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**Meeting:** Central Bedfordshire Schools Forum  
**Date:** 25 January 2010  
**Subject:** National Review of Dedicated Schools Grant (DSG)  
**Report of:** Deputy Chief Executive and Director of Children, Families and Learning  
**Summary:** To advise the Schools Forum on the National review of the Dedicated Schools Grant (DSG).

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Contact Officer: Dawn Hill, Borough Hall, Bedford  
Public/Exempt: Public  
Wards Affected: All  
Function of: Council

#### **RECOMMENDATIONS:**

- 1. To discuss and comment on the latest update regarding the National review of the Dedicated Schools Grant.**

#### **Background**

1. Since the beginning of the financial year 2006/07 local authorities have received allocations of DSG to finance the Schools Budget in each authority.
2. The full DSG received must be applied to the Schools Budget in each authority; although authorities may provide additional resources in support of the Schools Budget should they decide to do so. In England the total of DSG allocated in 2009/10 is some £30bn, with the amount for Central Bedfordshire being £143.83m.
3. This relatively recent method of funding authorities in support of their Schools Budget replaced a system based on a national calculation, for each authority, of a Formula Spending Share (FSS). The amount authorities actually spent however was a decision made locally, although there was considerable national pressure to spend at a particular level.
4. Since 2006/07 the amount authorities have received each year by way of DSG is determined by their level of spend (per pupil) in 2005/06 – known as the Guaranteed Unit of Funding (GUF) multiplied by actual January pupil numbers.

5. There has been a national percentage increase in the GUF each financial year, leading to the description 'spend plus' being applied to the current methodology. Under this arrangement each authority has an individual level of GUF, determined by historic circumstances.
6. Over the period 2006/07 to 2009/10 there have also been further allocations of DSG to reflect particular ministerial priorities.

## **Update**

7. The Department for Children, Schools and Families is currently carrying out a review of the formula and methodology for allocating DSG to local authorities. The aim of the review is to consider the development of a single transparent formula for the distribution of DSG to local authorities, which distributes resources in line with relative need, recognising the different costs of educating particular groups of pupils and providing education in different area.
8. There is a national group (Formula Review Group - FRG), chaired by the DCSF, which has been collecting and reviewing evidence and information and considering a whole range of options:-
  - the effect of and whether to continue with the Minimum Funding Guarantee (MFG);
  - the feasibility of mainstreaming school grants into DSG – SSG, Standards Fund etc;
  - the financial needs of small schools;
  - rural factors;
  - Additional Educational Needs – including social deprivation;
  - high pupil costs;
  - area cost adjustment;
  - Impact of Early Years increased flexibility and funding changes; and
  - the future funding arrangements for Academies.
9. The guiding principles by which the review will be conducted are that the funding systems should support schools and local authorities to raise the educational achievement of all children and young people to narrow the gap in educational achievement between all children, including those from low income and disadvantaged backgrounds. The resultant distribution formula for DSG to local authorities should be based on the principles of transparency, simplicity and stability.
10. The proposed timetable for the introduction of the changed allocation formula is planned to take affect from April 2011, the first year of a new Comprehensive Spending Review period. There is intended to be a period of national consultation from January to March 2010.

11. The total allocation of funding for Central Bedfordshire of DSG in the current financial year, 2009/10 is some £143.8m (including £1.5m recoupment in relation to the Academy). £127.8m of this together with minor adjustments, is delegated to schools budgets with the remaining £14.5m being used for central services supporting schools (e.g. Admissions, Private Voluntary and Independent sector (PVI) and Pupil Referral Units etc).
  
12. The risk to Central Bedfordshire is that the level of DSG which is received by the authority may reduce from April 2011.

**Appendices:**

None