
Meeting: Schools Forum
Date: 23 January 2012
Subject: Dedicated Schools Grant (DSG)
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To note the update on the DSG and Pupil Premium arrangements and make recommendations for the 2012/13 distribution.

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 update on the deployment of the 2011/12 DSG.**
- 2. To note the update on the 2012/13 DSG and Pupil Premium arrangements.**
- 3. To propose the reduction of formula factors for the 2012/13 distribution of DSG as defined in Model 2 and to include a lump sum for Lower Schools of £95K and Middle Schools £47.5K.**
- 4. To propose the extension and funding of the temporary appointment for targeted support for Academy conversions to September 2012.**

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. 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).
4. The Chief Finance Officer (CFO), must sign two statements annually: the Actual deployment (out-turn) and Budgeted Allocation of the DSG, confirming that it has been fully deployed in support of the School's Budget in accordance with the condition of the grant and the School Finance Regulations.

Deployment of DSG 2011/12

5. The budget allocation of the DSG for 2011/12 is the full time equivalent (FTE) number of pupils as at Jan 11 of 37,044 multiplied by the GUF £4,658 to give £172.555M. This amount is adjusted for Academies which open between 2008 and 2012 as known at December 2011, revising the allocation to £146,183M. The allocation is continually revised as Schools convert to academy status during the financial year. The table below represents the distribution of the final DSG based on current number of academies as at end of December 2011.

DSG	Academies 2008/12	Revised DSG	Individual Schools Budgets	Central Spend	Headroom
£'000	£'000	£'000	£'000	£'000	£'000
	ISB				
172,555	26,372	146,183	134,687	11,188	308

6. Academies receive a Local Authority Central Spend Equivalent Grant (LACSEG) deducted from the DSG for those services that are the responsibility of the Academy but are retained centrally e.g. behaviour support, practical learning etc. it was agreed by School Forum meeting of the 7th March 2011 that the cost of LACSEG up to a £1M would be funded by Headroom for 2011/12. Any amount over this cumulative sum would be brought back to the Forum.
7. The LACSEG deductions attributable to 17 converted schools as at December 2011 is £440K. It is anticipated that a further 10 schools will convert by the end of this financial year, requiring a further £96K from Headroom leaving an estimated balance of £212K.

2012/13 DSG and Pupil Premium Arrangements

8. On 13 December the Department for Education (DfE) announced the details of the schools funding settlement for 2012/13. This included the level of the Pupil Premium set for 2012/13.
9. The Department will continue with the current funding system for schools. For DSG, this means a continuation of the “spend plus” methodology. In the longer term, the Government’s intention is to bring in a simpler and more transparent funding system. This should help reduce the funding differences between similar schools in different areas.
10. The main DSG arrangements for 2012/13 are:
 - flat cash Guaranteed Units of Funding (GUF)
 - a continuation, of protecting funding for three years olds at 90% of the three year old population
 - a Minimum Funding Guarantee (MFG) of **minus 1.5%**
 - a cash floor of minus 2%
11. For 2012/13 each local authority’s GUF will be the same as for 2011/12. For Central Bedfordshire this is **£4,658.10**
12. As noted above, the MFG has again been set at minus 1.5% per pupil. The School Finance Regulations will set out the formula factors which continue to be automatically excluded from the calculation, as well as those which can be excluded with the agreement of the Schools Forum. There will also be a process by which local authorities can request the dis-application of other factors.
13. Nursery and Lower schools receive early years funding for pre-statutory pupils using the Early Years Single Funding Formula (EYSFF). A separate protection mechanism was agreed for this element of the formula in September 2010 and will be continued for 2012/13.
14. A cash floor of minus 2% will be applied to the final DSG allocations, prior to academies recouplement, to protect local authorities with significant falling rolls.
15. The Pupil Premium (PP) for 2012/13 will include pupils on the January 2012 School Census known to have been eligible for Free School Meals (FSM) in any of the previous six years, as well as those first known to be eligible at January 2012.
16. The PP grant will be allocated to local authorities on the basis of :
 - £600 per pupil for each Ever 6 FSM full time equivalent (FTE) pupil aged 4 and over in Year Groups R to 11 in mainstream schools; and
 - £250 per pupil for each full time equivalent (FTE) pupil recorded on the January 2012 School Census, as a Service child aged 4 and over in Year Groups R to 11 in mainstream schools.

17. For Looked After Children the Department will allocate a provisional allocation of £600 per child for the number of children continuously looked after for over 6 months as recorded in the March 2011 Children Looked After Data Return (SSDA903) and aged 4 to 15 at 31 August 2010. This allocation will be updated and finalised in October 2012 based on the number of children continuously looked after for over 6 months as recorded in the March 2012 Children Looked After Data Return (SSDA903) and aged 4 to 15 at 31 August 2011.
18. It is for LA to determine how to distribute the Pupil Premium for each of their eligible looked after children so they can reflect the particular circumstances of a looked after child.
19. Allocations for the PP grant will be confirmed in summer 2012 once pupil number data from the January 2012 Census has been validated and agreed. Local authorities will be required to certify that they have passed on the correct amount of funding to schools or, where funding has been spent centrally, that it has been spent in line with the conditions of grant.

Consultation on changes to Funding Formula for 2012/13

20. Proposals to reduce the number of factors when distributing DSG through the Individual Schools Budget (ISB) were supported by the School Forum at their meeting in November 2011. This relates only to Lower, Middle and Upper Schools. Nursery and Special Schools will receive the same amounts as in 2011/12 amalgamated under a new heading.
21. Officers were asked to produce options using actual pupil numbers as at January 2011 for comparison purposes. These would then be considered via a consultation and a proposal brought back to the January 2012 meeting.
22. A letter was sent by the Chairman of the Schools Forum and the Deputy Chief Executive and Director of Children's Services to all Headteachers and Governors explaining what is being proposed and why the other options have been eliminated. In addition they were invited to attend a workshop on School Funding Reform which took place on 14th and 15th December 2011.
23. Concerns raised at the workshops were resolved with one Middle school requesting further details on the MFG protection. It was agreed that the Middle School representatives on the forum would be contacted if further clarification was needed. No further issues have been raised to date.

Targeted support for Academy conversions

24. It was agreed in March 2010 that £60k of DSG would be set aside to fund a temporary appointment for one year and to commission targeted support for Academy conversions. There are currently 19 schools that have converted to Academy status with a further 16 having received Academy orders. In addition five schools have confirmed a formal intention to convert and have submitted an application to the DfE.

- 25.** For schools that convert to Academy, it is clear that a dedicated programme management support is required to effectively coordinate the LA conversion process and to manage the communication relationship between the Council, converting schools and their professional consultants and legal teams.

Recommendation:

- 26.** To propose the following separate factors are removed from the ISB and redistributed through the Age Weighted Pupil Unit (AWPU) for the 2012/13 calculation of ISB:

- Mainstreamed Grants (all, including Raising Standards)
- Teachers Threshold
- Newly Qualified teachers (NQT)
- Formula Funding Lump Sum
- Insurance Lump Sum
- Schools Meals Lump Sum

and to include a revised lump sum factor for Lower schools of £95k and Middle schools of £47.5k . No lump sum will apply to Upper Schools

It should be noted that the amount of funding per sector will be ringfenced and so where a lump sum is not provided for as in Upper Schools a higher proportion will be added to the AWPU values.

- 27.** To extend the targeted support for Academies to September 2012, requesting a further top slice of DSG of £30k for 2012/13.