the services of their preferred appropriate body, the funding for statutory induction of NQTs was moved into the DSG in 2013 to 2014, to allow funding to be delegated to all schools through local funding formulae. The total allocation stays at £10.2m in 2017 to 2018 and has been incorporated into each local authority's SBUF.

Schools block pupil number floor

36. In previous years a cash floor of minus 2% has been applied across the schools block and the allocation for three- and four-year-olds, to protect local authorities with significant falling rolls. Due to the baselining exercise and the changes to the early years block this cash floor cannot be applied in 2017 to 2018. To continue to protect local authorities with significant falling rolls we have replaced the cash floor with a pupil number floor, applied to the schools block only. This means that if any local authority's schools block pupil numbers fell by more than 2% between October 2015 and October 2016, we will fund their schools block for 2017 to 2018 at 98% of their October 2015 pupil numbers. No local authority is below this floor.

National copyright licences

37. The Department has agreed with the following agencies to purchase a single national licence managed by the Department for all state-funded schools in England:

- Christian Copyright Licensing International (CCLI)
- Copyright Licensing Agency (CLA)
- Education Recording Agency (ERA)
- Filmbank Distributors Ltd. (for the PVSL)
- Mechanical Copyright Protection Society (MCPS)
- Motion Picture Licensing Company (MPLC)
- Newspaper Licensing Authority (NLA)
- Performing Rights Society (PRS)
- Phonographic Performance Limited (PPL)
- Schools Printed Music Licence (SPML)

38. This means that local authorities and schools will no longer need to negotiate individual licences. There will be savings both in administration and in the overall cost of the licence. The Department will pay the cost, including VAT, to the agencies and will provide this as a service to local authorities at a charge. This means that local authorities

can continue to reclaim VAT on the licences as they do now. These arrangements will cover academies as well as maintained schools, and we will allow local authorities to hold this money centrally rather than include it in school budgets.

39. We have sent local authorities details of the charge separately (because the figures are commercial in confidence) and will use the same process as in 2016 to 2017 to deduct the charge and issue each local authority with a VAT invoice. The amount charged nationally is around 2% higher than in 2016 to 2017 due to the rise in the number of pupils and inflation.

Independent school transfers

40. Where independent schools transfer into the maintained sector, in or after April 2017, the actual pupil count used in the schools block allocations will be adjusted to add the relevant pupil numbers, depending on when the school transfers and the portion of the year for which it is a maintained school. For example, if a school transfers in September 2017, the schools block will be increased by the number of pupils attending the school as recorded on the October 2017 school census multiplied by 7/12ths multiplied by the local authority's SBUF.

Funding for the Isles of Scilly and City of London

41. The Isles of Scilly will continue to be funded through a single funding stream, since its low pupil population makes it impracticable to fund through a pupil-led formula. In addition, the Isles of Scilly will receive the pupil premium grant.

42. From 2017 to 2018 the City of London will also be funded through a single funding stream, since its low pupil population makes it impracticable to fund through a pupil-led formula. In addition, the City of London will receive the pupil premium grant.

Next steps timetable

Next steps timetable

Date	Action
20 December 2016	EFA announce: 2017 to 2018 schools block 2017 to 2018 early years block 2017 to 2018 high needs block Details of the charges for national copyright licences issued to local authorities
20 January 2017	Local authorities submit final APT for 2017 to 2018
January 2017	EFA issues 2017 to 2018 recoupment guidance
End February 2017	EFA issues details of high needs places in free schools
March 2017	Final DSG confirmed including final high needs deductions
July 2017	Early years block updated for universal three- and four-year-olds, disadvantaged two-year-olds, and EYPP from January 2017 census
July 2017	Deductions made for national copyright licences
July 2018	Early years block funding for three- and four-year-olds, disadvantaged two-year-olds, and EYPP updated to take account of January 2018 census figures



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Reference: EFA-00354-2016



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