
Meeting: Schools Forum
Date: 5 March 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 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 deployment of the 2011/12 DSG**
- 2. To propose the 2011/12 unspent DSG for the Private, Voluntary and Independent (PVIs) providers is Earmarked and carried forward to 2012/13**
- 3. To note the allocation of Central Expenditure (CE) for 2012/13**
- 4. To propose £550K DSG is set aside for the Local Authority Central Spend Equivalent Grant (LACSEG) in 2012/13**
- 5. To propose an additional £167,698 is added to the Condition Survey factor.**
- 6. To propose any shortfall in funding for sixth form SEN to be funded from unallocated DSG**
- 7. To propose any residual DSG arising from the calculation of the Schools Individual Schools Budgets for 2012/13 is deployed through the Age Weighted Pupil Unit.**

Background

1. Since the beginning of the financial year 2006/07 local authorities (LA) 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. After taking advice from the Director of Children's Services, 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.
5. 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.
6. The DfE will continue with the current funding system for schools for 2012/13. 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.

Deployment of DSG 2011/12

7. 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 in 2008 to 2012 as at January 2012, revising the allocation to £145,744M. 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 January 2012. (Please see recommendation 1)

DSG	Academies ISB 2008/12	Revised DSG	Individual Schools Budgets	Central Spend	Headroom
£'000	£'000	£'000	£'000	£'000	£'000
172,555	26,811	145,744	134,634	11,018	91

8. 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 at the School Forum meeting on 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 for a decision on allocation.
9. The LACSEG deductions attributable to 19 converted schools as at January 2012 is £467K. It is anticipated that a further 6 schools will convert by the end of this financial year, requiring the approximate balance remaining in Headroom. Should a balance remain it will be added to the School Contingency and carried forward into 2012/13.

Private Voluntary and Independent (PVI) Sector

10. The allocation of DSG set aside for the PVI sector for 2011/12 is £5.261M. This was based on modelling the requirements of the new Early Years Single Funding Formula implemented for the first time in April 2011. The budget assumed estimated hours based on funded hours as at January 2011, adjusted for each termly headcount. As at January 2012, £4.083M had been spent with a further £798K estimated for the remainder of the year, leaving a balance of £380K. It is proposed that the balance is carried forward to 2012/13. (Please see recommendation 2)

Central Services funded by retained DSG for 2012/13

11. The table below shows the Initial allocation for 2011/12, revisions during the year and the proposed centrally retained DSG for 2012/13 (assuming individual proposals are agreed*). (Please refer to recommendation 3)

Area		Initial Allocation 2011/12	Revised Allocation as at January 2012	Proposed Allocation 2012/13
Director of Children Services	Director of Children's Service	126	0	0
AD Learning & Strategic Commission	Learning & Strategic Commission	145	0	0
AD Children's Services Operation	AD Children's Services Operations	134	0	0
Quality Assurance CRS Service	Q A - Conference & Reviewing	5	5	5

Youth Service	Early Years - Child Information	70	43	70
School Support Services	Hearing Impaired	0	125	0
	Music Therapy	746	169	0
	Visual Impairment	0	189	188
	SEN Transport	0	400	0
	Health & Education Partnership	65	0	0
	EMTAS	156	0	0
	Behaviour Support Team	308	0	0
	Learning Support and Teachers	149	0	0
	Academy Statementing	371	401	0
	Academy Early Years	63	63	0
	Early Years	0	228	225
	Psychology - Teacher Advisory	225	147	156
	Early Years SEN Funding	112	165	150
	Administration	53	52	24
	Therapies	100	100	105
	Statementing	450	94	450
	Therapy & High Cost Pupils	451	451	451
	Special Recoupment	110	317	317
	Hospital Recoupment	92	92	92
	Out of County Provision	1,100	1,795	1,737
	SENAdd Pupil Support	219	219	219
	Access and Inclusion	47	222	96
	PRU	1,757	1,729	1,336
	School Support Commissioning	0	0	400
School Admissions	262	261	260	
Ethnic Minority	118	118	118	
		6,952	7,339	6,324
Other School Budgets	Schools Specific Contingency	1,500	193	500
	SEN Contingency	276	76	276
	Schools Forum	3	3	3
	Lunch Grant	218	183	0
	Audit	38	38	0
	Headroom	1,091	91	0
	Advanced Skills Teachers	256	256	40
	Official Duties	97	97	97
		3,479	937	916
School Improvement	Virtual School	233	328	328
	14-19 Practical Learning	716	581	168
	Yr5 Strand	0	0	90
		950	909	587
School Organisation & Capital	Management Support	60	60	30
Central Overheads	DSG contribution to Central Support	1,817	1,817	1,817
Total Children's Services		13,740	11,110	9,748

12. The Schools Finance Regulation 2012 governs the operation of the Central Expenditure Limit and ensures central expenditure does not increase as a proportion of the overall Schools Budget. The CEL can only be breached in exceptional circumstances and with the specific approval of the Schools Forum.

13. The proposed allocation of DSG for Central services has reduced from 2011/12 reflecting services increasingly being commissioned to be run through schools. The reduction and 'flat cash' settlement means the CEL has not been breached.

LACSEG for 2012/13

14. It was agreed by School Forum in March 2011 that the DSG 2011/12 LACSEG deduction would be funded from unallocated DSG (Headroom), up to £1M with any amount over being brought back to School Forum for approval. (Please refer to recommendation 4)
15. The LA recognises the increased pressure on Schools budgets with a flat cash settlement, the increased number of Academy schools and the need for DSG to be delegated to schools. The 2012/13 Local Authority budget proposes a contribution of £550K to the Schools Block (Section 1 of the statutory Section 251 Statement) for the pressure arising from the deduction to DSG for LACSEG.
16. The estimated DSG LACSEG deduction for Academies for 2012/13 is approximately £1.1m.

School Budgets 2012/13

17. School Budgets will be distributed during week commencing 19th March 2012 with guidance notes posted on the Schools portal. Details of Schools 'Ever6' which represents pupils on the January 2012 School Census known to have been eligible for Free School Meals (FSM) in any of the previous six years will be used for the calculation of the Pupil Premium. Details are available from the DfE's 'Key to Success' website which can also be accessed from a link on the Schools portal.
18. It should be noted that the FSM factor in the Individual Schools Budget will be calculated in the same way as in 2011/12 using the FSM pupil numbers as January 2012 and not 'Ever 6' FSM.
19. The Condition Survey factor in the formula is a fixed figure for each phase and does not increase based on the condition of the buildings. Data is provided by the Asset Management team and the 'fixed amount' redistributed according to the school ranking of condition. In 2012/13 the ranking has changed significantly. To ensure that schools receive a minimum amount as per the 2011/12 allocation the allocations for each phase will need to be increased as follows:

	£
Lower	144,656
Middle	14,628
Upper	4,686
Special	889
Nursery	2,839
	167,698

(Please refer to recommendation 5)

20. Pupils in mainstream schools with a designated 'Statement of Special Educational Needs' has increased in 2012/13 by £126K. This will be funded by previously held DSG set aside for School Support Services. Any residual will be funded from DSG.
21. Funds received from the Young People Learning Agency (YPLA) specifically for sixth form students SEN for 2011/12 amounted to £1.150M. £720K contributed to the Special Schools ISB and £430K is held centrally in support of SEN. The allocation for 2012/13 is not yet known. (Please refer to recommendation 6)
22. It is anticipated that due to the considerable reduction in DSG held for Central Services (paragraph 11) and increase in pupil numbers that after all factors have been considered, there will be a residual amount of DSG to be distributed which will be of considerable support to schools. (Please refer to recommendation 7)

Recommendation

1. **To note the deployment of the 2011/12 DSG.**
2. **To propose unspent DSG for 2011/12 arising from the PVI sector be Earmarked and carried forward for that purpose in 2012/13.**
3. **To note the 2012/13 allocation of DSG to Central Services, which reflects a £4M shift from LA to School budgets. There is no breach of the Central Expenditure limit.**
4. **To propose £550K DSG is set aside for the LACSEG deduction to DSG for 2012/13, with any amount over being brought back to School Forum with further proposals.**
5. **To propose an additional £167,698 is added to the Condition Survey Factor.**
6. **To propose any shortfall in funding for sixth form SEN to be funded from unallocated DSG.**
7. **To propose any residual DSG arising from the calculation of the Schools Individual Schools Budgets for 2012/13 is deployed through the Age Weighted Pupil Unit.**