

Meeting: Schools Forum
Date: 18 January 2016
Subject: **Dedicated Schools Grant (DSG) Update and 2016/17 Funding Allocations**

Report of: Director of Children's Services

Summary: This paper provides an update on the DSG and Growth Fund allocation for 2015/16. It asks Schools Forum to note and approve the 2016/17 DSG allocations for Growth Fund and School Forum. It asks schools Forum to consider and approve £31 per pupil de-delegation for maintained schools only for the purpose of contingencies (schools in financial difficulties and deficits of closing schools).

Contact Officer: Dawn Hill, Priory House, Shefford

Public/Exempt: Public

Wards Affected: All

Function of: Council

RECOMMENDATIONS:

- 1. To note and comment on the update to the 2015/16 DSG.**
- 2. To note and comment on the update to the 2015/16 Growth Fund.**
- 3. To approve the 2016/17 DSG allocation for Growth Fund to be set at £2M.**
- 4. To approve the 2016/17 DSG allocation for School Forum to be set at £3k.**
- 5. To approve £31 per pupil de-delegation (for maintained primary and secondary) for the purpose of school contingencies.**
- 6. To note the Department for Education (DfE) funding announcement for 2016/17.**

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 2014 define the local authority education budgets (the non-schools education budget, the schools budget, the central expenditure and the Individual Schools Budget (ISB)). The regulations set out how local authorities are to allocate funding from the 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 2015/16. The calculation has been simplified compared with previous years and the Regulations set out the factors which are excluded from the calculation.

Local Authority Assurance Statement

5. The Department has decided that it is no longer necessary to collect two assurance statements for the DSG. LAs will now only be required to submit an annual outturn statement, confirming that the DSG received by the authority was fully deployed in support of the schools budgets in accordance with the conditions of the grant and The School and Early Years Finance (England) Regulations 2014. However, the statement has now been expanded to include a Non Maintained Special School (NMSS) statement and Fraud cases reported in schools statement. Submission of the statement usually takes place in October each year.
6. The NMSS statement requires confirmation that based on the LAs work in reviewing Individual Placement Agreements for high needs pupils/students within NMSS, nothing has come to their attention that causes them to believe that the learners reviewed were not correctly defined as high needs students.
7. The Fraud cases statement requires the confirmation of the number and value of fraud cases reported in schools and the number of those that have been investigated and where appropriate action taken.

Consultation and Revision to the Scheme for Financing Schools

8. Following consultation and approval in September 2015 for revisions to Central Bedfordshire's Scheme for Financing Schools, further queries have been raised with regards Section 12 – *Responsibilities for Repairs and Maintenance*.

The LA is proposing to consult with schools during January 2016 to add further clarity to ensure governing bodies are aware of their responsibility for the maintaining of school buildings to a reasonable standard, ensure identified Health and Safety issues are addressed and to make proper financial provision from within their delegated budget to achieve this. This is not a change to a school's responsibility and is in line with the guidance provided by the DfE.

2015/16 DSG Budget Allocation

9. On 16 July 2015, the DfE announced details of the updated DSG for 2015 to 2016. The DSG remains split into three blocks; School, High Need and Early Years.

Schools Block

10. The Schools Block is calculated based on school block unit of funding (SBUF) announced in July 2014 plus a cash transfer to bring non-recoupment academies into LAs overall budget calculation. For Central Bedfordshire Council (CBC) the SBUF is £4,289.09 (this after the CRC deduction of £7.51) an increase of £144.62 from 2014/15. CBC's pupil numbers based on October 2014 census data has increased by 718 pupils to 35,866.
11. The DfE has made a cash transfer (£353k) for Central Bedfordshire's University Technical College (UTC) and this is based on what the UTC would have received in the 2015/16 formula based on the pupil numbers in the October 2014 census, uplifted by the Minimum Funding Level (MFL) increase for relevant authorities

12. To protect schools from significant budget reductions, the MFG is continuing to ensure that no school sees more than a 1.5% per pupil reduction in 2015/16 (excluding sixth form funding) compared with 2014/15.

High Needs Block

13. The High Needs Block for 2014/15 has been carried forward plus:
- Increase in places for academic year 2015 to 2016
 - Additional top-up of £47m distributed based on the 2-19 aged population in each LA.

Early Years Block

14. The Early Years Block includes:
- The three and four year old entitlement – set at the same per pupil rate as in 2014/15 (for CBC £3,979.80). This has been updated for January 2015 and July 2016 pupil numbers based on 5/12ths of the January 2015 pupil numbers (to cover the April 2015 to August 2015 period) and 7/12ths of the January 2016 pupil numbers (to cover the September 2015 to March 2016 period).
 - The early years pupil premium (EYPP) will pay early years providers an additional £300 per year for each eligible child that takes up the full 570 hours with them. This equates to an hourly rate of 53p per child per hour. The allocation for CBC is £171k. The Department will conduct a survey in the autumn 2015 to check take-up of the EYPP. Any adjustments required to allocations following the survey will be made in January 2016.
 - Funding for disadvantaged two year olds for which the hourly rate was announced in October 2014 (for CBC at £5.03). The DfE has announced the actual allocation for 2015/16, which for CBC is £1,644k. The allocations is based on number of eligible children **participating** (instead of demographic information) in early education as recorded in the January 2015 early years census and school census (344 pupils). The DfE will offer local authorities an opportunity in the autumn term of 2015 to report any significant increases in participation since January 2015 via a voluntary data collection. Allocations will be adjusted in January 2016 to reflect these increases. A local authority's initial 2015/16 allocation will not be adjusted at this point if local authorities choose not to submit an autumn count.

15. The table below illustrates the updated DSG revenue allocation for 2015/16.

Block		2015/16 Allocation (M)
Schools	Schools Block	153.833
	Cash Transfer (UTC)	0.353
Early Years	3&4 year olds funding	10.554
	3&4 year olds adjustment (Jan Census)	0.151
	Indicative EYPP	0.171
	2 Year Olds funding	1.644
High Needs	2014/15 HN base line	24.905
	2015/16 Growth & Place Review	0.216
	Additional top-up	0.233
NQT		0.054
Total Updated Allocation		192.114

16. As in 2014/15 the DSG will include funding for the cost of monitoring and quality assuring of NQT induction. The CBC's allocation for 2015/16 is £54k.
17. Following the Department for Energy and Climate Change's consultation in 2012, schools were removed from the main scheme in 2014/15. LAs are no longer required to administer the Carbon Reduction Commitment (CRC) on behalf of schools. For 2015/16, a simple deduction of £7.51 per pupil has been made to DSG allocations. The CRC deduction for 2015/16 is £269k.
18. As in previous years, to protect LAs with falling pupil numbers, a cash floor of minus 2% has been applied to the DSG allocations. This will ensure that no authority will lose more than 2% of its budget in cash terms.
19. The Department has agreed with the following agencies to purchase a single national licence managed by the Department for all state-funded schools in England:
- Christian Copyright Licensing International (CCLI) **(new for 2015/16)**;
 - Copyright Licensing Agency (CLA);
 - Education Recording Agency (ERA);
 - Filmbank Distributors Ltd. (for the PVSL);
 - Mechanical Copyright Protection Society (MCPS) **(new for 2015/16)**;
 - Motion Picture Licensing Company (MPLC);
 - Newspaper Licensing Authority (NLA);
 - Performing Rights Society (PRS) **(new for 2015/16)**;
 - Phonographic Performance Limited (PPL) **(new for 2015/16)**; and
 - Schools Printed Music Licenses (SPML)
20. This takes into account the four additional national licences, the rise in the number of pupils; the fact that local authority maintained nursery schools will now be covered for their relevant licences, and the inclusion of non-recoupment academies. For 2015/16 this is £242k.
21. The following table represents the distribution of the 2015/16 DSG based on the Academy conversions as at December 2015 (50 including the Free schools and UTC).

	DSG £'000	ISB Academies £'000	Revised DSG £'000	ISB Schools £'000	Central Spend	
					LA £'000	Academies £'000
Schools	154,240	86,408	67,832	64,551	3,281	0
EY	12,520	0	12,520	9,303	2,462	755
High Needs	25,354	3,357	21,997	8,461	10,085	3,451
Total	192,114	89,765	102,349	82,315	15,828	4,206

22. The centrally retained DSG of £20M is further analysed in the table below.

Services	DSG £'000
Special Education Needs (Inc Post 16)	9,331
Academies Statements/Early Years	4,206
Two Year old Funding	1,644
Ey Pupil Premium	171
Growth Fund	2,248
DSG Contribution to Central Overheads	719
School Admissions	260
School Contingency	527
DSG central adjustment (CLA)	242
Teachers Unions & Professional Associations	53
Early Years Contingency	630
School Forum	3
Total CE	20,034

23. The 2015/16 Growth fund includes £248k recoupment adjustment for growth fund paid to academies for period April14 to August14.

2015/16 Growth Fund

24. The School and Early Years Finance (England) Regulations, Schedule 2, prescribes expenditure that may be deducted from the schools budget before determining the ISB 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.
25. 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.
26. The following table sets out the expenditure to 31 December 2015.

	Budget £	Spend £	Balance £
2015/16 Allocation	2,247,730		
2014/15 B/F balance		(428,470)	
Growth Fund:			
Alameda Academy		63,408	
Church End Lower		48,448	
Clipstone Brook Lower		75,927	
Cranfield Academy		147,764	
Edward Peake Middle		89,548	
Etonbury Middle		204,870	
Fairfield Park Lower		45,004	
Greenleas Lower		64,915	
Holywell		43,204	
Leedon Lower		48,034	
Redborne Academy		63,408	
Robert Bloomfield		39,118	
Roecroft Lower		81,534	
Russell Lower		58,080	
Shefford Lower		46,313	
Silsoe Lower		60,410	
St Andrews Lower		262,218	
St Marys Stotfold		29,024	
Stratton Upper		106,202	
Total Growth Fund	2,247,730	(2,005,900)	(241,830)

27. The revised School and Early Years Finance Regulations 2014 allows LAs to carry over any unspent money from the 2014/15 growth and infant class size funds to be used for the same purpose in 2015/16. Any balance remaining in 2015/16 will be added to the 2016/17 allocation for Growth Fund and used for the same purpose.
28. Where an LA makes a growth fund payment to an academy for the period April to August, the DfE will make an appropriate recoupment adjustment. Growth fund adjustments will not be made for “diseconomies of scale” or “start-up” funding. The final pro-forma to be submitted to the Education Funding Agency (EFA) will include a request to adjust the recoupment. Any adjustment approved by the EFA will be added back to the Growth fund for 2016/17.

Schools Funding Settlement 2016/17

29. On 17 December 2015, the DfE announced details of the DSG for 2016/17. The DSG remains split into three blocks: Schools, High Needs, Early Years.

Schools Block

30. The Schools Block is calculated based on the schools block unit of funding (SBUF) as published in July 2015. The 2016/17 SBUF have been adjusted to incorporate the funding added for the former Non-Recoupment Academies (NRAs). It means that in 2016/17 the LAs will receive funding for NRAs within their schools block allocation on the same basis as other mainstreamed maintained schools and academies, i.e. by multiplying their SBUF by the schools block pupil count.

31. For CBC the 2016/17 SBUF is £4,294.39 and increase of £5.30 for the former NRA (UTC). Central Bedfordshire's pupil numbers based on October 2015 census data has increased by 777 pupils to 36,643.

Early Years Block

32. The Early Year Block will include:
- **The 3&4 year old entitlement** – set at the 2015/16 per pupil rate of £3,979.80. The initial 2016/17 allocation has been based on pupil numbers from the January 2015 early years census (2,652 FTEs). This will be updated based on January 2016 pupil numbers.
 - **Participation funding for disadvantaged two year olds** – set at the 2015/16 per pupil rate of £4,778.50, this has been calculated by multiplying the amount per pupil by pupil numbers from the January 2015 early years census (344 FTEs) to produce a provisional allocation. The allocation will be updated in July 2016 and July 2017 to take into account early years census for January 2016 and January 2017.
 - **Early Years pupil premium** – set at 2015/16 per hourly rate (for CBC £5.03). The allocation will be updated in July 2016 and July 2017 to take into account early years census for January 2016 and January 2017.

High Needs Block

33. The 2016/17 High Needs Block will include:
- The High Needs Block base line for 2015/16 plus:
 - Additional top-up of £92.5M allocated on the basis of the 2-19 aged population projections for 2016 in each LA.

34. The table below illustrates the indicative DSG revenue allocation for 2016/17.

Block		2015/16 Allocation (M)	2016/17 Allocation (M)
Schools	Schools Block	154.186	157.359
Early Years	3&4 year olds funding	10.554	10.554
	3&4 year olds adjustment (Jan Census)	0.151	Tba (Jul 16)
	2 Year olds funding	1.644	1.644
	Indicative EYPP	0.171	0.171
High Needs	Base line	24.905	25.335
	Additional top-up	0.449	0.460
NQT		0.054	0.054
Total Indicative Allocation DSG		192.114	195.576

35. As in 2015/16 the DSG allocation will include funding for the cost of monitoring and quality ensuring of NQT induction.
36. As in previous years, to protect LAs with falling pupil numbers, a cash floor of minus 2% has been applied to the DSG allocations. This will ensure that no authority will lose more than 2% of its budget in cash terms.

37. The Department has agreed with the following agencies to purchase a single national licence managed by the Department for all state-funded schools in England:

- Christian Copyright Licensing International (CCLI)
- Copyright Licensing Agency (CLA)
- Education Recording Agency (ERA)
- Filmbank Distributors Ltd. (for the PVSL)
- Mechanical Copyright Protection Society (MCPS)
- Motion Picture Licensing Company (MPLC)
- Newspaper Licensing Authority (NLA)
- Performing Rights Society (PRS)
- Phonographic Performance Limited (PPL)

For 2016/17 the amount charged to CBC will be £245k an increase of £3k from 2015/16.

De-delegated services

38. Funding for de-delegated services must be allocated through the formula but can be de-delegated for maintained mainstream primary and secondary schools with schools forum approval. De-delegation is not an option for academies, special schools, nurseries or PRUs. In the case of special schools and PRUs, the funding to buy such services will be included in any top-up payments.

39. Schools forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally and the decision will apply to all maintained mainstream schools in that phase. Funding for these services will then be removed from the formula before school budgets are issued. The services which may be de-delegated are:

- contingencies (including schools in financial difficulties and deficits of closing schools)
- behaviour support services
- support to underperforming ethnic groups and bilingual learners
- free school meals eligibility
- insurance
- museum and library services
- licences/subscriptions staff costs supply cover (e.g. long-term sickness, maternity, trade union and public duties)

40. The School and Early Years Finance Regulations state that “expenditure on the schools specific contingency” is central expenditure deducted for the purpose of ensuring that monies are available to enable an increase in a school’s budget share after it has been allocated and where it subsequently becomes apparent that a governing body have incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share which may include expenditure in relation to:

- (i) schools in financial difficulty,
- (ii) the writing-off of deficits of schools which are discontinued, excluding any associated costs and overheads,
- (iii) new, amalgamating or closing schools, or
- (iv) other expenditure where the circumstances were unforeseen when initially determining the school’s budget share.”

41. In 2015/16 the LA sought School Forum approval to de-delegate £500k for schools specific contingency. Following discussions and concern from Forum members that this would impact maintained schools only, the LA formally applied to the Secretary of State (SoS) to disapply the School and Early Years Finance Regulations, to allow the LA to centrally retain £500k from all schools. This was due to deficits arising from the closing schools being mainly as a result of schools transferring to Academy status and changing their age range.
42. The SoS approved the request to disapply the finance regulations, allowing the LA to specifically retain £500k as a topslice across all maintained and academy budgets to support schools in financial difficulty. This specifically applied to 3 middle schools which were to be closed and were at risk of closing with deficits.
43. In September 2015 the LA repeated the 2015/16 application to disapply the finance regulations to allow a further £500k to be centrally retained for schools specific contingency. The SoS has refused the 2016/17 application. School contingency is a de-delegated central expenditure only applicable to maintained schools.
44. The LA have challenged the decision but have subsequently been advised that requests are considered on a case by case basis. The decision was made by the Minister which is in line with current movement in policy to not retain central 'contingency funds' out of DSG. They recognise that this has not been approved when it has been in previous years however do state that approvals are for the single year only and LAs cannot expect decisions to be repeated.
45. The LA are requesting approval from the Schools Forum to de-delegate £500k for school specific contingencies for 2016/17. This would equate to approximately £31 per pupil for both secondary and primary maintained schools.
46. A separate paper will be presented to Schools Forum to agree the 2016/17 de-delegation for Trade Unions duties.

Centrally retained services

47. Funding for some services can be centrally retained before allocating the formula, with the agreement of the schools forum. A number of these services are subject to a limitation of no new commitments or increases in expenditure from 2015 to 2016 and schools forum approval is required each year to confirm the amounts on each line. The services which can be retained centrally include:
 - Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy
 - Funding to enable all schools to meet the infant class size requirement
 - Admissions (limitation of no new commitment)
 - Servicing of schools forum (limitation of no new commitment)
48. When using funding held centrally within DSG, other than funding that has been de-delegated by maintained schools, the authority must treat maintained schools and academies on an equivalent basis. Funding may be carried forward to the following funding period and can be used specifically for growth if the authority wishes.

Growth Fund

49. Central Bedfordshire is an area that will see significant growth in school aged children over the coming years, triggered by the increase in birth rate (which is impacting now and for at least the next five years), and by the rate of local housing development that is forecast over the next 25 years. The Council's School Organisation Plan outlines the pattern of this growth across phases and its New School Places Programme establishes an investment strategy for major projects to ensure that the council continues to meet its statutory obligations to provide sufficient high quality school places.
50. LAs are required to produce criteria on which any growth fund is to be allocated and to consult with schools forum on the total sum to be top-sliced. This was agreed in principle to enable the proforma Authority Proforma Tool (APT) return, required at the end of October 2015, to be submitted to the EFA. The EFA has subsequently checked and agreed the criteria as compliant with the regulations.
51. The LA formally proposes the centrally retained budget for Growth and Infant Class Size requirements for 2016/17 as £2M.

Admissions

52. The 2015/16 budget for Admissions is £260k. A separate paper will be presented to Schools Forum to agree the 2016/17 budget.

School Forum

53. The LA proposes that the 2016/17 budget for servicing the school forum remains at the 2015/16 level of £3k. The budget funds the subscription to the F40 group, currently £1k, meeting expenses and training/ travel costs for members.

Pupil Premium Grant

54. The DfE has announced that a premium is payable for each pupil who has been eligible for free meals at any time in the last 6 years, or is looked after / adopted from care, or who has been a service child in the last four years (including children whose parents had died in service and who are in receipt of pensions under the Armed Forces Compensation Scheme (AFCS) and the War Pensions Scheme (WPS)).

Allocation is based on the spring census preceding the financial year.

Rates for 2016/17 are the same as in 2015/16:

- £1,320 Primary age pupils
- £ 935 Secondary age pupils
- £1,900 Looked-after children / adopted from care
- £ 300 Service children

Pupil premium allocations for the financial year 2016/17 will be published in June 2016 following the receipt of pupil number data from the spring 2016 schools census.

Education Service Grant (ESG)

55. As in 2015/16 the grant will be allocated to local authorities on a per-pupil basis. The ESG General Funding Rate for local authorities in 2016/17 is £77 per pupil in mainstreamed schools a reduction of £10 from 2015/16. The funding rate for pupil in PRUs will be £327.25 reduced by £42.50 and for pupils in special schools the rate will be £288.75 a reduction of £37.50.

56. October 2015 census data will be used to calculate the General Funding pot for 2016/17. For CBC the initial allocation for 2016/17 will be £1.46m a reduction of £180k from 2015/16. The allocation will be adjusted on a quarterly basis during 2016/17 financial year to take into account academies opening after 30th November 2015.
57. There will be a flat rate of £15 per pupil allocated to local authorities for the statutory duties that do not transfer to academies, known as retained duties. 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 the indicative Retained Duties funding pot for 2016/17 will be £618k, an increase of £10k due to increased pupil numbers.
58. There will be no top-up for academies in the academic year 2016/17. However, the final arrangements will provide details of protection arrangements which will be applied in order to prevent large reductions in academies budgets.

Universal Infant Free School Meal Grant (UIFSM)

59. This funding is available to provide all infant – age pupils with a free school meal. For 2016/17 revenue funding will be based on a rate of £2.30 for each meal taken by pupils who will become newly eligible for a FSM as a result of the UIFSM policy.

Individual Schools Budgets (Schools Block)

60. The table below reflects the distribution of the DSG to Individual School Budgets over the last three years:

Factor		Actual 2014/15	Actual 2015/16	Indicative 2016/17
A basic per pupil entitlement – age weighted pupil unit (AWPU)	Primary AWPU	£2,959	£3,086	*£3,061
	KS3 AWPU	£4,221	£4,348	*£4,323
	KS4 AWPU	£4,930	£5,057	*£5,032
Deprivation	IDACI Band 2 & 3	£554	£554	£554
	IDACI Band 4	£1,108	£1,108	£1,108
	IDACI Band 5	£1,662	£1,662	£1,662
	IDACI Band 6	£2,216	£2,216	£2,216
Looked After Children		£468	£468	£468
Prior Attainment		£0	£0	£0
EAL		£0	£0	£0
Lump Sum		£120,000	£120,000	£120,000
Split Site		£120,000	£120,000	£120,000
Rates		Based on actual	Based on actual	Based on actual
PFI		£0	£0	£0
Pupil Mobility		£0	£0	£0
Post -16		n/a	n/a	n/a
Exceptional Premises factors	Joint Use	£98,330	£98,330	£98,330
	Rent	£40,060	£40,060	£40,060
Sparsity		£0	£0	£0
Growth Fund		£1,000,000	£2,000,000	£2,000,000
Falling Roles Fund		£0	£0	£0
School Admissions		£260,490	£260,490	TBA
School Forum		£3,000	£3,000	£3,000
Copyright Licenses		£142,240	£241,612	£244,937

61. *The indicative AWPU for 2016/17 have been reduced by £25 per pupil. This takes into account the one off increase in 2015/16 of £42 per pupil funded from unspent DSG from previous years. An increase of £17 has then been applied to take into account centrally retained contingencies from 2015/16 that have not been approved for 2016/17 (£14 per pupil) and the distribution of unallocated DSG (applicable to all schools) held in Schools Specific Contingency (£3 per pupil). The final AWPU values for 2016/17 will be advised to schools in February 2016.
62. When applying the local formula the LA will use the school-level data that has been made available to LAs in the prepopulated section of the APT.
63. The DfE have updated the 2016/17 dataset to use the October 2015 census data. The most significant change is the use of the recently published 2015 IDACI values. As it is five years since the dataset was last updated, there will be a significant degree of movement of pupils between bands at an individual school level. Using the updated IDACI data indicates that there will be winners and losers resulting in a reduction of total Social Deprivation allocated to all schools by £303k. The £303k will be redistributed partly to fund any increase on MFG and the remaining balance will be allocated through increase of AWPU.

Appendices:

None