

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

Dedicated Schools Grant Budget Process 2014/15

Purpose of Report

1. The purpose of this report is to update Schools Forum on the 2014/15 Dedicated Schools Grant budget process.

Budget Working Group Discussed

2. Yes – 15 January 2014.

Schools Forum Role and Responsibilities

3. From 1st April 2006, the Schools Budget has been funded by a direct DfE grant: Dedicated School Grant (DSG).
4. The Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.

Action for Schools Forum

5. To note the contents of this first report in respect of the 2014/15 Dedicated Schools Grant planning process. Further updated information will be presented to the February and March 2014 Schools Forum meetings before final school budgets are issued and the commencement of the 2014/15 financial year.

Attachments to Report

6. Appendix 1 – Local Authority Funding Reform proforma for submission to the Education Funding Agency (EFA) on 21 January – to be tabled at the meeting.

Karen Cocker
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7 January 2014

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Dedicated Schools Grant Budget Process 2014/15

1. The purpose of this report is to update Schools Forum on the 2014/15 Dedicated Schools Grant budget process.

Background

2. The DfE school funding changes, effective from 2013/14, were the first steps towards reforming the school funding system and it remains the Government's intention to introduce a national funding formula during the next spending review period to reduce the funding differences between similar schools in different areas.
3. For 2014/15 the arrangements for calculating the Dedicated Schools Grant (DSG) remain in line with the 2013/14 principles. The impact of the national funding formula will be subject to a DfE consultation with an expected implementation date of April 2015.

Role of the Department for Education (DfE)

4. The Department for Education is responsible at a national level for the education service. This includes responsibilities for planning and monitoring the education service in schools in England, ensuring the provision of integrated services for children, and bringing together policy relating to children and young people.

Role of the Education Funding Agency (EFA)

5. The Education Funding Agency is the Department of Education's delivery agency for funding and compliance. They provide revenue and capital funding for education for learners between the ages of 3 and 19, or the ages of 3 and 25 for those with learning difficulties and disabilities and also support the delivery of building and maintenance programmes for schools, academies, Free Schools and sixth-form colleges. They are the first port of call for queries from open academies, and carry out a number of compliance and assurance activities on behalf of the Secretary of State, including monitoring funding agreements and admission appeals. The EFA are implementing the funding reforms for pre- and post-16 education.

Dedicated Schools Grant (DSG) Process For 2014/15

6. The provisional DSG funding settlement for 2014/15 was announced on 18 December 2013. This report summarises the DfE settlement for Dudley, identifying any issues or actions for Schools Forum.

7. The DSG can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations. The Schools Budget consists of delegated budgets allocated to individual schools, Pupil Referral Units (PRUs) and Early Years Provision in Private, Voluntary and Independent (PVI) providers, a budget for other provision for pupils which local authorities fund centrally, which now includes the bulk of high needs provision, including post-school provision up to age 25, together with centrally retained expenditure in respect of special education needs and early years services.
8. The distribution of the DSG to local authorities will continue to be based on the current “spend-plus” methodology for 2014/15 and allocated in three, un-ringfenced funding blocks:
 - Schools Block;
 - Early Years Block; and
 - High Needs Block
9. The central expenditure limits, which are subject to Schools Forum approval, remain in place for 2014/15. However, Authorities are still free to move funding between the blocks provided that they comply with requirements of the Minimum Funding Guarantee (MFG) and central expenditure. Further information will be reported at the February meeting.

DSG Schools Block

10. The pupils counted for the purpose of calculating the DSG Schools Block allocation are those recorded in the School Census in maintained schools and academies going through recoupment in National Curriculum Year Groups R-11 aged 4 or above, but not including those pupils in SEN (Special Education Needs) units or Resourced Provision within such institutions; funding for these pupils is provided under the High Needs Block. Also counted towards the Schools Block are those relevant pupils in Alternative Provision (AP) who do not fall under the High Needs Block. Any pupils recorded as Year R but who are less than 4 years old are not counted, because funding for these pupils is provided under the Early Years Block.
11. The Schools Block allocation is derived from the October 2013 School Census pupil count plus an allocation of £65,000 to enable schools to pay for the services of their preferred appropriate body for monitoring and quality assurance of NQT (Newly Qualified Teachers) induction. For 2014/15, the Schools Block has been set at a cash flat rate per pupil; £4459.29 for Dudley.
12. 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 cash level of each school's individual budget will vary in line with pupil number changes and variations due to changes in each local authority's formula funding methodology, which was a requirement of the school funding reforms.
13. To protect schools' from significant budget reductions, the Minimum Funding Guarantee will continue to ensure that no school sees more than a 1.5% per pupil reduction in 2014/15 budgets (excluding sixth form funding) compared to 2013/14 and before the Pupil Premium is added.

14. Where a mainstream school has a number of funded places in a SEN unit or resourced provision, then funding will be allocated from the High Needs Block and not through the Schools delegated budget which is funded through the Schools Block.
15. The Schools Block budget covers:
- a. Mainstream Schools delegated budgets (but excluding SEN top up which will be funded from the High Needs Block);
 - b. Central Services – where the value of the budget is capped in line with the previous funding period and is as agreed by Schools Forum;
 - c. Central Schools expenditure, as agreed by Schools Forum;
 - d. Items that may be removed from Maintained Schools' Budget Shares - De-delegation, as approved by Schools Forum.

DSG Early Years Block

16. The DSG Early Years Block covers all pupils in maintained schools and academies going through recoupment in National Curriculum year groups N1 and N2, all relevant pupils in Private, Voluntary and Independent (PVI) providers, and under 5s in Alternative Provision. In addition, any pupils recorded as Year R, but who are less than 4 years old, are counted in the Early Years Block. Two-year-olds with SEN are funded under the High Needs Block.
17. The Early Years Block allocation is funded on a lagged basis being derived from the January 2013 Early Years Census, Schools and Alternative Provision Census to be updated for the January 2014 and January 2015 School Census pupil data counts. The allocation announced by the DfE in December 2013 is therefore provisional and will be updated in the Summer of 2014 and the Spring of 2015 to produce the Early Years Block allocations for the financial year 2014/15.
18. The In-year adjustment process leaves local authorities with some uncertainty in budget planning for the early years sector, which is made more difficult when there is volatility in the pupil numbers; many local authorities are experiencing a rising population in the early year's sector.
19. For 2014/15, the Early Years Block has been set at a cash flat rate per pupil; £3650.97 for Dudley. Additional funding in respect of the DfE ongoing initiative to provide for 40% of early education places for 2 year olds from lower income households has been allocated of £4.650m of which £506,374 relates to trajectory funding for capacity building to encourage take up.
20. The Early Years Block budget will cover:
- a. Netherton Park nursery school's budget share;
 - b. Maintained schools' nursery classes early years single funding formula budget allocation;
 - c. Early years providers single funding formula budget allocation;
 - d. Central Services – where the value of the budget is capped in line with the previous funding period, as agreed by Schools Forum;
 - e. Central Early Years expenditure, as agreed by Schools Forum;
 - f. Funding for early education for two year olds from the 40% most socially disadvantaged areas in the Borough.

DSG High Needs Block

21. The DSG High Needs Block allocations are no longer derived from pupil count census data. Previously this included the Pupil Referral Unit together with a selection of pupils recorded on the Alternative Provision Census.
22. The High Needs Block brings together funding for all high needs pupils/students to enable local authorities to commission places for their young people from 0-24 from a single funding stream.
23. In line with the new responsibility in 2013/14, the additional responsibilities for High Needs Students who are post 16-18 SEN or 19 – 24 with Learning Difficulties and Disabilities (LDD) will continue where the High Needs Block will fund the 'top up' value or 'Element 3' of the cost of the High Needs Student where Dudley is the home local authority.
24. The new funding arrangements for this category of student did not commence until August 2013 and 2013/14 was a part funded year, so it is expected that the DSG will be adjusted by the DfE to include additional 4 months funding responsibility in 2014/15.
25. However, the DfE provisional allocation in December 2013 increased the funding from £1.272m to £1.353m therefore further information has been requested from the EFA to support this increase of £80k, which is much less than expected.
26. The High Needs Block budget will cover:
 - a. Special Schools budgets at £10,000 per place;
 - b. Pupil Referral Unit delegated budgets at £8,000 per place;
 - c. SEN Resourced provision/Unit at £10,000 per place;
 - d. Top up budget (element 3) for Special Schools, PRUs, 16-18 SEN or 19 – 24 with Learning Difficulties and Disabilities, Mainstream SEN pupils, SEN Resourced provision, Dudley resident pupils in other local authority schools with SEN;
 - e. Independent Placements;
 - f. Alternative Provision;
 - g. Special education needs services: Counselling, Learning Support, Physical and Medical, Visually Impaired, Autism Outreach, Early Years;
 - h. Hospital Education;
 - i. Central Services – where the value of the budget is capped in line with the previous funding period, as agreed by Schools Forum.

Planned Place Return

27. Local Authorities are now required to submit an annual planned place return to the DfE to support the planned places provided from the high needs block funding; this return was submitted on 19 December 2013.
28. In summary the planned place return from September 2014 is as detailed in Table 1.
29. The data is now being validated by the EFA and their decision will be notified by March 2014. The funding outcomes are likely to be:

- a. The increased Further Education/ Independent Specialist Provider (FE/ISP) places of 20.2fte are funded by the EFA, which will provide additional funding of £10k per place for 2014/15; or
- b. The increased FE/ISP places of 20.2fte are not funded by the EFA and Dudley will need to use their existing resources from within the DSG for 2014/15 (estimated to be £200,000).
- c. It is expected that the reduction in places at Crestwood Hearing Impaired unit will not result in a reduction in funding as this funding is still required to meet the cost of the 6 pupils, but as part of an inclusion strategy rather than based within the unit.

Table 1 – Dudley Planned Place Return for September 2014

	2013 to 2014	2014 to 2015	Difference	Comments
Pre 16 high needs places: Resourced Provision	98.00	92.00	-6.00	Crestwood School Hearing Impaired Unit - inclusion strategy. Reduction in place led provision.
Pre 16 high needs places: AP Places Total	128.00	128.00	0.00	No change in PRU Provision.
Pre 16 high needs places: SEN Places Special Schools	715.20	719.00	3.80	Across Dudley's 7 special schools.
Post 16 high needs places: SEN Places Special Schools	37.00	34.00	-3.00	
Post 16 high needs places: FE and Independent Specialist Provision	83.00	103.00	20.00	Increase in post 16 places in FE requested - mainly FE colleges
Total	1061.20	1076.00	14.80	

30. Forum will be advised of the EFA's decision together with the financial impact for Dudley, as soon as possible.

Dedicated Schools Grant (DSG) 2014/15 and Impact for Dudley

31. Table 2 summarises the provisional DSG settlement for 2014/15 in line with the details outlined in paragraphs 6 to 26 above.

32. The total provisional DSG at December 2013 is £235.283m. This compares with £234.323m; an additional £0.960m DSG.

Reductions

- a. 192 mainstream pupils fewer lost grant of £0.856m
- b. Carbon Reduction Tax removal of £0.522m

Increases

- c. SEN post 16 schools additional £0.451m
- d. 2 Year Olds Nursery funding additional £1.807m
- e. Post 16 FE additional 0.080m

33. The following DfE adjustments are still required before the final DSG for 2014/15 can be determined:

- Early Years Block will be amended in the Summer of 2014 and Spring of 2015 for updated early years census data.
- Post 16 SEN and 19-24 LDD budget of £1.382m has been queried with the EFA in respect of the part year funding.
- Possible growth for planned places in the High Needs Block is subject to confirmation from the EFA and this is expected before 31 March 2014.

Table 2 -Dudley Provisional Dedicated Schools Grant 2014/15 at December 2013

	Pupil Data Oct 13 and Jan 13	Unit of Funding	Schools Block £m	Early Years Block £m	High Needs Block £m
Total Funding Pupil Led	42,822	£4,459.29	190.956		
Total Funding Pupil Led	2,788	£3,650.97		10.179	
Newly Qualified Teachers			0.065		
Carbon Reduction Commitment Tax			-0.522		
2 Year Olds Early Education including Trajectory funding of £506,374				4.650	
Baseline Funding					27.913
Post 16 Schools SEN Funding					0.690
Provisional Post 16 SEN and 19 - 25 LDD non school					1.352
Provisional 2014/15 DSG Budget			£190.499	£14.829	£29.955

Dedicated Schools Grant and Academy School Budgets

34. The calculation of each authority's DSG must include the pupils educated in the Academy schools within the borough. The pupil data is required to be supplied to the local authority by the academy school at October school census date.

35. It is a condition of the Dedicated Schools Grant that the Authority must maintain a single formula for funding both maintained schools and Academies in its area. The authority is responsible for calculating the Academy schools' delegated budget by replicating the local funding formula and these details are communicated to the EFA who are then responsible for funding Academy schools.

Local Authority Funding Reform Proforma for the EFA

36. It is a statutory requirement for each LA to submit to the EFA a proforma which details the proposed allocation of the DSG and detailed tables supporting the proforma. The detailed tables provide funding information at individual school level and both these tables and the pro forma are subject to scrutiny by the EFA. The deadline for LAs to submit their final proformas and detailed tables to the Education Funding Agency (EFA) is **21 January 2014**. Therefore the proforma will be tabled as Appendix 1 to this report at the Schools Forum meeting on 21 January for approval.

School Budgets and Final DSG Determination

37. Final school budgets for 2014/15 will be made available to mainstream schools before the statutory deadline date of 28 February 2014. These will be updated by 31 March 2014 to include the early years and nursery funding. The indicative Pupil Premium allocations for 2014/15 will also be issued by 28 February 2014.

38. Budgets for maintained nursery schools/classes and early years providers, special schools and the pupil referral units will be issued before the statutory deadline date of 31 March 2014.

Coverage and Conditions of Dedicated Schools Grant

39. The School and Early Years Finance (England) Regulations 2013 prescribe how a local authority can allocate the DSG funding. These are effective from 1 January 2014.

40. The DSG is paid as a ring-fenced grant and is subject to formal grant conditions. The conditions include a requirement to use the grant in support of the Schools Budget and a provision for the Secretary of State to recover grant.

Pupil Premium

41. The implementation of a pupil premium grant in 2011/12 provided additional funding for pupils from socially deprived backgrounds and is a key priority for the coalition Government; it was worth £625m nationally in 2011/12 rising to £2.5bn by 2014/15.

42. For 2014/15, schools will receive £1,300 per primary pupil who is currently eligible for free schools means (FSM) or has been eligible for FSM in the past 6 years (FSM 'Ever 6') and the allocation for secondary sector will be £935 for FSM 'Ever 6' pupils.

43. The current rates for 2013/14 are £953 for primary pupils and £900 for secondary pupils.

Department for Energy and Climate Change (DECC)

44. In December 2012 DECC published the Government's response to the consultation about simplification of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. For 2014/15 DECC has announced the decision to withdraw all state funded schools in England from CRC participation. The budget reduction for Dudley is £522k and for 2013/14 this budget featured within the Central Schools expenditure heading of the DSG.

Copy Right Licensing

45. The DfE agreed with the Copyright Licensing Agency (CLA), and the Music Publishers Association (MPA), to purchase a single national licence managed by the DfE for all state-funded schools in England. This means that local authorities and schools will no longer need to negotiate individual licences. The Department will pay the cost, including VAT, to the CLA and will provide this as a service to local authorities at a charge. These arrangements will cover recoupment Academies as well as maintained schools, and we will allow local authorities to hold this money centrally rather than include it in school budgets.
46. For Dudley the charge for 2013/14 was set at £76,116 and details for 2014/15 are awaited. The budget will be top sliced from the funding to be allocated to mainstream and special schools in 2014/15 for this to be retained and paid centrally.

The DfE Next Steps Timetable

47. Table 3 details the DfE next steps timetable as issued 18 December 2013.

Table 3 - Next Steps Timetable

Date	Action
18 December 2013	2013-14 Schools Block confirmed 2013-14 Provisional Early Years Block 2013-14 Provisional High Needs Block announced by EFA.
23 December 2013	High Needs Place Review templates submitted to EFA.
21 January 2014	Local authorities submit final APT.
February 2014	DSG payment dates confirmed. High Needs Block confirmed and deductions for places in academies and other non-maintained settings.
March 2014	Confirmation of DSG to be paid to local authorities net of recoupment for existing academies.
June 2014	Early Years Block updated for Early Years pupils from January 2014 Census
June 2015	Early Years Block updated for Early Years pupils from January 2015 Census

Finance

48. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2013 which are effective from 1 January 2014 and relate to the 2014/15 financial year.

49. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.

50. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law

51. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

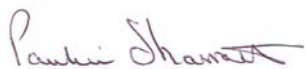
Equality Impact

52. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

53. Schools Forum is invited to note the contents of the report and in particular:

- The provisional DSG settlement for 2014/15 and the impact for Dudley.
- To approve the Local Authority's Funding Reform proforma for submission to the EFA on 21 January, to be tabled at the meeting as Appendix 1.
- A further update will be provided at the February and March 2014 meetings, to include the central expenditure budget allocations for Schools Forum approval.



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