
Meeting: Schools Forum
Date: 24 January 2011
Subject: The Dedicated Schools Grant (DSG) and Pupil Premium Update 2011/12
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To update and make recommendation on the School Funding Settlement for 2011/12.

Contact Officer: Dawn Hill, Technology House

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency
(if appropriate)

RECOMMENDATIONS:

- 1. To note the school funding settlement for 2011/12.**
- 2. To centrally retain the Pupil Premium allocation for Special Schools and Alternative Provision.**
- 3. To agree the Minimum Funding Guarantee at negative 1.5% as advised by the DfE excluding Early Years.**
- 4. To initially allocate headroom arising from the distribution of the DSG to the Schools Specific Contingency pending the final settlement.**
- 5. To note the update on Academies**

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. 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.

2. The Schools Budgets, as set out in the Statutory Section 251 budget, comprises the following:-
 - a) Individual Schools Budgets (ISB), delegated to individual schools, by phase (also known as School Budget Shares). These allocations are delegated via the local Fair Funding Formula, which the Local Authority (LA) sets, in conjunction with its Schools' Forum.
 - b) Central Expenditure. This is the amount held back centrally for expenditure on pupils and includes:
 - Expenditure to fund Nursery Education in non-maintained settings (Private, Voluntary and Independent Sector)
 - School Specific Contingency
 - Special Education Needs - provision for statemented pupils, pupil referral units, behaviour support units
 - Termination of Employment costs
3. Central expenditure must not increase as a proportion of the overall Schools' Budget. This mechanism is known as the Central Expenditure Limit (CEL) and can only be breached in exceptional circumstances and with the specific approval of the Schools' Forum. In the case of Schools' Forum refusal the LA can ask the Secretary for State to approve the breach.
4. The final Schools' Budget depends on the January PLASC count and is determined by the units of funding (no of pupils - FTE) multiplied by the Guaranteed Unit of Funding (GUF).

Update

5. Between 26th July and 18th October 2010 the Government consulted on proposals for distributing funding for schools in 2011/12. It put forward options for how the Government's policy to introduce a pupil premium for deprived pupils should operate and on the overall funding methodology.
6. As part of the spending review announcement on 20th October 2010 the Government announced that the overall settlement for schools would be maintained at flat cash per pupil throughout the period, which means that it will rise in line with pupil numbers. The settlement is only for 2011/12 and the DfE will be consulting in the Spring on introducing a national funding formula based on the needs of pupils. The consultation is likely to start in spring and cover the merits of a national funding formula, transitional arrangements, and the factors that would be included in such a formula. It will also explore future arrangements for funding early years provision, SEN and academies.
7. The pupil premium will be in addition to this settlement. Total funding for the premium will be £625m in 2011/12 and will be built up over time amounting to £2.5bn a year by 2014/15. The pupil premium will be in addition to underlying budgets and will enable schools to engage in new activities to support the attainment of their disadvantaged pupils.

Dedicated Schools Grant (DSG)

8. The DfE will continue to operate the current methodology for allocating DSG to local authorities for 2011/12. The baseline (not including mainstreamed grants) GUF for Central Bedfordshire is set at the 2010/11 rate of £4093.84 for 2011/12. The inclusion of grants that have been mainstreamed brings this rate up to £4,658.10 (this includes the grants paid to Academies by the Young People's Learning Agency). The list of grants that have been mainstreamed have been included at Appendix A.
9. It was agreed at the School Forum meeting of 1st November that should grants be mainstreamed into the DSG that these would be clearly shown as separate factors in the Individual Schools Budgets and that no change would be made to the 2010/11 methodology used to distribute these grants.
10. The estimated DSG allocation for 2011/12 based on the full time equivalent number of pupils of 36,413 for 2010/11 is £169.62m.

Pupil Premium

11. The pupil premium will be introduced from April 2011, paid to local authorities by means of a specific grant based on January 2011 census figures for deprived pupils in years Reception to Year 11. The deprivation indicator to be used is free school meals (FSM).
12. The local authority must allocate £430 to each school it maintains, excluding special schools and Pupil Referral Units (PRUs), for each full time equivalent (FTE) pupil.
13. For Central Bedfordshire, based on January 2010 FSM pupil numbers (total 2,839 pupils) the estimated funding will be approximately £1.22m including allocation for pupils in Alternative Provision.
14. For all pupils in non mainstream provision, the LA retains the responsibility for allocating the premium for these pupils. This means that the LA can consider the educational needs of these pupils alongside the provision being made for them more generally, for example, through a statement of SEN. The estimated pupil premium allocation for pupils in Special Schools and Alternative provision based on January 2010 FSM pupil numbers is £47k.
15. Children who have been looked after for more than six months will also attract the pupil premium from 2011/12. This is based on pupils in all settings who at some point in the year to 31 March 2010 were looked after continuously for at least 6 months, and who were aged 4 – 15 on 31 August 2009. The estimated premium pupil based on 2009/10 numbers (98) is £42k.

16. A pupil premium will also be introduced for children whose parents are in the armed forces (service children). For 2011/12 the premium will be set at £200 and based on the most recent information (297 pupils) for Central Bedfordshire is approximately £59k.
17. The pupil premium is not ring fenced at school level however the expectation is that schools are to use the funding for the purposes it was intended.

Minimum Funding Guarantee

18. The DfE has decided to continue with a Minimum Funding Guarantee in 2011/12. This will be set to ensure no school has a **cut** in its budget of more than 1.5% per pupil **before** any pupil premium is added. However, LAs are able to offer their schools a greater level of protection in consultation with Schools Forum. They will also be able to adjust the MFG with the agreement of their Schools Forum, where the adjustment is connected with funding for early years provision. The pupil premium is not included in this calculation.

Academy funding 2011/12

19. Unlike maintained schools that are funded on the traditional financial year basis (April to March), Academies are funded from September to August to reflect the academic year. The funding for Academies comes in the form of a grant, known as the General Annual Grant (GAG), paid by the Young People's Learning Agency (YPLA). For schools converting in September, the YPLA will issue formal notification of grant funding for each school in August.
20. The GAG is made up of different elements:
 - An amount equivalent to the school's current budget share with a small adjustment to reflect any reduced business rates, paid by an academy as a charitable trust, and for insurance.
 - Local authority central spend equivalent grant (LACSEG)
21. The LACSEG is the additional money to cover those central services that the local authority no longer provides. This is not a uniform figure across the country and varies between LAs and will reflect the amount the LA already holds back to pay for central services. This element of grant is calculated by the Young People's Learning Agency (not the local authority), using a formula, based on an academy's pupil numbers and the amount that the relevant local authority spends on the services and costs. It is not based on the actual costs of the services supplied to the individual school.
22. LACSEG is recovered from the LAs' Dedicated Schools Grant (DSG) allocations in 2011/12 through recoupment using a methodology which will be included in **a note for Local Authorities to be published in February**.

23. The LA also retains funding for services that it has to continue to provide, and related costs. These include, home to school transport (including SEN), education psychology, SEN statementing and assessment, monitoring of SEN provision, parent partnerships, etc, prosecution of parents for non-attendance, individually assigned SEN resources for pupils with rare conditions needing expensive tailored provision (this is usually a top-up to formula funding), provision of pupil referral units or education otherwise for a pupil who is no longer registered at an academy.

24. Academies also receive grant funding to meet the additional VAT they incur as they cannot use the LA's VAT reclaim facility and to meet their insurance costs. All other specific grants, including Standards Fund grants and Schools Standards grants will continue to be paid as normal by the LA up to 31 March 2011. Arrangements for these grants after that date are still under consideration.

Appendix A

Grants to be mainstreamed into the Dedicated Schools Grant

School Standards Grant
Schools Standards Grant
(Personalisation)

School Development Grant (includes SDG Main, Post-LIG Deprivation and Transition, City Learning Centres, Specialist Schools and High Performing Specialist Schools). It does NOT include the amount previously paid through Area Based Grant (ABG)

School Lunch Grant
Ethnic Minority
Achievement (EMAG)
1-2-1 Tuition

Extended Schools –
Sustainability
Extended Schools –
Subsidy

Targeted Support for the
Primary National Strategy

allocated to schools (consisting of Universal and Targeted elements, Leading Teachers, Every Child elements, Early Years Foundation Stage, and Modern Foreign Languages)

Targeted Support for the
Secondary National
Strategy

allocated to schools (consisting of Universal and Targeted elements and Leading Teachers)