
Meeting: Schools Forum
Date: 24th June 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. From 2013/14 the Dedicated School Grant is split into three notional blocks; Early Years, High Needs and Schools.
2. The School and Early Years Finance (England) Regulations define the local authority education budgets (the non-schools education budget, the schools budget, the central expenditure and the individual schools budget) and set out how local authorities are to allocate funding from the individual schools budget (ISB) to maintained schools and private, voluntary and independent providers of free early years provision (relevant early years providers) through a locally determined formula. These Regulations relate only to the 2013/14 financial year.
3. The Regulations give effect to the decisions made to reform the school funding system through simplified local formulae, greater delegation to schools and new arrangements for funding pupils with high needs.
4. The Minimum Funding Guarantee (MFG) for schools has been set at negative 1.5% per pupil for 2013/14. The calculation has been simplified compared with previous years and the Regulations set out the factors which are excluded from the calculation.
5. 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 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 number of academies at the year ending March 2013.

DSG	Academies		Revised DSG	ISB	Central Spend
£'000	ISB	LACSEG	£'000	£'000	£'000
174,835	68,175	262	106,398	95,041	11,357

8. For 2012/13 Academies received 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.
9. The LACSEG deductions attributable to 39 converted schools as at March 2013 is £524K. 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.
10. The Schools Finance Regulation governs the operation of the Central Expenditure Limit 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.

DSG Budget Allocation 2013/14

11. The Department for Education announced on the 19th December 2012 the School Funding settlement for 2013/14 including allocations for the DSG and illustrative allocations for the Pupil Premium. The Pupil Premium is £900 and Service Premium £300 per pupil. As the PP is calculated using January school census, final allocations will be confirmed in summer 2013.
12. The Department also announced a new grant, the Education Services Grant, which will replace the LA Block element of LACSEG for Academies, and the corresponding element of LA revenue funding, from 13/14.
13. There is no change to the distribution of the DSG and is based on the 'spend plus' methodology for 2013/14 but the presentation of the settlement is shown in three spending blocks (Early Years, Schools and High Needs).

14. The following table illustrates the updated DSG allocation for each block and additions. The Schools block is based on October 2012 School census and for Early Years the January 2012 census.

Block		Initial Allocation December 2012 (£M)	Revised Allocation May 2013 (£M)	Increase (£M)
Schools		144.008	144.008	0
Early Years		9.85	9.85	0
High Needs	Pre 16	21.268	21.337	0.069
	Post 16	1.344	1.761	0.417
Transitional funding (floor protection for 3 year olds)		0.05	0.05	0
2 year olds (grant transfer from RSG previous EIG)		1.793	1.793	0
NQT (transferred from RSG)		0.053	0.053	0
HN Growth			0.193	0.193
Share of £7m NMSS			0.011	0.011
Total Allocation DSG		178.366	179.056	0.690

15. The Schools Block is based on a per pupil unit of funding of £4,144.47 multiplied by 34,747 pupils as reported on the October 2012 census. The Early Years block is based on a unit of funding of £3,979.80 multiplied by 2,475 full time equivalent number of pupil as reported on the January 2012 census.
16. The High Needs Block for Post 16 combines three previous budgets, SEN Block Grant, Specialist placements funding and the cost of high needs student in FE. The new system for funding high needs pupils will not be introduced for post 16 students until August 2013.
17. The floor protection for 3 year olds has reduced by £48k from 2012/13 funding and will be completely removed in 2014/15.
18. The 2013/14 funding for early education places for 2 year olds from lower income households, previously funded through Early Intervention Grant, has now merged into the DSG. It is to fund Statutory Places (£1,288k) and 'trajectory building' (£505k) to create non-statutory places in preparation for the increased entitlement. Allocations have been calculated based on the estimated number of eligible 2 year olds likely to receive provision in the area, using Free School Meals data for 4 to 6 year olds as a proxy.
19. Funding for the cost of monitoring and quality assuring NQT induction has also been transferred into the DSG and for CBC is £53k; Nationally £10M has been reduced from the Education Support Grant to fund this.

Growth Fund 2013/14

20. The School and Early Years Finance (England) Regulations, Schedule 2, prescribes expenditure that may be deducted from the Schools budget before determining the Individual Schools Budget and held centrally.
21. The Growth Fund falls into this category and is for the purpose of :
- Expenditure to be incurred due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of their area, but only where the authority has set criteria for determining the circumstances in which the expenditure can be incurred and the basis for calculating the amount of any such expenditure.
 - Expenditure to be incurred in order to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) (England) Regulations 2012(b).
22. Local Authorities are required to produce criteria on which any growth funding is to be allocated, and set out the circumstances in which a payment could be made and a basis for calculating the sum. At the March 2013 School Forum meeting members were asked to nominate representatives that would sit on the panel to review applications for funding
23. Two panel meetings have taken place, one for Growth Fund bids and the second for Infant Class Size funding applications.
24. The following table sets out the approved expenditure to 31st May 2013

School	Growth Fund	ICS Fund	Total
Fairfield Park Lower	130,168		130,168
Greenleas Lower	314,794		314,794
Church End Lower	69,071		69,071
Gothic Mede Lower	40,712		40,712
Houghton Regis Lower		27,984	27,984
Total	554,745	27,984	582,729
2013/14 Allocation			800,000
Balance remaining			217,271

Review of 2013/14 Funding Arrangements

25. The Department published the Review of 2013/14 School Funding Arrangements document on the 12th February 2013 and were seeking views by the 26th March 2013 on some specific issues. The LA and School Forum responded to the questions being asked and a briefing note was provided appended to the March DSG report to School Forum. The outcome of the review is expected early June 2013 and will impact the 2014/15 distribution.

Appendices:

None