

**Meeting:** Schools Forum  
**Date:** 20 January 2014  
**Subject:** **Dedicated Schools Grant (DSG) and 2014/15 Funding Allocations**  
**Report of:** Deputy Chief Executive and Director of Children's Services  
**Summary:** To note the update on the DSG and 2014/15 Funding Allocations, and approve the DSG Admissions allocation for 2014/15.

Contact Officer: Dawn Hill, Priory House, Shefford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency  
(if appropriate)

#### **RECOMMENDATIONS:**

- 1. To note the update on DSG for 2013/14.**
- 2. To approve the DSG allocation for Admissions to be set at £260k for 2014/15.**
- 3. To note the Education Funding Agency (EFA) funding announcement for 2014/15.**

#### **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 School and Early Years Finance (England) Regulations 2013 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.
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.

- 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 and Early Years Finance (England) Regulations 2013.

#### **DSG Budget Allocation 2013/14**

- The distribution of the DSG for 2013/14 is based on the 'spend plus' methodology and is shown in three blocks (Early Years, Schools and High Needs).
- 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.

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

- 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 2,421 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.
- 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.
- The floor protection for 3 year olds has reduced by £48k from the 2012/13 funding and will be completely removed in 2014/15.
- 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.

13. 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.
14. The following table represents the distribution of the 2013/14 DSG based on the Academy conversions as at December 2013 (47).

	<b>DSG</b>	<b>ISB Academies</b>	<b>Revised DSG</b>	<b>ISB Schools</b>	<b>Central Spend</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Schools</b>	144,062	77,169	66,893	65,635	1,258
<b>EY</b>	11,478	0	11,478	9,120	*2,358
<b>High Needs</b>	23,302	1,543	21,759	8,989	*12,770
<b>Total</b>	<b>178,842</b>	<b>78,712</b>	<b>100,130</b>	<b>83,744</b>	<b>16,386</b>

\* Includes EY (£267k) and High Needs (£2,967k) paid directly to Academies by the LA.

15. The centrally retained DSG of £16.4M is further analysed in the table below.

<b>Services</b>	<b>DSG £'000</b>
Special Education Needs (Inc Post 16)	8,671
Academies Statements/Early Years	3,234
Two Year old Funding	1,793
Growth Fund	800
DSG Contribution to Central Overheads	719
Pupil Referral Unit	409
School Admissions	260
School Contingency	52
Copyright Licences	84
Teachers Unions & Professional Associations	64
Early Years Contingency	297
School Forum	3
<b>Total CE</b>	<b>16,386</b>

### **Growth Fund 2013/14**

16. 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. Growth Funding falls into this category and is for the purpose of expenditure due to significant growth in pupil numbers as a result of the LA's duty under section 13(1) of the 1996 Act to secure that efficient primary and secondary education are available to meet the needs of the population and in order to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) Regulations 2012.
17. 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. The School Forum regulations requires the agreement of the School Forum for both the central spend on and the criteria for allocating funds. This was agreed for 2013/14 with the School Forum at their meeting of the 26<sup>th</sup> November 2012.

18. The following table sets out the expenditure to 31<sup>st</sup> December 2013.

	<b>Budget £</b>	<b>Spend £</b>	<b>Balance £</b>
2013/14 Allocation	800,000		
<b>Growth Fund:</b>			
Fairfield Park Lower		(130,168)	
Greenleas Lower		(314,794)	
Church End Lower		(69,071)	
Gothic Mede Lower		(40,712)	
Alameda Middle		(31,914)	
Etonbury Middle		(30,534)	
Redborne Upper		(82,705)	
Shefford Lower		(74,231)	
Russell Lower		(12,665)	
St Andrews Lower		(7,920)	
<b>Infant Class Size:</b>			
Houghton Regis Lower		(27,984)	
<b>Total Growth Fund</b>	<b>800,000</b>	<b>(822,698)</b>	<b>(22,698)</b>

19. The revised School and Early Years Finance Regulations 2013 allows LAs to carry over any unspent money from the 2013/14 growth and infant class size funds to be used for the same purpose in 2014/15. This is a change from the draft regulations, which proposed instead that unspent money should be included in the Individual School Budget. However, to carry forward a deficit on central expenditure to the next year to be funded from the schools budget requires School Forum approval.

### **2014/15 Centrally Retained DSG Budget Allocations**

20. At the October 2013 School Forum meeting it was agreed that the 2014/15 de-delegated School Contingency budget would remain at the 2013/14 per pupil level of £5.63. It was further agreed that the centrally retained spend for the Growth Fund would increase to £1m for 2014/15 (an increase of £200k), to reflect the increased activity in the Council's New School Places programme with further projects to create new places going live in the coming year.

21. In accordance with The School and Early Years Finance Regulations, deductions to the Schools budget of a Local Authority for central services (Part 1, Schedule 2) must not exceed that of the previous funding period. It is also a requirement of the School Forum Regulations that central spend on Admissions are proposed by the LA but the decision making powers rests with the School Forum. The Department for Education role is to adjudicate where School Forum does not agree the LA proposal.

22. The LA proposes that the 2014/15 budget for Admissions remains at the 2013/14 level of £260k. The budget funds the 6 officer team to work on behalf of the Council as the admissions authority for community and voluntary controlled schools and also to coordinate the admission arrangements of all schools and Academies in Central Bedfordshire. A further officer is to be recruited to the Team in 14/15 to provide additional support with the increasing complexity of admission arrangements in Central Bedfordshire as a result of schools changing age ranges and an increased number of own admission authorities. Despite this, and with the additional income from own admission authority schools and Academies who buy back services for which they are statutorily responsible, the LA is able to sustain the service at the historical budget level.

### **School Funding Settlement 2014/15**

23. On 18<sup>th</sup> December 2013, the Education Funding Agency (EFA) announced details of the School Funding Settlement for 2014 to 2015.
24. The distribution of the DSG to LAs will continue to be based on the current 'spend plus' methodology for 2014/15, set out in three spending blocks: an Early Years Block, a Schools Block and a High Needs Block. The underlying schools budget will be kept at flat cash per pupil for 2014/15. To protect LAs with falling pupil numbers there will be arrangements to ensure that no authority loses more than 2% of its budget in cash terms. Central Bedfordshire pupil numbers based on October 2013 census data have increased by 401 pupils.
25. Although the overall schools budget will stay at the same level; on a per pupil basis before the addition of the Pupil Premium, the actual level of each school's individual budget will vary. To protect schools from significant budget reductions, the Minimum Funding Guarantee is continuing to ensure that no school sees more than a 1.5% per pupil reduction in 2014/15 (excluding sixth form funding) compared with 2013/14 and before the Pupil Premium is added.
26. The High Needs Block is a provisional allocation and will be subject to adjustments as a result of submissions from authorities, due December 2013, following their review of places. The Early Years Block will be updated during 2014/15 for January 2014 and for 7/12 of January 2015 pupil numbers (to cover the September 2014 to March 2015 period).
27. As part of the 2014/15 DSG revenue funding allocation is funding to secure early learning places for two year olds from lower income households. From 1<sup>st</sup> September 2013 early learning became a statutory entitlement for around 20% of two-year olds, which will extend to 40% from September 2014. To deliver this, funding has been allocated to extend the programme in 2014/15.
28. The Department of Energy and Climate Change (DECC) announced on the 10<sup>th</sup> December 2012, that all state funded schools in England will be withdrawn from participating in the CRC Energy Efficient Scheme from April 2014. LAs are no longer required to administer the CRC on behalf of Schools. A deduction will be made to the DSG for 2014/15 to compensate the Exchequer for the loss of revenue resulting from this change.
29. The table below illustrates the indicative DSG revenue allocation for 2014/15.

Block		2013/14 Allocation (£M)	2014/15 Allocation (M)
Schools		144.008	145.670
Early Years		9.635	9.635
High Needs	Pre 16	21.541	21.530
	Post 16 non Schools	1.762	1.717
	Post 16 in Schools		1.139
	Non Maintained Special Schools		0.011
Transitional Funding (floor protection for 3 year olds)		0.050	0
2 Year Olds		1.793	2.480
NQT		0.053	0.053
		<b>178.842</b>	<b>182.235</b>
Deduction for CRC			<b>(0.263)</b>
<b>Total Indicative Allocation DSG</b>			<b>181.972</b>

30. The DfE has agreed with the following agencies to purchase a single national licence managed by the Department for all state-funded schools:
- Copyright Licensing Agency (CLA)
  - Music Publisher Association (MPA)
  - Newspaper Licensing Authority (NLA)
  - Education Recording Agency (ERA)
  - Motion Picture Licensing Company (MPLC)
  - Filmbank Distribution Ltd
- Central Bedfordshire's indicative allocation of £181.972M will be further reduced to take account of the cost of the licenses. Further information will follow.
31. The Funding announcement also included capital funding to provide the extra places needed for the growing population (2015 to 2017), and to implement the universal infant free school meals entitlement, improving school kitchen and dining facilities where needed.
32. The Basic Need allocations have been calculated based on planning area data. Each LA receive a level of Basic Need funding in proportion to its needs compared with other authorities. As funding is based on LA validated data, the Department reserves the right to abate for any overpayment made. Further information to follow.
33. Every child in reception, year1 and year 2 in state-funded schools will receive a free school lunch from September 2014. Disadvantaged students at sixth form colleges and further education colleges will also be eligible for a free school meal from September 2014. Funding will be delivered through LAs for maintained schools, based on the number of infant pupils they have. The proportion for Academies will be delivered through the Academies Capital maintenance Fund (ACMF), to which Academies may bid for improvement works. Each LA will decide how best to target its share of the funding for expanding and improving facilities at individual schools in order to deliver the universal entitlement. Further information will follow.
34. The table below illustrates the capital allocations announced to date.

	2014/15 (£M)	2015/16 (£M)	2016/17 (£M)
Basic Need	9.141	5.892	6.187
Universal Infant Free School Meals Capital (Includes VA Schools)	0.588		

The Council is awaiting the DfE announcement on Schools Capital Maintenance capital for 14/15 and the LA Coordinated Voluntary Aided Programme (LCVAP).

### **Pupil Premium Grant**

35. The Pupil Premium for 2014/15 will increase; Primary FSM 'Ever 6' pupils will attract £1,300, while secondary FSM 'Ever 6' pupils will receive £935. Service children will continue to be allocated £300.
36. From April 2014, schools will attract the Pupil Premium for children adopted from care or who left care under a Special Guardianship Order (SGO) or under a Residence Order (RO). To attract the Premium for adopted children, and those subject of a SGO or RO, parent and guardians will need to inform the school about their child's circumstances and provide supporting evidence. Further information will follow.

### **Education Service Grant (ESG)**

37. As in 2013/14 the grant will be allocated to local authorities on a per-pupil basis. The ESG General Funding Rate for local authorities in 2014/15 is £113.17 per pupil in mainstreamed schools, £424.38 per pupil in PRUS and £480.97 per pupil in Special Schools.
38. October 2013 census data will be used to calculate the General Funding pot for 2014/15. For CBC the initial allocation for 2014/15 will be £2.2m and this will be adjusted on a quarterly basis during 2014/15 financial year to take into account academies opening since 31<sup>st</sup> October 2013.
39. There will be a flat rate of £15 per pupil allocated to local authorities for the statutory duties that do not transfer to academies. The total ESG retained duties funding pot is £15 multiplied by the number of pupils aged 3 to 19 in maintained schools and academies. For CBC Retained Duties funding pot for 2014/15 will be £592k.
40. Mainstream Academies will receive a set minimum of £140 per pupil, Alternative Provisions and Special Academies £525 and £595 respectively.

### **Appendices:**

None