

Meeting: Schools Forum
Date: 23 June 2014
Subject: Dedicated Schools Grant (DSG)
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To note the 2013/14 DSG and Growth Fund outturn, and 2014/15 DSG allocation. To note the 2015/16 funding consultation.

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 and comment on the 2013/14 DSG Outturn.**
- 2. To note and comment on the 2013/14 Growth Fund outturn**
- 3. To note and comment on the update to 2014/15 DSG allocations.**
- 4. To note and comment on the 2015/16 consultation.**

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 and 2014/15. 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 Outturn 2013/14

- The distribution of the DSG for 2013/14 is based on the 'spend plus' methodology and is in three blocks (Early Years, Schools and High Needs).
- 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 has been updated 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 is 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 following table represents the distribution of the 2013/14 DSG based on the Academy conversions as at March 2014(47).

	DSG	ISB	Revised	ISB	Central
	£'000	Academies	DSG	Schools	Spend
	£'000	£'000	£'000	£'000	£'000
Schools	144,062	77,089	66,973	65,715	1,258
EY	11,478	0	11,478	9,300	*2,178
High Needs	23,302	1,543	21,759	9,003	*12,756
Total	178,842	78,632	100,210	84,018	16,192

* Includes EY (£267k) and High Needs (£2,978k) paid directly to Academies by the LA.

- The centrally retained DSG of £16.2M is further analysed in the table below.

Services	DSG
	£'000
Special Education Needs (Inc Post 16)	8,646
Academies Statements/Early Years	3,244
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	118
School Forum	3
Total CE	16,192

12. The DSG outturn for 2013/14 is £13.979M, an in year underspend of £2.2M. The table below represents DSG carried forward to 2014/15.

	B/F from 2012/13	Spend in 2013/14	2013/14 Unspent DSG	Closing Balances
	£'000	£'000	£'000	£'000
Schools Block	516	(23)	0	493
High Needs Block	336	0	1,741	2,077
Early Years – Two year old funding	0	0	496	496
Total	852	(23)	2,237	3,066

13. The carry forward has been used in part to increase the School's individual budgets for 2014/15 by £1.665M. The balance of £1.4M has yet to be allocated.

Growth Fund Outturn 2013/14

14. 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.
15. 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.
16. The following table sets out the expenditure to 31st March 2014.

	Budget £	Spend £	Balance £
2013/14 Allocation	800,000		
Growth Fund:			
Fairfield Park Lower		(130,168)	
Greenleas Lower		(417,269)	
Church End Lower		(69,071)	
Gothic Mede Lower		(40,712)	
Alameda Middle		(53,919)	
Etonbury Middle		(78,646)	
Redborne Upper		(82,705)	
Shefford Lower		(74,231)	
Russell Lower		(12,665)	
St Andrews Lower		(7,920)	
Robert Bloomfield Academy		(22,541)	
Infant Class Size:			
Houghton Regis Lower		(27,984)	
Total Growth Fund	800,000	(1,017,831)	(217,831)

17. 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. The overspend for 2013/14 will be the first call on the 2014/15 allocation for Growth Fund.

2014/15 DSG Budget Allocation

18. On 18th December 2013, the Education Funding Agency (EFA) announced details of the School Funding Settlement for 2014/15. The distribution of the DSG to LAs will continue to be based on the current 'spend plus' methodology, 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.
19. 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.
20. 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).
21. 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 1st 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.
22. The Department of Energy and Climate Change (DECC) announced on the 10th 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. For CBC the CRC deduction is £263k.
23. The table below illustrates the DSG revenue allocation for 2014/15.

Block		2014/15 (M)
Schools		145.670
Early Years		9.635
High Needs	Pre 16	21.530
	Post 16 non Schools	1.717
	Post 16 in Schools	1.139
	Place review	0.415
	Non Maintained Special Schools	0.011
2 Year Olds		2.481
NQT		0.053
Deduction for CRC		(0.263)
Total Indicative Allocation DSG		182.388

24. 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 DSG allocation will be reduced by £142k to take account of the cost of the licenses.

25. The following table represents the distribution of the 2014/15 DSG based on the Academy conversions as at May 2014 (47).

	DSG £'000	ISB Academies £'000	Revised DSG £'000	ISB Schools £'000	Central Spend £'000
Schools	145,513	80,431	65,082	63,518	1,564
EY	12,098	0	12,098	8,807	*3,291
High Needs	24,777	3,401	21,376	7,974	*13,402
Total	182,388	83,832	98,556	80,299	18,257

* Includes EY (£677k) and High Needs (£3,272k) paid directly to Academies by the LA.

26. The centrally retained DSG of £18.3M is further analysed in the table below.

Services	DSG £'000
Special Education Needs (Inc Post 16)	9,410
Academies Statements/Early Years	3,949
Two Year old Funding	2,480
Growth Fund	1,000
DSG Contribution to Central Overheads	719
School Admissions	260
School Contingency	106
Copyright Licences	142
Teachers Unions & Professional Associations	54
Early Years Contingency	134
School Forum	3
Total CE	18,257

Fair Schools Funding in 2015/16

27. On 13 March 2014 the DfE launched a consultation on Fair Schools Funding in 2015/16. The consultation sets out the DfE's proposal to allocate an additional £350m in 2015/16 and increase the per pupil budgets for the least funded local authorities. The DfE has confirmed that no local authority will receive less funding as a result of this proposal.

28. The DfE proposes to allocate the additional funding by setting minimum funding levels that a local authority should attract for its pupils and schools in 2015/16. If a local authority attracts less than these minimum funding level the DfE will increase its budget so that it meets those levels.
29. The table below sets out the DfE indicative minimum funding levels for each factor. For illustrative purposes only the 2014/15 CBC factors and funding levels have been included.

Factor		DfE proposed Minimum Funding Levels		Central Bedfordshire Funding Levels	
		Prim	Sec	Prim	Sec
Age-weighted pupil unit (AWPU)		£2,845	KS3: £3,951 KS4: £4,529	£2,959	KS3: £4,221 KS4: £4,930
Pupils who have been eligible for free school meals in the past six years		£893	£1,080	Nil	Nil
Pupils who live in an area that is in one of the income deprivation affecting children index (IDACI) bands	IDACI 1	£237	£321	0	0
	IDACI 2	£290	£423	£554	£554
	IDACI 3	£387	£530	£554	£554
	IDACI 4	£453	£596	£1,108	£1,108
	IDACI 5	£511	£659	£1,662	£1,662
	IDACI 6	£741	£894	£2,216	£2,216
Looked After Children		£1,009	£1,009	£468	£468
Pupils with low prior attainment		£878	£1,961	Nil	Nil
English as an additional language		£505	£1,216	Nil	Nil
Lump sum		£117,082	£128,189	£120,000	£120,000
Sparsity sum		£53,988	£53,988	Nil	Nil
An area cost adjustment to increase minimum levels in areas with higher labour market cost					

30. The DfE has published the indicative amount that eligible authorities will receive, which has been calculated using the 2013/14 data from local authorities. For Central Bedfordshire the indicative allocation is £3.8m. However, this will be reviewed following consultation responses and updated using 2014/15 data.
31. The DfE is not proposing that LAs should use these factors in their local formula in 2015/16. It will remain for the local authority to decide how to apply its formula to meet its local circumstances. There are no proposals to change the way in which LAs can allocate funding to schools, except some minor changes to the sparsity factor.
32. The technical sub group met on 8th April 2014 to discuss and make a response to this consultation. Minutes of the meeting and the response to the consultation are attached as Appendix 1 and 2.

Appendices:

- Appendix 1 – Minutes of 8th April Technical Funding Group.
Appendix 2 – Consultation response