



Education  
Funding  
Agency

# **Producing dedicated schools grant baselines for 2018 to 2019 financial year allocations**

**Departmental guidance for local authorities**

**March 2017**

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## Introduction

1. Between 22<sup>nd</sup> March and 13<sup>th</sup> April 2017 EFA is collecting information from local authorities to produce dedicated schools grant (DSG) baselines that will inform the starting position for the first year of the schools and high needs national funding formulae in 2018 to 2019.
2. The purpose of this exercise is to collect 2017 to 2018 planned expenditure (budget) information direct from authorities in time for us to produce 2018 to 2019 allocations. Section 251 budget data for 2017 to 2018 is not due to be published until September, which will be too late for the purpose. We are therefore conducting this separate exercise.
3. The exercise is similar to the baseline exercise we undertook last year, which was used to inform 2017 to 2018 DSG allocations. We are not however undertaking a further detailed review of historic commitments.
4. For 2017 to 2018 local authorities have continued to be able to set their own schools local formula, in accordance with the [School and Early Years Finance \(England\) Regulations 2017](#), and change the amount of funding within the schools and high needs blocks. As set out in the consultation document, our general intention is for the national funding formula (NFF) to reflect these movements. We also need certain 2017 to 2018 budget information to produce some proposed high needs funding formula factor values when the formula is finalised and for the 2018 to 2019 allocations of high needs funding.
5. After completion of the 2016 to 2017 baseline exercise the early years block information was used to establish the baseline for the early years national funding formula, which will be in place from April 2017. We will therefore make no further changes to the early years baseline. The early years budget will not form part of the upcoming collection and the DSG reconciliation will be net of the early years block as announced in December 2016.
6. This document sets out:
  - a. The overall approach to setting baselines
  - b. How local authorities should complete the 2017 to 2018 baseline collection template.
  - c. Instructions for completion ([annex A](#))

## The overall approach to setting baselines

7. As the [NFF consultation](#) set out, we have decided to split the DSG into four blocks, each with their own funding formulae: the schools block, the central school services block, the high needs block, and the early years block.

8. We are proposing to set the baseline for the schools block using individual schools allocations for 2017 to 2018, as recorded through the authority proforma tool (APT). This provides a fixed point for each local authority, on the basis of which we are collecting data to set the baselines for the other blocks.

9. The baselines totals will need to reconcile back to the DSG allocation for 2017 to 2018 set out in the December 2016 announcement, net of early years DSG. We realise that some authorities draw on DSG reserves or other sources of funding in any given year. Unlike the collection last year, we are making provision for this information to be recorded as part of the data collection exercise.

10. We need to set new and accurate baselines from which we can calculate the funding floors and other factors in the formulae, and any gains due, for each block. We expect that the baselines should reflect actual planned expenditure of the 2017 to 2018 DSG. Planned expenditure should not be adjusted to anticipate any policy changes for 2018 to 2019 or later that we have set out or proposed in the consultation, such as different place funding arrangements for special units.

## How local authorities should provide data for 2017 to 2018 baselines

11. The starting point of the template will be the 2016 to 2017 local authority submitted baselines by block that informed the 2017 to 2018 block allocations announced in December 2016. The submitted 2016 to 2017 baselines are prepopulated in cells B5 to B9 and reflect the data published online in [schools funding arrangements 2017 to 2018 guidance](#). The total for the central school services block baseline includes the amount added to the 2017 to 2018 DSG allocations for education services grant (ESG) retained duties.

12. The total allocated through each block for 2017 to 2018 as announced in December 2016 is prepopulated in cells F5 to F9. The total submitted baseline must add back to the December 2016 DSG announced for each authority, less the early years block – in other words the totals of cells F5 and F7.

### The schools block

13. The 'planned spend' (column 1) section will be prepopulated from the 2017-18 APT, broken down into individual schools budget (ISB), and growth/ falling rolls spend.

14. '2017-18 Spend from DSG reserves or non-DSG sources' (column 2) should list any additional funding over and above the 2017 to 2018 DSG schools block allocation, included in the allocations recorded in Column 1, that has been used to support the schools' ISB calculations or support growth and falling rolls. This will be pre-populated with information from the APT at local authority level, where authorities have provided sufficient information on use of one-off funding or other funding from outside the schools block. Authorities can, however, amend this by entering a value in cell D15 or D16. The value entered here will be additional to the value in C15 or C16. Where one-off funding or funding from outside the DSG is supporting the ISB, we will require details of the effect of this funding at individual school level. If this adjustment represents a reduced allocation the value should be recorded as a negative amount. If prior year adjustments have been made to in year ISB allocations appropriate adjustments can be made. This is so that we can set accurate baselines for individual schools which exclude one-off or non-DSG funding or the impact of any single year adjustments to school budgets (for example an adjustment of prior years rates allocation)

15. 'Other adjustments relating to movements between blocks' (column 3) should detail movements between the DSG blocks, including movement to or from early years. Local authorities should provide evidence for the reasons for any significant movement between the funding blocks, such as schools forum papers and minutes or disapplication requests made to the department.

## **The central school services block**

16. Column 1 'Planned Total Spend' should be broken down into ongoing responsibilities and historic commitments, for reference the relevant section 251 lines in the 2017 to 2018 budget return would be:

16.1. Ongoing responsibilities: 1.4.2, 1.4.3, 1.4.8, 1.4.13 and the new ESG retained duties lines (1.5.1, 1.5.2, 1.5.3)

16.2. Historic commitments: 1.4.1, 1.4.4, 1.4.6, 1.4.7, 1.4.9 and 1.4.12

17. We would not expect historic commitments to increase from the level arising from the 2016 to 2017 historic commitments exercise.

18. Column 2 should represent any central school services block spend from DSG reserves or from other non-DSG funding sources that have been included as part of the budget setting process. In the case of a repayment of a DSG deficit brought forward this should be recorded as a negative amount.

19. Column 3 should detail movements between DSG blocks, including early years. Local authorities should provide evidence for the reasons for any significant movement between the funding blocks, such as schools forum papers and minutes or disapplication requests made to the department.

## **The high needs block**

20. We are aiming to collect one total high needs budgeted sum through this exercise, but if the local authority has specific planned spend on hospital education we are asking for this to be individually detailed, to inform the calculation of the proposed hospital education factor in the formula and should be in line with that recorded on line 1.2.6 of the Section 251 budget statement 2017 to 2018, together with any hospital education place funding in line 1.0.1

21. Column 1 should set out the spend on high needs reflected in budget setting for 2017 to 2018. This should include lines 1.2.1 to 1.2.13 and line 1.4.11 in the local authority table of the section 251 2017 to 2018 budget return, together with place funding for Special schools, pupil referral units, other alternative provision, and special units and resourced provision in mainstream schools including academies recorded in line 1.0.1. As the total on the template needs to reconcile back to the December 2016 DSG announcement, the entry here should not take into account any subsequent adjustments to the high needs block, for example deductions for further education (FE), special academies or alternative provision (AP) free schools, or later additions for hospital education.

22. Column 2 should represent any high needs spend from DSG reserves or from other non-DSG funding sources that have been included as part of the budget setting process. In the case of a repayment of a deficit brought forward this should be recorded as a negative amount.

23. Column 3 should detail movements between DSG blocks, including early years. Local authorities should provide evidence for the reasons for any significant movement between the funding blocks, such as schools forum papers and minutes or disapplication requests made to the department.

## Next steps

24. As part of the data checking EFA will review changes from last year's baselining exercise and may request further details or evidence to support the changes if they are outside expected levels.

25. It is the intention that the information gathered in this baseline exercise will inform the national funding formulae allocations for local authorities' 2018 to 2019 DSG. However, as stated in the NFF stage 2 consultation document, "where there have been significant changes, we will liaise with local authorities to understand them to ensure they are appropriate to use as baselines for the national funding formula, or whether the 2016 to 2017 position provides a better starting point."

The baseline template will be issued through the [data collections portal](#). The deadline for returning the spreadsheet is 13th April 2017. The return must be agreed and signed off by the Chief Finance Officer, through email confirmation.

# Annex A - Local authority baselines for 2018 to 2019 dedicated schools grant blocks: instructions for completion

The annex explains in more detail how to complete the spreadsheet issued to collect the information described above.

Local authorities can access their block baselines template using [the data collections portal](#). Further information on this access will be emailed directly to local authorities. This is to ensure the security of the information contained within the documents is maintained. Any local authority unable to access their block baselines template should contact the EFA using the [EFA.BASELINES@education.gov.uk](mailto:EFA.BASELINES@education.gov.uk) email address.

## Timeline

The completed block baselines template must be returned via the [the data collections portal](#) by **13<sup>th</sup> April 2017**. All local authorities should return a template, even if they are making no changes to the baselines. In addition to the template email sign off from the Chief Finance Officer (CFO) should be returned alongside the template. If we do not receive a template and accompanying CFO sign off by the deadline, we may calculate a rate using the 2017 to 2018 APT and DSG allocations.

## User input

There are two sheets in the template that require user input – “Cover” and “DSG baselines”. A third sheet “OneOffPayments” will need to be completed where one-off funding or funding from outside the DSG is supporting the ISB.

The sheets and cells of the baselines template where the user can input data or record amendments to the prepopulated data are shown in light blue; those that the user cannot amend are shown in light yellow and purple.

## Cover sheet

This sheet collects the details of those involved in the completion of the spreadsheet. Please record the name of the local authority officer who is submitting the block baselines templates, their email address and phone number. Space has been provided for you to enter the details of up to three local authority officers. It is essential that you provide the details for at least one officer in cells C5 to C7. We will use these details to contact you for further information or clarification where necessary.

## Chief Financial Officer (CFO) sign off

The return of the template must be accompanied by sign off from the CFO. This should be in the form of an email from the CFO (or an authorised deputy) agreeing to the baseline as submitted accompanying the template.

## DSG Baselines sheet

This sheet contains three sections:

- **PART 1 (rows 4-9):** Department for Education (DfE) calculation of 2016 to 2017 DSG block baselines and 2017 to 2018 DSG allocations by block – these are figures calculated by DfE using published information on baselines and DSG allocations. No further input is required in this section. A detailed breakdown about what information has been used to populate this section can be found in paragraphs 11 and 12 above.
- **PART 2 (rows 11-29):** Local authority submission of 2017 to 2018 DSG block baselines – this section collects information from the local authority to set out their 2017-18 baselines for each block (blue cells B19:B20 and B23:B24 relate to 2017-18 planned total spend in central school services block and high needs block. Blue cells D15:D16, D19:D20 and D23:D24 relate to any planned spend covered in column B which comes from other sources, if this is distributed to Schools as part of the ISB, detailed distribution information should be included. Cells E16, E19:E20 and E23:E24 relate to movements between blocks – a blank cell will be assumed to be a zero. The total baseline against which local authorities should constrain their blocks is the DSG allocation notified to authorities in December 2016. If an entry is made in cell D15 (additional amounts to individual school budgets) then further information is required on the “OneOffPayments” sheet. If the additional amount is simply distributed as an amount per pupil for all schools please include this explanation and rate in the General Comments in cell A38.
- **PART 3 (rows 32-35):** This section is a calculated field and shows a comparison of block baselines between years 2016 to 2017 and 2017 to 2018. Where there is a significant difference for a block from one year to the next, supporting information, such as schools forum reports and accompanying minutes are required as embedded documents in cells **C33, C34 or C35** as appropriate. The thresholds used are:
  - Schools block - a difference compared to the 2016 to 2017 schools block baseline greater than either 1% of total DSG or £0.5 million
  - Central school services block - more than 1% bigger than the 2016 to 2017 central baseline (calculated inclusive of the retained duties ESG additional allocation of 2017 to 2018)

- High Needs block - more than 1% (or £500,000) greater than the 2017 to 2018 DSG High Needs block allocation.. We are using the DSG allocation as the comparative figure here to reflect the uplift to the high needs block in the DSG settlement.

**Please note:** throughout the template cells in light blue are for user input. Some input cells in commentary are greyed out unless threshold criteria are triggered in which case the cells requiring input will become light blue. Please ensure you scroll down fully after entering numbers to ensure all relevant input cells in light blue are filled in as necessary.

## **One-off payments sheet**

This sheet will be pre-populated with the list of schools taken from your final 2017 to 2018 APT. It will also hold the total of any one off payments entered in cells C15 and D15 on the DSG baselines sheet.

If you have entered an amount in cell D15 of the DSG baselines sheet then you must provide a full breakdown of how the one-off funding amount shown in cell B4 is distributed across the school list. Any adjustments should be entered in the appropriate category in rows D to I and supporting information in column J if required. If any of the one-off funding is not distributed to individual schools then that amount should be entered in cell B5 (one-off funding retained centrally).



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