

Dudley Schools Forum - 27th January 2015

Report of the Interim Director of Children's Services

Dedicated Schools Grant Budget Process 2015/16

Purpose of Report

1. The purpose of this report is to update Schools Forum on the 2015/16 Dedicated Schools Grant budget process.

Budget Working Group Discussed

2. Yes – 21st January 2015.

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 2015/16 Dedicated Schools Grant planning process. Further updated information will be presented to the February and March 2015 Schools Forum meetings before final school budgets are issued and the commencement of the 2015/16 financial year.

Attachments to Report

6. Appendix 1a&1b – Dudley's planned place totals and EFA review outcomes for 2015/16.
7. Appendix 2 – Local Authority Funding Reform proforma for submission to the Education Funding Agency (EFA) on 20th January 2015– to be tabled at the meeting.

Karen Cocker
Children's Services Finance Manager
12th January 2015

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Dedicated Schools Grant Budget Process 2015/16

1. The purpose of this report is to update Schools Forum on the 2015/16 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 2015/16 the arrangements for calculating the Dedicated Schools Grant (DSG) remain in line with the 2013/14 principles. The impact of the national funding formula is expected to be subject to a DfE consultation at some date after the national elections in May 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 implemented the funding reforms for pre- and post-16 education.

Dedicated Schools Grant (DSG) Process For 2015/16

6. The provisional DSG funding settlement for 2015/16 was announced on 17th December 2014. 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 continues to be based on the current “spend-plus” methodology for 2015/16 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 2015/16. 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 2014 School Census pupil count plus an allocation of £64,000 to enable schools to pay for the services of their preferred appropriate body for monitoring and quality assurance of NQT (Newly Qualified Teachers) induction.
12. For 2015/16, there is methodology change to calculate the Schools Block rate per pupil payable by the DfE. The Schools Block guaranteed unit of funding (GUF) remains at a cash flat rate per pupil of £4,459.29 for Dudley however this will be reduced by a per pupil rate of £7.51 to represent the Carbon Reduction Commitment tax (CRC) which was initially removed from the DSG in 2014/15 as a lump sum of £0.521m but will now be removed by a simpler methodology which favours Dudley. Thus the net 2015/16 Schools Block GUF funding is £4,451.78.
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 2015/16 budgets (excluding sixth form funding) compared to 2014/15 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 in December 2014.

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 initially derived from the January 2014 Early Years Census, Schools and Alternative Provision Census to be updated for the January 2015 and January 2016 School Census pupil data counts. The allocation announced by the DfE in December 2014 is therefore provisional and will be updated in the Summer of 2015 and the Spring of 2016 to produce the Early Years Block allocations for the financial year 2015/16.
18. The In-year funding 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 although this does not appear to be the trend in Dudley. An updated position will be reported by March 2015 to include latest information recorded in the Schools Census and Early Years Census.
19. For 2015/16, the Early Years Block for three and four year old nursery children has been set at a cash flat rate per pupil; £3,650.97 for Dudley. Additional funding in respect of the DfE ongoing initiative to provide for 40% of early education places for two year olds from lower income households will be allocated at an hourly rate of £4.89 but for 2015/16 this will now be based on participation; due to low participation and take up, it is expected that the funding for Dudley will be based on 500 children taking up the full 15 hour entitlement and not the DfE expectation of 1754 eligible children. The funding reduction is detailed at 31 (c)
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. Funding for early education for two year olds from the 40% most socially disadvantaged areas in the Borough.

- d. Early years PVI providers single funding formula budget allocation for three and four year olds;
- e. Central Services – where the value of the budget is capped in line with the previous funding period, as agreed by Schools Forum;
- f. Central Early Years expenditure, as agreed by Schools Forum.

DSG High Needs Block

- 21. The DSG High Needs Block allocation is 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 aged from 0-24 from a single funding stream.
- 23. In line with the new responsibility from 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 High Needs Block budget will cover:
 - a. Special Schools budgets at £10,000 per place;
 - b. Pupil Referral Unit delegated budgets increased from £8,000 to £10,000 per place as per DfE regulations;
 - 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 SEN Placements;
 - f. Alternative Provision and commissioned 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

- 25. Since 2013/14, Local Authorities have been required to submit an annual planned place return to the EFA to support the planned places provided from the high needs block funding; Dudley's return was submitted on 17th October 2014.
- 26. For the 2015/16 academic year, the EFA's approach differed in that it only invited 'exceptional cases' for additional high needs place funding. Dudley's exceptional request and the EFA outcomes dated 17th December 2014 are summarised in Table 1.

Table 1 – Dudley’s Exceptional Planned Place Return for September 2015

Provision	2015/16 Dudley request for place changes	2015/16 EFA Response to place changes	EFA accepted	LA Comments
SEN unit Quarry Bank speech and language unit primary school	16 to nil	16	No	Unit to be de-commissioned Sept.2015 with some part-time outreach remaining as a central service
SEN unit ST Margarets at Hasbury C E primary School	14 to nil	14	No	Unit to be de-commissioned Sept.2015
SEN unit Crestwood Hearing Impaired Unit secondary school	6 to nil	6	No	Unit will be centrally commissioned from Sept.2015 with additional outreach support
SEN unit Hob Green speech and language primary school	12 to 20	12	No	Commissioned Unit to increase provision from Sept. 2015
Pensmeadow special school	63 to 103	103	Yes	Ex Pensnett site to be new post 16 site from Sept. 2015 with additional places
Sycamore pupil referral unit	Nil to 12	nil	No	EFA failed to rectify an error in the 2014/15 return – despite discussions
Old Park special school	135 to 138	135	No	EFA failed to rectify an error in the 2014/15 return – despite discussions

27. The EFA have advised that by 23rd January 2015 they will provide additional specific feedback to local authorities on the outcomes of the exceptional planned place return. Furthermore, there is no formal appeal process in relation to high needs exceptional cases therefore the EFA recommend that local authorities consider the published outcome of the exceptional case process as the final EFA allocated 2015/16 high needs place numbers for these institutions. If, after reviewing the specific feedback on the outcome of each case, the local authority continues to have concerns, these should be forwarded to the EFA by no later than 27th February 2015 for consideration.

28. In respect of the SEN units outlined in Table 1, it is already the intention of the local authority to re-organise the SEN units as indicated in the public consultation document recently issued. Therefore for the purposes of calculating delegated budgets, the Dudley request for planned places as outlined in Table 1 will be implemented as stated. It will mean that the EFA data is inconsistent to Dudley planned place data if they do not accept the changes.

29. A copy of the EFA planned place totals and outcomes of the 201/16 return is attached at Appendix 1a and 1b.

Dedicated Schools Grant (DSG) 2015/16 and Impact for Dudley

30. Table 2 summarises the provisional DSG settlement for 2015/16 in line with the details outlined in paragraphs 6 to 29 above.

31. The total provisional DSG at December 2014 is £234.345m. This compares to 2014/15 DSG of £235.700m; a net reduction of £1.355m DSG.

Reductions

- a. Newly Qualified Teacher allocation reduced by £0.001m;
- b. 2 year olds nursery funding – participation led lower at £2.750m;
- c. 2 year olds nursery funding – trajectory funding ended £0.506m;
- d. 2014/15 academic year part year planned place funding amendments affecting April to August 2015 - £0.052m.

Increases

- e. 125 mainstream pupils £0.557m:
(+428 pupils primary;-351 pupils secondary;+48 other AP/SEN unit/Reception changes);
- f. Carbon Reduction Tax methodology change £0.199m;
- g. Early Years pupil premium funding £0.308m;
- h. High needs block national growth £0.271m;
- i. High needs block SEN block grant baseline £0.352m;
- j. Planned place funding from September 2015 for 40 places at Pensmeadow special school £0.267m.

32. The following DfE adjustments are still required before the final DSG for 2015/16 can be determined:

- Early Years Block will be amended in the Summer of 2015 and Spring 2016 for updated early years census data for two, three and four year old children. .

Table 2 -Dudley Provisional Dedicated Schools Grant 2015/16 at December 2014

	Pupil Data Oct 14 and Jan 14	Unit of Funding- per pupil	Schools Block £m	Early Years Block £m	High Needs Block £m
Total Funding Pupil Led	42,947	£4,459.29	191.513		
Carbon Reduction Commitment tax – pupil led	42,947	-7.51	-0.323		
Newly Qualified Teachers			0.064		
3 & 4 year olds early education pupil led funding- lagged at January 2014 pupil data	2,902	£3,650.97		10.595	
Early Years Pupil Premium <i>provisional</i>	1,022	0.53 per hour		0.308	
2 year olds early education – Dudley estimate for January 2015	500	4.89 per hour		1.394	
2014/15 Baseline Funding carried forward					30.256
Planned Place return outcomes approved EFA 17 th December 2014 for Pensmeadow special school					0.267
High Needs Block national growth allocation					0.271
Provisional 2015/16 DSG Budget			191.254	12.297	30.794

Dedicated Schools Grant and Academy School Budgets

33. 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.

34. 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

35. 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 2015/16 financial year final proformas and detailed tables to the Education Funding Agency (EFA) is **20th January 2015**. Therefore the proforma will be tabled as Appendix 2 to this report at the Schools Forum meeting on 27th January for information.

School Budgets and Final DSG Determination

36. Final school budgets for 2015/16 will be made available to mainstream schools before the statutory deadline date of 27th February 2015. These will be updated by 31st March 2015 to include the early years and nursery funding. The indicative Pupil Premium allocations for 2015/16 will also be issued by 28th February 2015.
37. 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 31st March 2015.

Coverage and Conditions of Dedicated Schools Grant

38. The School and Early Years Finance (England) Regulations 2014 prescribe how a local authority can allocate the DSG funding. These are effective from 12th January 2015.
39. 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

40. 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.
41. For 2015/16, schools will receive £1,320 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. Eligible Looked After Children will receive £1,900 each.
42. The current rates for 2014/15 are £1,300 for primary pupils and £935 for secondary pupils and £1,900 for each Looked After Child..

Department for Energy and Climate Change (DECC)

43. In December 2012 DECC published the Government's response to the consultation about simplification of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. From 2014/15 DECC announced the decision to withdraw all state funded schools in England from CRC participation. The budget reduction for Dudley was £0.522m in 2014/15 and has reduced to £0.323m in 2015/16; this budget formerly featured within the Central Schools Block expenditure heading of the DSG.

Copy Right Licensing

44. The DfE formalised an agreement with a number of licensing agencies to purchase a single national licence, to be 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 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.

45. For Dudley the charge for 2014/15 was set at £76,116 and details for 2015/16 are expected in January 2015. However, the EFA advise that an increase of 66% can be expected in respect of the licenses listed in paragraph 44 for which the schools budget will be top sliced from mainstream and special schools in 2015/16 in order for this budget to be retained and paid centrally by the Directorate of Children's Services.
46. The Department has agreed that the following agencies will be included in a single national licence managed by the Department for all state-funded schools in England for 2015/16:
- Christian Copyright Licensing International (CCLI) (new for 2015 to 2016);
 - Copyright Licensing Agency (CLA);
 - Education Recording Agency (ERA);
 - Filmbank Distributors Ltd. (for the PVSL);
 - Mechanical Copyright Protection Society (MCPS) (new for 2015 to 2016);
 - Motion Picture Licensing Company (MPLC);
 - Newspaper Licensing Authority (NLA);
 - Performing Rights Society (PRS) (new for 2015 to 2016);
 - Phonographic Performance Limited (PPL) (new for 2015 to 2016); and
 - Schools Printed Music Licence (SPML).

The DfE Next Steps Timetable

47. Table 3 details the DfE next steps timetable as issued 18th December 2014.

Table 3 - Next Steps Timetable

Date	Action
20th January 2015	Local authorities submit final funding Authority Proforma Tool (APT).
February 2014	High Needs Block confirmed and deductions for places in academies and other non-maintained settings.
June 2015	Early Years Block updated for Early Years pupils from January 2015 Census. Initial allocations for disadvantaged two year olds.
November 2015	Voluntary data collection from local authorities on two year old participation. Survey of local authorities on the take-up of the EYPP.
January 2016	EFA makes adjustments to allocations for two year old participation and Early Years Pupil Premium (EYPP).
June 2016	Early years block funding for three and four year olds, and for disadvantaged two year old participation funding, updated to take account January 2016 census figures.

Finance

48. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2014 which are effective from 12th January 2015 and relate to the 2015/16 financial year.
49. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012 as amended by the 2013 and 2014 School and Early Years Finance (England) Regulations.
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 Dedicated Schools Grant (DSG) settlement for 2015/16 and the impact for Dudley.
 - To endorse the Local Authority's Funding Reform proforma submitted to the Education Funding Agency (EFA) on 20th January 2015, to be tabled at the meeting as Appendix 2.
 - A further DSG update will be provided at the February and March 2015 meetings, to include the central expenditure budget allocations for Schools Forum approval.



Pauline Sharratt
Interim Director of Children's Services