

Decision Maker: EDUCATION PORTFOLIO HOLDER

For Pre-Decision Scrutiny by the Schools Forum on 23rd January 2014 and the Education Policy Development and Scrutiny Committee on 30th January 2014

Decision Type: Non-Urgent Executive Non-Key

Title: 2014-15 DEDICATED SCHOOLS GRANT

Contact Officer: Amanda Russell, Head of Schools Finance Support
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Chief Officer: Executive Director of Education, Care & Health Services

Ward: (All Wards);

1. Reason for report

This report provides details of the indicative allocation for the 2014/15 Dedicated Schools Grant and outlines how the funding will be allocated and expended across the High Needs, Early Years and Schools Blocks.

2. **RECOMMENDATION(S)**

- i. **The Schools Forum is asked to note and comment on the allocations, specifically relating to the funding rates for the schools funding formula.**
- ii. **The Education PDS is invited to consider and comment on the latest 2014/15 allocation of the Dedicated Schools Grant, with specific reference to the schools funding formula.**
- iii. **The Portfolio Holder is asked to approve the DSG allocation and the changes to the funding formula for 2014/15.**

Corporate Policy

1. Policy Status: Not Applicable:
 2. BBB Priority: Children and Young People Further Details
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Education Portfolio Budgets
 4. Total current budget for this head: £231million
 5. Source of funding: DSG
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Staff

1. Number of staff (current and additional): 1,920 Full Time Equivalent, of which 1,510 are based in schools.
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

3.1 The proposed Dedicated Schools Grant allocation for 2014/15 has now been notified to the LA as a total sum of £231,457,975. This funding is allocated across the three funding blocks as follows:

Schools Block	£168,977,400
Early Years Block	£15,507,575
High Needs Block	£46,973,000
Total	£231,457,975

This can be compared to the final 2013/14 allocation as follows:

	2013/14	2014/15	Increase
Schools Block	£167,903,853	£168,977,400	£1,073,547
Early Years Block	£15,051,576	£15,507,575	£455,999
High Needs Block	£45,405,680	£46,973,000	£1,567,320
Total	£228,361,109	£231,457,975	£3,096,866

3.2 The main reasons for these increases can be analysed as follows:

- Schools Block – the Schools Block has increased mainly due to the increase in pupil numbers used to calculate the DSG which have increased from 41,114 to 41,545. This would generate additional funding of around £1.75m, however funding of around £686,000 has been deducted from the Schools Block for Carbon Reduction Commitments which are no longer payable by the LA.
- Early Years Block – The Early Years Block has increased due to the expected increase in 2 year old funding, however the full impact of this has been reduced due to the loss of the transitional support for 3 and 4 year old funding.
- High Needs Block – The High Needs Block is currently showing an increase of £1.5m however no adjustments have yet been made for changes in the number of high needs places and movements between local authorities.

3.3 The expenditure for 2014/15 has been calculated to achieve a balanced budget, ie estimated expenditure is equal to the income. Full details of this can be seen at appendix 1 and are outlined below.

3.4 The Schools Block:

The funding formula was discussed with the Schools Forum during the autumn term and a number of principles were established, on which basis the funding for schools has been established.

- i. The lump sum for all primary and secondary schools is calculated at £175,000 per school.
- ii. No changes to the amounts payable for deprivation (£2,500) and EAL (£1,000).
- iii. In September the Schools discussed the issue of funding for attainment in the secondary sector following changes to the eligibility criteria which resulted in an increase to the number of qualifying pupils. The principle was agreed that the overall pot of funding for this factor should remain the same and should be apportioned across the number of pupils. Following the release of the pupil data, a similar issue has arisen in the primary sector due to the changes in applying the Early Years Foundation Stage Profile across different year groups. This has also resulted in an increase to pupil numbers, albeit not as significant as in the secondary sector. The same principle has therefore been applied across both sectors, the outcome of which means that for the attainment factor Primary schools will be funded at £1,858 per pupil and Secondary schools at £1,000 per pupil. In 2013/14 all schools were funded at £2,500. This will therefore impact on the Notional SEN allocations.
- iv. In terms of pupil numbers, there has been an overall increase of 351 pupils, which is the net effect of an increase of 585 in the primary sector and a decrease of 234 in the secondary sector (nb this is different to the pupil number increase shown in 3.2 above as the pupils are counted differently for DSG funding compared to individual school funding). This has therefore shifted some funding from the Secondary pot to the Primary. The Primary AWPU funding for 2014/15 will be £2,235 (increased from £2,185 in 2013/14) and the Secondary AWPU will be £4,110 (increased from £4,095 in 2013/14).
- v. With regard to the Minimum Funding Guarantee (MFG), this has been set at -1.5% in line with DfE regulations. This is unchanged from 2013/14 and calculates that schools cannot lose more than 1.5% per pupil from one year to the next. However, there is also a capping factor in place which affects how the funding can increase from year to year. In 2013/14 this was set at +1.5% to match the MFG. For 2014/15 DfE have introduced a new requirement which means that the cost of applying the MFG must not exceed the cost of applying the capping factor – nb this is not detailed in any of the guidance notes but is applied as a calculation on the funding formula proforma sheet (see appendix2). As a result of this the capping factor has been increased to 4.41% for 2014/15, meaning that no school can gain by more than 4.41% per pupil.
- vi. Details of this on a school by school basis is shown on appendix 3. This shows funding and pupil numbers for 2013/14 and 2014/15 (based on the MFG figure for all schools), the actual difference as a percentage and the MFG % that has been applied to each school. In terms of the actual differences, this can be a significant increase or decrease for individual schools. Appendix 4 shows how the increase/decrease has been calculated for four schools(two primary/secondary and two increase/two decrease) and outlines the reasons for the changes ie increase or decrease to pupil numbers, increase in pupils attracting additional funding.

vii. There have also been some changes to the Central expenditure. Funding for Supply Staff costs has decreased considerably due to the number of schools that have converted to academy status in year. This is effectively the amount that has been de-delegated by Primary Maintained Schools to cover the cost of maternity, jury service and union supply cover costs and cost relating to free school meal eligibility assessments. The contingency fund has also decreased considerably as CRC expenditure has been removed from here. The amounts remaining in the contingency budget are £1m for bulge class/growth funding and £140,000 for central licensing expenditure.

3.5 The Early Years Block

The expenditure in the Early Years Block reflects the expected figures for Maintained Nurseries and the Private/Voluntary and Independent (PVI) Sectors based on actual expenditure in 2013/14. The PVI Sector shows an increase in expenditure due to the increase in pupils taking up their full entitlement in this area.

3.6 The Head of Schools and Early Years is looking to introduce a new element within the Early Years Funding Formula to support providers in becoming more inclusive with regard to pupils with Special Educational Needs. This would enable settings to ensure they had the correct resources, staffing and training to facilitate inclusion. The LA has a statutory duty to provide sufficient EY education for all children, and this funding would support this statutory requirement. As this would be a change to the funding formula, it is recommended that a small Schools Forum working group be set up to consider this proposal and how it would be funded.

3.7 The High Needs Block

The funding to Special Schools has been adjusted to show pre 16 costs only as all post 16 funding sits outside of the DSG. Other expenditure has not changed considerably since last year. As stated in paragraph 3.2 the funding has not yet been adjusted to reflect movement between boroughs – once this information has been received the expenditure will be adjusted accordingly. Capital expenditure within the High Needs Block has been reduced to account for the changes in funding for the Glebe expansion as outlined to the Schools Forum in an earlier report.

3.8 The Schools Forum is asked to discuss the DSG and the related allocations. Any comments will be reported verbally to the Education PDS at their meeting on the 30th January before they are asked to formally agree the figures.