
Meeting: Schools Forum
Date: 4 March 2013
Subject: Dedicated Schools Grant (DSG)
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To note the update on the DSG

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

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. 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 and is subject to the School Funding review. For 2013/14, the Government has introduced a simpler and more transparent funding system.

Deployment of DSG 2012/13

6. The budget allocation of DSG for 2012/13 has been confirmed and is the full time equivalent (FTE) number of pupils as at Jan 12 of 37,336 multiplied by the GUF £4,658 to give £173.915M. .
7. The School Forum agreed that unspent DSG reserves from 2011/12 to be distributed to schools as follows; a one-off payment based on degree of incidence of low level needs (£309k), an additional amount per statutory pupil (£442k) and termly headcount of Early Years (£169k). The sum of £920k has been added to the 2012/13 DSG allocation. The table below represents the distribution of the 2012/13 DSG based on the current number of academies

DSG	Academies		Revised DSG	ISB	Central Spend
	ISB	LACSEG			
£'000	£'000		£'000	£'000	£'000
174,835	68,019	262	106,554	95,191	11,363

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 5th March 2012 that the cost of LACSEG would be partly funded up to £550k from DSG, any amount exceeding this must be brought back to the Forum. The DSG contribution to LACSEG is £262k, therefore the balance of £288k has been returned to the School Contingency budget for re-distribution to schools.
9. The total LACSEG deduction attributable to 37 converted schools as at January 2013 is £524K.

10. The Schools Finance Regulation 2012 governs the operation of the Central Expenditure Limit (CEL) and ensures central spend 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. The proposed allocation of DSG for Central services has reduced from 2011/12 reflecting services increasingly being commissioned to be run through schools. The CEL has not been breached.

Update School Funding Reforms and School Budgets 2013/14

11. The new funding reforms require local authorities to submit a pro forma detailing the new simplified formula and detailed tables to the Education Funding Agency (EFA) no later than the 22nd January 2013. Central Bedfordshire met the deadline set and has received confirmation from the EFA of the authority's adherence to the finance regulations and pro forma meeting the required criteria.
12. School Budgets were despatched to schools by 1st class post on Tuesday 12th February 2013, ahead of the deadline of the 15th March as prescribed in The School and Early Years Finance Regulations.
13. The basic entitlement (Age Weighted Pupil Unit) for Schools for 2013/14 is as follows:

	2013/14 Allocations
Primary	£2,908
Key Stage 3	£4,170
Key Stage 4	£4,879

14. All other factors have remained as per the consultation process as follows :

Lump Sum	£120,000
Split Site	£120,000
Rates	Estimated
IDACI Banding	
0.25-0.40	£554
0.40-0.50	£1,108
0.50-0.60	£1,662
0.60-1.00	£2,216

15. Central Bedfordshire has an increase in pupil numbers of 337 comparing January 2012 census to October 2012. Primary School numbers have risen 582 whilst Secondary pupils have fallen by 245.
16. As permitted by the School Finance Regulations and in agreement with the School Forum, a centrally retained 'Growth Fund' is available for applications by schools. This is to provide schools with revenue support where there is significant growth due to capacity and to assist lower schools in meeting the infant class size regulations.

17. The School Forum are asked to nominate two representatives, one from the Maintained sector and the other from an Academy to assist Officers in reviewing applications for 'Growth Funding'. It is expected that a meeting will be required early April to review business cases for funding for capacity, followed by a meeting in early May for Infant Class size funding applications.

High Needs Block

18. The funding reforms announced changes to high needs funding in 2013/14. One element of the changes to high needs funding is the ending of recoupment arrangements between authorities in England for education provided on or after 1st April 2013. These recoupment arrangements are currently governed by the Education (Inter-authority Recoupment) Regulations 1994.
19. The Department for Education announced on the 4th February 2013 a Consultation on Replacement of the Education (Inter-authority Recoupment) Regulations. As the change to inter-authority recoupment is part of decisions already announced the Department are not consulting on the principle. This is a technical consultation on the detail of changes to the regulations. As the regulations need to be in force by 1st April 2013 the consultation will run for only three weeks and end on the 25th February 2013.
20. The intention is to lay these Regulations before Parliament in March 2013, and for them to come into force on 1st April 2013 for the 2013/14 financial year.

Review of 2013/14 School Funding Arrangements

21. The Department also published the Review of 2013/14 School Funding Arrangements document on the 12th February 2013. The document gives a summary of how the 2013/14 reforms have been implemented and considers some specific issues; a briefing note is attached as Appendix A.

The Department are seeking views by the 26th March 2013.

Appendix A: Briefing Note – Review of 2013/14 School Funding Arrangements