



Education  
Funding  
Agency

# **Producing dedicated schools grant block baselines for 2017 to 2018 financial year allocations**

**Departmental guidance for local authorities**

**March 2016**

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## Introduction

1. As mentioned in the recently issued [consultation](#) on school funding reform, Education Funding Agency (EFA) are carrying out an exercise to establish revised baselines for the blocks of the dedicated schools grant (DSG).
2. In 2013 to 2014 the DSG was split into 3 blocks (schools, early years and high needs). However, we have reason to think that some of the splits we used at that time did not correspond to the actual pattern of expenditure. Moreover, local authorities have been able to transfer funding between the blocks since 2013 to 2014. For both these reasons, authorities' patterns of spending can be very different from the pattern in which the blocks are allocated to them in the DSG settlement.
3. We are now proposing to split the DSG into 4 blocks in 2017 to 2018; the fourth block being the central schools block, comprising centrally retained DSG (plus the retained duties element of the education services grant, but that is not in scope of this exercise). We are proposing to introduce national funding formulae for the 3 existing blocks to better match funding to need. We are intending to consult later in the year on early years funding reform.
4. We need to establish accurate 2016 to 2017 baselines upon which to base 2017 to 2018 allocations through the national funding formulae. This exercise gives local authorities the opportunity to provide a more accurate starting point for each block, constrained to their overall 2016 to 2017 DSG allocation.
5. This document sets out:
  - a. our overall approach to setting baselines
  - b. how we have produced the 2015 to 2016 starting point baselines
  - c. how local authorities should provide 2016 to 2017 baselines for use in the 2017 to 2018 allocations
  - d. how we propose to set the amounts for each block for initial allocations for 2017 to 2018, and how we will manage the later updates of the early years block to reflect actual numbers of early years pupils

## Overall approach to setting baselines

6. As the school funding reform consultation document sets out, we propose to implement separate protections for each block of the DSG. We therefore need to set accurate baselines from which we can apply the transitional protection for each block. The baselines need to reflect what is happening in 2016 to 2017, not plans for 2017 to 2018. Nor should the baselines be adjusted to anticipate any policy changes we have proposed in the consultation, such as the place funding for special units.

7. We could simply use the 2016 to 2017 DSG allocations for each block as the baseline. However as described above, using DSG allocations would not reflect the actual resource being spent through each block in many local authorities. Instead, we are proposing to set the baseline for the schools block using individual schools allocations for 2016 to 2017 as recorded through the authority proforma tool (APT). This provides a fixed point for each local authority around which we then need to set the baselines for the other 3 blocks.

8. We think the baselines for the early years, high needs and central schools blocks should reflect local authorities' spending patterns rather than DSG allocations. However these "spend based" baselines, together with the schools block, need to total the DSG allocation received for the base year (2016 to 2017).<sup>1</sup> This is because any transitional arrangements can only be applied to the total DSG we have available to distribute nationally. We realise that some authorities draw on DSG reserves or other sources of funding in any given year, but this return is a technical exercise to establish current spending within the DSG available and is **not** about the identification of future pressures.

9. This means that we need to establish the pattern of spend between the DSG blocks in each authority, constrained to the DSG total, and we have attempted to do this for 2015 to 2016, making use of the section 251 budget returns, to provide a starting point for each local authority.

10. Where the planned spend is greater or less than the DSG overall, we cannot deduce accurately from the data which block or blocks should be adjusted in order to ensure the total baseline equals the DSG allocation. We have therefore made a set of adjustments which are explained in the next section.

11. The purpose of this exercise is to collect 2016 2017 baseline information direct from authorities in time for us to produce 2017 2018 allocations. S251 budget data for 2016 to 2017 is not due to be published until September, which will be too late for the purpose. We are therefore conducting this separate exercise.

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<sup>1</sup> Any planned spend that is greater or less than the total DSG for 2016 to 2017, for example through the use of funds carried forward from 2015 to 2016, or because of a decision to carry funds forward to 2017 to 2018, will not feature in the baseline.

12. With the exception of the high needs block, the baselines will be used on a per pupil basis to ensure that changes in pupil numbers feed through into the allocations. The pupil numbers used will be:

12.1. Schools and central schools blocks: pupil numbers used in the DSG schools block pupil counts

12.2. Early years block: since the 2 year old element and early years pupil premium are already allocated on a formula basis, they will not feature in the baseline; the pupil numbers will therefore be the DSG early years block 3 and 4 year old counts

13. We are aiming to collect one high needs baseline through this exercise, not to break it down into separate baselines for SEN, AP and hospital education. We will break down the allocations for 2017 to 2018 but we are planning a single protection on the baseline.

## The 2015 to 2016 starting point for baselines (part 1 of the template)

14. A combination of [s251 tables](#) and APT data provides the base data from which we have calculated the starting point. However, from our analysis of s251 and the APTs, we think there have been differences in interpretation of the guidance. Some local authorities have:

- recorded the funding for high needs places in units in mainstream schools in different lines on s251
- excluded academies, academy sixth forms, former non-recoupment academies or high needs place funding from line 1.0.1
- included projected later adjustments to early years funding

15. For mainstream schools and academies, the starting point baseline we have used is the funding actually allocated as recorded in the 'New ISB' tab of the 2015 to 2016 APTs plus any falling rolls and pupil growth spend recorded on the APT. In order to calculate the baselines for the remaining blocks (high needs, early years and the non-NFF block) we have sought to establish how local authorities have actually allocated funding between these blocks.

16. There are two steps to the way we have calculated the starting point baselines:

- a. calculating the planned spend for each block
- b. adjusting these spend amounts so that the total equates to the 2015 to 2016 DSG allocation (we do not adjust the funding for schools in this step)

12. The planned spend for each block has been calculated as follows:

- a. Schools block:
  - i. The total post-minimum funding guarantee (MFG) budget as set out in the new ISB tab of each local authority's 2015 to 2016 APT (including any adjustments such as to pupil numbers within the APT)<sup>2</sup>; plus
  - ii. the total falling rolls and pupil growth spend as set out in the Proforma tab of each local authority's 2015 to 2016 APT; minus
  - iii. any approved MFG disapplication requests relating to one-off funding, in order to ensure any one-off funding is not locked in
- b. High needs block:
  - i. the sum of the relevant lines from table 1 of s251: (the net of all lines

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<sup>2</sup> Because this exercise is about setting baselines for the local authority allocation for early years, high needs and non-NFF blocks, the baselines for academies will be the budget amount set out in the APT adjusted by a (ii) and (iii).

1.2.x; the SEN/special and AP/PRU columns of line 1.0.1 and the net of line 1.4.11 (SEN transport)). Our assumption is that place funding for special academies and AP academies has been included in line 1.01, as set out in s251 guidance. If it has not been included here, or another high needs line, then LAs will need to make an amendment and provide an explanation; plus

- ii. the funding for high needs places in SEN units and resourced provision in mainstream establishments (including post-16, but excluding nursery places) as reflected in the Local Factors tab of each local authority's 2015 to 2016 APT for the pre-16 places and in the AY2014 to 2015 [high needs dataset](#) for the post-16 places<sup>3</sup>; minus
  - iii. any known one-off spending in this block notified to us through agreed exemptions. In some cases we will not have had full information on the year in which this was to be spent so this is an area where local authorities will want to look particularly closely.
  - iv. Total DSG used here for 2015 to 2016 includes funding for non-maintained special schools (NMSS). It has not been included in the 2016 to 2017 information and should not be added to the return.
- c. Central schools block:
- i. the sum of all the relevant lines from table 1 of s251: (the net of all lines 1.4.x except line 1.4.11(SEN transport), which is included in the high needs block, and lines 1.4.5 and 1.4.10 (falling rolls and pupil growth spend), which are included in the schools block; minus
  - ii. any known one-off spending in this block notified to us through agreed exemptions. In some cases we will not have had full information on the year in which this was to be spent so this is an area where local authorities will want to look particularly closely.
- d. Early years block: this will be the planned spend on 3 and 4 year olds only. Thus the spend starting point will be:
- i. the sum of the total spend in the s251 early years table excluding the 2 year old funding (lines 5, 6a and 6b) and the early years pupil premium (EYPP) (line 9); plus
  - ii. the central expenditure funding as recorded in line 1.3.1 of s251 table 1, where any local authorities appear to have left it out of lines 7 and 8 of their s251 early years table<sup>4</sup>, but only if the total early

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<sup>3</sup> This funding should have been captured in the primary and secondary columns of line 1.0.1. However, our analysis suggests that a number of authorities have not included these places in line 1.0,1 and thus may have already included it in the high needs sections captured under b(i) above. For these authorities we have not added in the funding from the mainstream units' places.

<sup>4</sup> S251 2015-16 guidance for line 1.3.1: "The total early years centrally retained spending in section 7 and 8 of the early years table should match line 1.3.1 in the LA Table"

years spend reported in table 1 is greater or equal to the total early years table spend excluding the early years pupil premium; minus

- iii. any known one-off spending in this block notified to us through agreed exemptions. In some cases we will not have had full information on the year in which this was to be spent so this is an area where local authorities will want to look particularly closely.

13. The sum of these spend baselines has then been compared with the [DSG allocation for 2015 to 2016](#). The allocation figure used:

- **is before** academies recoupment and high need deductions
- **excludes** 2 year old funding and early years pupil premium
- **includes** NMSS place funding

This can be calculated from the tab “2015-16 DSG Allocations” of the published allocations spreadsheet as follows:

- total Schools Block (Column J); plus
- 3 & 4 year old funding (Column M); plus
- high needs block before deductions (Column S); plus
- funding for induction for NQTs (Column V); plus
- additions for cash floor (Column W)

This means that spending funded from the 2 year old allocation or EYPP should not be included in the template.

14. We know this is not the final DSG position with respect to the early years block – this issue is discussed further below. When authorities carry out the exercise for 2016 to 2017, they will be doing so on the December 2015 DSG allocations, which do not include any updates with respect to the early years block.

15. Any planned spend greater or less than the DSG total has been apportioned between the early years, high needs and central schools block in proportion to their overall size. We know this will not reflect exactly the position on the ground: in any year planned overall spend greater or less than DSG may relate only to one or two blocks. However, our approach is to provide a set of starting point baselines for 2015 to 2016 for authorities’ consideration, and we are seeking local authorities’ input into the exact 2016 to 2017 baselines for use in 2017 to 2018 allocations.

16. For the early years block, we have used the 3 and 4 year old pupil numbers from the 2015 to 2016 DSG (as at February 2016) from the January 2015 census. Any further



DSG received (or deducted) through the early years update in June 2016 will not affect the per pupil baseline as the pupil numbers used for the update change in line with the allocation. Authorities should not therefore include any planned early years expenditure funded by later changes to DSG.

## Obtaining accurate baselines for 2016 to 2017 (part 2 of the template)

17. We will not be able to use 2016 to 2017 s251 budget information because it is a national statistic and is therefore not available to be used until September 2016. So we are conducting this separate exercise to collect baseline information direct from local authorities.

18. Part 2 of the baseline template asks for the following:

- a. Any amendments to the 2015-16 starting point baselines we have produced.
- b. An explanation where these amendments are significant, increasing or decreasing the amount in that block by more than 1%, and at least £0.5m, of the 2015 to 2016 starting point baseline. For example, amendments may be to correct errors on s251, or in the way we have interpreted s251. This will help us understand where s251 is not being completed consistently and to improve guidance for future years.

## Obtaining accurate baselines for 2016 to 2017 (part 3 of the template)

19. Part 3 of the baseline template asks local authorities to set out their 2016 to 2017 baselines for each block. The total baseline against which local authorities should constrain their blocks is the DSG allocation notified to authorities on 17 December 2015. The allocation:

- **is before** academies recoupment and high need deductions
- **excludes** 2 year old funding and early years pupil premium (EYPP)
- **excludes** NMSS place funding

This can be calculated from the tab “201617 DSG Allocations” as follows:

- total Schools Block (Column I); plus
- 3 & 4 year old funding (Column L); plus
- high needs block before deductions (Column R); plus
- funding for induction for NQTs (Column U)

This means that spending funded from the 2 year old or EYPP should not be included in the template.

The template should be completed as follows:

- a. The schools block baseline has been prepopulated by DfE using the 2016 to 2017 APT data. Growth and falling roll spend has been included. We have deducted any known one off funding relating to MFG exclusions as shown in the APT. Authorities will need to include in their explanations details of any one-off funding **not** shown as an MFG exclusion on the APT, including how it was allocated to schools.
- b. The remainder of the 2016 to 2017 DSG allocation confirmed at December 2015 will need to be apportioned between the high needs, early years and central schools block.
- c. Authorities will need to set the early years component consistent with the January 2015 pupil numbers used for the DSG early years block in December 2015. They may intend to spend more, as they know the final pupil numbers will be higher, but they should ensure the early years component is based only on the pupil numbers underlying the December 2015 settlement. This will mean that the per pupil baseline will be correct – and that later changes to the

early years block of DSG will not have an impact as the pupil numbers will change in line with the change to the allocation.

- d. An explanation is needed if spending through each block has shifted significantly from the 2015 to 2016 baselines confirmed by authorities in part 2 of the template. As before, significantly means more than 1%, and at least £0.5m, of the 2015 to 16 starting point baseline.
- e. Authorities will need to identify any one off funding in each of the central, high needs and early years block so we can exclude these in the baseline.
- f. The Chief Financial Officer (CFO) should sign this return and submit it by the 12 April 2016.

20. We will then use the October 2015 DSG pupil numbers to produce a per pupil baseline for the schools block and central schools block. For the early years block we will use the January 2015 pupil numbers. With this information, we will then be able to confirm the 2016 to 2017 per pupil baselines for the 2017 to 2018 allocations.

21. Central expenditure on high needs relating to early years can be funded from either the high needs or early years blocks. Our consultation proposes that this flexibility should remain.

22. The information in this return should be consistent and reconcilable with the information to be provided in the 2016 to 2017 s251 return (except that the s251 return may be using different early years pupil numbers). However, it will be the information from this return, not from s251, which will be used for baselines for the 2017 to 2018 allocation.

## Next steps

23. EFA will use this information to create a set of baselines that are consistent between local authorities and reflect the pattern of provision on the ground. EFA will liaise with any authorities where queries arise on the figures provided by the local authority.

24. The block baseline template can be found at [the data collections portal](#). The deadline for returning the spreadsheet is 12<sup>th</sup> April 2016. The return must be agreed and signed off by the Chief Finance Officer.

25. We have also launched a separate exercise to collect information on historic commitments.

## Further information

- [Consultation on school funding reform](#)
- [The data collections portal](#)

## Annex A: Funding elements in each block in 2016 to 2017 starting point baselines

		Elements included in each block	Source
<b>Schools Block spend</b>		Sum of Post-MFG budgets (excluding post-16 establishments)	2015-16 APT, New ISB tab
	+	Total Falling rolls fund	2015-16 APT, Proforma tab
	+	Total Growth fund	2015-16 APT, Proforma tab
	-	Approved MFG disapplication requests relating to one-off expenditure	Communicated to the EFA via the Exemption process
<b>High Needs Block</b>		Sum of the net column of all High Needs budget lines (lines 1.2.x)	2015-16 s251 budget, table 1
	+	Sum of the SEN/special schools column of the Individual Schools Budget line (line 1.0.1)	2015-16 s251 budget, table 1
	+	Sum of the AP/PRU column of the Individual Schools Budget line (line 1.0.1)	2015-16 s251 budget, table 1
	+	Sum of the net column of the SEN transport line (line 1.4.11)	2015-16 s251 budget, table 1
	+	Place funding for SEN units and resourced provision in mainstream establishments*	pre-16 high needs places:2015-16 APT, Local Factors tab post-16 high needs places in schools: AY2014/15 high needs place dataset
	-	One-off expenditure	Communicated to the EFA via the Exemption process
<b>Central schools block</b>		Sum of the net column of all Central provision within schools budget lines (lines 1.4.x)	2015-16 s251 budget, table 1
	-	Sum of the net column of the SEN transport line (line 1.4.11) included in the high needs block	2015-16 s251 budget, table 1
	-	Sum of the net column of the Falling Rolls Fund line (lines 1.4.5) included in the schools block	2015-16 s251 budget, table 1
	-	Sum of the net column of the and Pupil growth line (lines 1.4.10) included in the schools block	2015-16 s251 budget, table 1

	-	One-off expenditure	Communicated to the EFA via the Exemption process
<b>Early Years block</b>		Sum of the total budget column for all lines	2015-16 s251, Early years table
	-	Sum of the total budget column for the 2 year old core spend lines (lines 5, 6a and 6b)	2015-16 s251, Early years table
	-	Sum of the total budget column for the early years pupil premium line (line 9)	2015-16 s251, Early years table
	+	Sum of the net column of the central expenditure on children under 5 (line 1.3.1) **	2015-16 s251 budget, table 1
	-	One-off expenditure	Communicated to the EFA via the Exemption process

\* We have only included this funding where local authorities appear to have recorded it correctly in the primary and secondary columns of line 1.0.1 as per the s251 guidance. For all other local authorities we have assumed that they may have already included it in the High Needs budget lines and therefore have not added in the funding again

\*\* We have only included this spend where local authorities appear to have left it out of lines 7 and 8 of their s251 early years table, but only if the total early years spend reported in table 1 is greater or equal to the total early years table spend excluding the early years pupil premium



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