

Meeting: Schools Forum
Date: 14 March 2016
Subject: **Dedicated Schools Grant (DSG) Update and LA proposed amendments to Central Bedfordshire's Scheme for Financing Schools**
Report of: Director of Children's Services
Summary: This paper provides an update on the DSG and Growth Fund allocation for 2015/16 and provides an update on the Individual School Budget and Capital Allocations for 2016/17. It asks Schools Forum to approve the LA proposed amendments to Central Bedfordshire's Scheme for Financing Schools.

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 update to the 2015/16 DSG allocation.**
- 2. To note and comment on the update to the 2015/16 Growth Fund.**
- 3. To note the 2016/17 Individual School Budget.**
- 4. To note the updated DfE Capital allocations 2016/17.**
- 5. To approve the LA proposed amendments to Central Bedfordshire's Scheme for Financing Schools.**

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. 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 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. LAs are 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. The statement also includes 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.

2015/16 DSG Budget Allocation

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

Schools Block

9. 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.
10. 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.
11. 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 2015/16 (excluding sixth form funding) compared with 2014/15.

High Needs Block

12. 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

13. The Early Years Block includes:

- The 3 and 4 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 pupil numbers and will be further updated in July 2016 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.
- Funding for disadvantaged 2 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 allocation 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).

14. 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

15. 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.
16. 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 will be made to DSG allocations. The CRC deduction 2015/16 this is £269k.
17. 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.

18. 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)
19. This takes into account the 4 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 will be £242k.
20. The following table represents the distribution of the 2015/16 DSG based on the Academy conversions as at February 2016 (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	3,392	21,962	8,456	10,026	3,480
Total	192,114	89,800	102,314	82,310	15,769	4,235

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

Services	DSG £'000
Special Education Needs (Inc Post 16)	9,272
Academies Statements/Early Years	4,235
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	20,004

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

2015/16 Growth Fund

23. 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.
24. 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.
25. The following table sets out the expenditure to 29 February 2016.

	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)

26. 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.

27. 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 submitted to the Education Funding Agency (EFA) included a request to adjust 2016/17 academy recoupment by £18k, which was agreed by the EFA. This will be added back to the Growth fund for 2016/17.

2016/17 Individual Schools Budget (Schools Block)

28. At the Schools Forum meeting on 18 January 2016, it was agreed to apply to the SoS for a disapplication of The Schools and Early Years Finance Regulation to allow an increase of £52,514 in the annual amount held centrally for the Schools Admission Team. The SoS refused the application on the grounds that their policy does not allow increases in centrally retained expenditure and central expenditure should be restrained, so that as much funding as possible is given to schools.
29. On the 8 February 2016 the LA resubmitted the final Authority Pro-forma Tool (APT) to the Education Funding Agency (EFA). Following the Departments confirmation that the authority had adhered to the finance regulations and proforma meeting the required criteria, the LA published the Schools Individual Budgets on the schools’ learning portal.
30. The table below reflects the final distribution of the DSG to Individual Schools:

Factor		Actual 2014/15	Actual 2015/16	Actual 2016/17
A basic per pupil entitlement	Primary AWPU	£2,959	£3,086	£3,096
	KS3 AWPU	£4,221	£4,348	£4,358
	KS4 AWPU	£4,930	£5,057	£5,067
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	£36,950
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	£260,490
School Forum		£3,000	£3,000	£3,000
Copyright Licenses		£142,240	£241,612	£244,937

DfE Capital allocations

31. In February 2016 the DfE announced the 2016/17 Devolved Formula Capital (DFC) and School Condition Allocations(SCA).

DFC		SCA		Total
LA	VA	LA	VA	
£482,841	£97,184	£1,994,225	£499,656	£3,073,906

32. These DFC allocations are provisional and based on the status of schools in November 2015. Final DFC allocations will be confirmed after March 2016, which will reflect schools that have become academies or have changed their voluntary aided status between November and 31 March 2016.
33. The table below reflects the DFC rates for all schools except voluntary aided schools, whose lump sum and per pupil rates are 8% higher. The data source for pupil numbers is the School Census (January 2015).

	Per Pupil	Lump sum per school
Nursery/Primary	£11.25	£4,000
Secondary	£16.88	£4,000
Post-16	£22.50	£4,000
Special/PRU	£33.75	£4,000

34. Indicative SCA for 17/18 are set at the same level as the 2016/17 allocations and will be updated next year to reflect schools moving to a new responsible body, opening or closing. In February 2015 DfE provided its announcement of Basic Need allocation through to 17/18 for new school places, we anticipate the announcement for 18/19 will be forthcoming shortly.

Amendments to CBC's Scheme for Financing Schools

35. Following the consultation and approval in September 2015 for revisions to Central Bedfordshire's Scheme for Financing Schools, further queries have been raised with regard to Section 12 - *Responsibilities for Repairs and Maintenance*.
36. The LA is proposing to add further clarity to ensure governing bodies are aware of their responsibilities for the maintaining of school buildings to a reasonable standard, ensure identified Health and Safety issues are addressed and make proper provision from within their delegated budget to achieve this. The proposed amendments are not a change to a school's responsibility and are in line with the guidance provided by the DfE.
37. The consultation with maintained schools took place from 4 January to 29 January 2016. A letter and Section 12 with proposed amendments (Appendix A) was emailed to all schools and also posted on the schools learning portal.
38. The LA received 11 responses (13% of schools) - 9 lower schools, and 2 upper schools. One objection was raised from a lower school, concerned that small lower schools whose annual capital expenditure is less than £10k would be discriminated against.

Appendices:

Appendix A – Section 12 - *Responsibilities for Repairs and Maintenance* with tracked changes