



Education  
Funding  
Agency

# **Dedicated schools grant:**

**Technical note for 2016 to 2017**

**December 2015**

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## Introduction

1. This technical note sets out details of the calculation of dedicated schools grant (DSG) allocations for 2016 to 2017.
2. The DSG for 2016 to 2017 comprises 3 parts:
  - Schools block – this is based on the school block units of funding (SBUF) as published in July 2015 at [Schools funding arrangements 2016 to 2017](#) plus any subsequent adjustments to the non-recoupment academy cash transfer that will not have been incorporated into the new SBUFs.
    - Early years block comprising:
      - the three and four year old entitlement – set at the 2015 to 2016 per pupil rate
      - funding for disadvantaged two year olds – set at the 2015 to 2016 per child rate
      - the early years pupil premium – set at the 2015 to 2016 per pupil rate
    - High need block comprising:
      - the high needs block baseline for 2015 to 2016 plus:
      - additional top-up of £92.5 million allocated on the basis of the 2-19 aged population projections for 2016 in each local authority
3. A table setting out the 2016 to 2017 DSG allocations for each local authority is published alongside this note. This table shows the DSG prior to:
  - academies recoupment from the schools block
  - updates to the funding for three and four year olds
  - updates to the funding for disadvantaged two year olds
  - updates to the early years pupil premium
  - deductions for national copyright licences

## Calculating 2016 to 2017 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 2015 (Schools funding arrangements 2016 to 2017).

6. The SBUF has been multiplied by the pupil numbers from the October 2015 school census and the January 2015 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 2014 and January 2015 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 2015 census than in the October 2014 census will be treated as having zero change, rather than a decrease.

### Non-recoupment academies cash transfer

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

### Arrangements for academies recoupment 2016 to 2017

9. We will calculate amounts for recoupment using data provided on the authority proforma tool (APT) submitted in January 2016. 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 2016. Detailed guidance will be issued to all recoupment contacts and published in January 2016.

## **Early years block**

10. The early years block comprises:

- funding for the three and four year old entitlement to 15 hours of free education
- participation funding for disadvantaged two year olds
- the early years pupil premium

## **Early years entitlement for three and four year olds**

11. The amount per pupil for the early years free entitlement is the same as for 2015 to 2016. Initially, this has been multiplied by pupil numbers from the January 2015 early years census and school census to produce a provisional allocation. This will be updated in:

- July 2016 based on January 2016 pupil numbers
- July 2017 based on 5/12ths of the January 2016 pupil numbers (to cover the April 2016 to August 2016 period) and 7/12ths of the January 2017 pupil numbers (to cover the September 2016 to March 2017 period)

12. This means that the final allocation for three and four year olds for 2016 to 2017 will be based on  $5/12 \times$  January 2016 pupil numbers plus  $7/12 \times$  January 2017 pupil numbers.

## **Participation funding for disadvantaged two year olds**

13. The amount per child for disadvantaged two-year-olds is the same as for 2015 to 2016. Initially, this has been multiplied by participation numbers from the January 2015 early years census and school census to produce a provisional allocation.

14. Initial funding allocations for two year olds will be announced in July 2016. These will be based on the number of eligible children participating in early education as recorded in the January 2016 early years census and school census.

15. The allocations will be updated in July 2017, based on 5/12ths of the January 2016 participation numbers (to cover the April 2016 to August 2016 period) and 7/12ths of the January 2017 participation numbers (to cover the September 2016 to March 2017 period).

16. The final allocations for the funding for two year olds will be based on  $5/12 \times$  January 2016 participation numbers plus  $7/12 \times$  January 2017 participation numbers.

## Early years pupil premium

17. The amount per pupil for the early years pupil premium is the same as for 2015 to 2016. A provisional allocation for the early years pupil premium (EYPP) is included in the DSG table using the current 2015 to 2016 allocations.

18. Initial allocations for EYPP will be announced in summer 2016. The allocations will be based on the number of children eligible for the EYPP as recorded in the January 2016 early years census and school census.

19. The allocations will be updated in summer 2017, based on 5/12ths of the January 2016 participation numbers (to cover the April 2016 to August 2016 period) and 7/12ths of the January 2017 participation numbers (to cover the September 2016 to March 2017 period).

20. This means that the final allocations for the funding for EYPP will be based on  $5/12 \times$  January 2016 participation numbers plus  $7/12 \times$  January 2017 participation numbers.

## High needs block

21. 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 pupils in:

- maintained schools
- maintained special schools
- pupil referral units (PRU)
- academies
- special academies
- alternative provision (AP) academies
- mainstream free schools - excluding those in the first year of opening
- AP free schools - excluding those opened during the 2015 to 2016 or 2016 to 17 academic years.

22. The high needs block includes top-up funding for pupils and students occupying the places in institution types listed in para 21. It also includes top up funding for pupils/students in further education colleges, specialist post 16 institutions, and commercial and charitable providers (CCP); as well as those in non-maintained special schools (NMSS), independent schools, independent AP providers and hospital education (including independent providers).

23. Place funding in NMSS will continue to be funded directly by the Education Funding Agency (EFA). To bring NMSS in line with place funding in FE institutions, and specialist post 16 institutions (SPI), place funding in NMSS will not be included in the high needs block baseline for the 2016 to 2017 financial year. As a result the 2016 to 2017 DSG allocations table does not include these places in the high needs baseline, nor are these places included in the high needs deductions table. This change has been implemented by making an adjustment to each relevant local authorities' high needs baseline on the basis of the 2015 to 2016 academic year place numbers in NMSS. This change does not affect the final DSG paid to local authorities.

24. High needs places in mainstream free schools in their first year of opening, AP free schools opened during the 2015 to 2016 or 2016 to 2017 academic years and all special free schools are **not** included in the DSG allocations. These will be paid directly by EFA. We will publish a schedule of EFA funded places in each free school to help inform local authorities' commissioning by the end of February 2016.

25. For 2016 to 2017 the high needs block is made up of each local authority's total high needs block from 2015 to 2016, adjusted:

- to reflect the full financial year funding resulting from the outcome of the high needs exceptions process for the academic year 2015 to 2016, see Table 1 for the funding adjustments for each agreed exceptional place change
- to reflect the full financial year impact of the change from a residency to location funding basis for the 2015 to 2016 academic year post-16 places and NMSS places
- to exclude NMSS place funding from the high needs block baseline (see paragraph 23 above)
- to show each local authority's share of additional top-up funding of £92.5 million based on their proportion of the 2-19 aged population projections for 2016

Institution type	Pre-16 place change	Place funding	Post-16 place change	Place funding
Special schools and academies	+/- £4,166	£10k*5/12 (April to August)	+/-£3,333	£10k*4/12 (April to July)
Mainstream schools and academies	+/- £4,166	£10k*5/12	+/-£2,000	£6k*4/12 (April to July)
PRUs and AP academies	+/-£4,166	£10k*5/12	N/A	N/A

Institution type	Pre-16 place change	Place funding	Post-16 place change	Place funding
NMSS	+/-£3,333	£10k*4/12	+/-£3,333	£10k*4/12

**Table 1 Funding adjustments for agreed exceptional place change**

## High needs places funding deductions

26. The place funding deductions made in the financial year 2015 to 2016 for the academic year 2015 to 2016 (for places directly paid for by EFA or through the sixth form grant) have been carried forward to 2016 to 2017 and grossed up to a full 12 months., Further adjustments will be made in March 2016, to reflect the outcome of the 2016 to 2017 place change request process and for further academy conversions.

## Free schools with high needs places

27. 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. This excludes mainstream free schools in their first year of opening, which are funded directly by EFA, with no deduction from DSG.

28. Places in AP free schools opened during the 2015 to 2016 or 2016 to 2017 academic years will be funded directly by EFA, with no deduction from DSG. However, a deduction will be made from DSG for places in AP free schools opened before or during the 2014 to 2015 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 by the end of February 2016.

29. Special free schools are not included in the DSG allocations and no deductions will be made from local authorities' DSG for places in these schools.



## Other additions to DSG

### Induction for newly qualified teachers (NQTs)

30. 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 2016 to 2017 and is allocated to each local authority on a per pupil basis (using the pupil numbers used for the schools block).

### Cash floor

31. As in previous years a cash floor of minus 2% has been applied to the DSG allocations, to protect local authorities with significant falling rolls. The baseline for the cash floor is the total of the 2015 to 2016 schools block, including the non-recoupment academies cash transfer and 2015 to 2016 allocation for three and four year olds. This is then compared to the total of the 2016 to 2017 schools block (including the additional non-recoupment academies cash adjustment) and the 2016 to 2017 allocation for three and four year olds. The cash floor will be updated when the allocations for three and four year olds for 2015 to 2016 and 2016 to 2017 are updated, as set out in paragraph 11. As at December 2015 no local authority is below the cash floor.

### National copyright licences

32. 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)

33. 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.

34. 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 2015 to 2016 to deduct the charge and issue each local authority with a VAT invoice. The amount charged nationally is around 2.6% higher than in 2015 to 2016 due to the rise in the number of pupils and inflation.

## **Independent school transfers**

35. Where independent schools transfer into the maintained sector, in or after April 2016, 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 2016, the schools block will be increased by the number of pupils attending the school as recorded on the October 2016 school census multiplied by 7/12ths multiplied by the local authority's SBUF.

## **Funding for the Isles of Scilly**

36. 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.

## Next steps timetable

Date	Action
17 December 2015	EFA announce: 2016 to 2017 schools block 2016 to 2017 provisional early years block 2016 to 2017 high needs block. Details of the charges for national copyright licences issued to local authorities.
21 January 2016	Local authorities submit final APT for 2016 to 2017.
End February 2016	DSG payment dates confirmed. EFA issue details of high needs places in free schools, DSG schools block recoupment guidance published.
March 2016	Final DSG confirmed including final high needs deductions.
July 2016	Early years block updated for three and four year olds, and for disadvantaged two year old participation funding from January 2016 census.
July 2016	Deductions made for national copyright licences.
July 2017	Early years block funding for three and four year olds, and for disadvantaged two year old participation funding, updated to take account January 2017 census figures.



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