
Meeting: Schools Forum
Date: 14th October 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 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 Early Years and School 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 Early Years and School Finance Regulations.

Deployment of DSG 2012/13

6. The deployment of 2012/13 DSG represented in the table below, was discussed and agreed by Schools Forum at their meeting of the 24th June 2013.

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

DSG Budget Allocation 2013/14

7. The Department for Education announced on the 19 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 set at £900 and Service Premium at £300 per pupil, and final allocations will be confirmed shortly.
8. 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.
9. There is no change to the distribution of the DSG and it 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).
10. The following table illustrates the updated DSG allocation for each block and additions. The Schools block is based on October 2012 School census and the Early Years block has been updated for the January 2013 census.

Block		Initial Allocation December 2012 (£M)	Revised Allocation July 2013 (£M)
Schools		144.008	144.008
Early Years		9.850	9.635
High Needs	Pre 16	21.268	21.541
	Post 16	1.344	1.762
Transitional Funding (floor protection for 3 year olds)		0.050	0.050
2 Year Olds (grant transfer from RSG previous EIG)		1.793	1.793
NQT (transferred from RSG)		0.053	0.053
Total Allocation DSG		178.366	178.842

11. 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.
12. The Early Years block is based on a unit of funding of £3,979.80 multiplied by 2,421 full time equivalent number of pupil as reported on the January 2013 census. The Early Years block will be updated again in April 2014 for 7/12ths of the January 2014 pupil numbers to cover the period September 2013 to March 2014.

13. The High Needs Block is a single block for high needs pupils/students age 0- 24. For 2013/14 the Block has been calculated in two parts, pre 16 and post 16 (age 16-24). The post 16 combines three previous budgets, SEN Block Grant, Specialist placements funding and the cost of high needs student in Further Education (FE). The new system for funding post 16 students was introduced August 2013.
14. The floor protection for 3 year olds has reduced by £48k from the 2012/13 funding and will be completely removed in 2014/15.
15. 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.
16. 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.
17. The following table represents the distribution of the 2013/14 DSG based on the Academy conversions as at September 2013 (44).

Blocks	DSG	ISB Academies	Revised DSG	ISB Schools	Central Spend
	£'000	£'000	£'000	£'000	£'000
Schools	144,062	75,960	68,102	66,768	1,334
EY	11,478	0	11,478	9,367	*2,111
High Needs	23,302	1,268	22,034	9,577	*12,457
Total	178,842	77,228	101,614	85,712	15,902

* Includes Early Years (£282k) and High Needs (£2,471k) paid directly to Academies by the LA.

18. The centrally retained DSG of £15.9M is further analysed in the table below.

Services	DSG £'000
Special Education Needs (Inc Post 16)	8,867
Academies Statements/Early Years	2,752
Two Year old Funding	1,793
Growth Fund	800
DSG Contribution to Central Overheads	719
Pupil Referral Unit	409
Access to Education	260
School Contingency	127
CLA	84
Teachers Unions & Professional Associations	64
Early Years Contingency	24
School Forum	3
Total CE	15,902

Growth Fund 2013/14

19. The Early Years and Schools Finance (England) Regulations, Schedule 2, prescribes expenditure that may be deducted from the Schools budget before determining the Individual Schools Budget and held centrally.
20. 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).
21. 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. This was agreed with the School Forum at their meeting of 26 November 2012. In addition, at the March 2013 School Forum meeting, members were asked to nominate representatives that would sit on the panel to review applications for funding
22. Two panel meetings have taken place, one for Growth Fund bids and the second for Infant Class Size (ICS) funding applications.
23. The following table sets out the approved expenditure to 30th September 2013

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

Appendices:

None