

## Explanatory Note on the makeup of the Dedicated Schools Grant 2013/14

### Paper for Schools Forum 10<sup>th</sup> January 2013

#### 1. Introduction and Background

The Dept for Education announced the 2013/14 DSG funding on 19<sup>th</sup> December 2012.

The *School funding reform: next steps towards a fairer system* published in June 2012 announced that 2013-14 would see the first steps towards reforming the funding system. The Government's intention is to introduce a national funding formula during the next spending review period to reduce the funding differences between similar schools in different areas.

As there have been a significant amount of changes to funding, a year on year comparison is not possible. The use of pupil numbers has also changed so this paper will only lay out 2012/13 DSG under the notional headings that are now used for 2013/14 onwards.

The distribution to Local Authorities continues to be based upon the "spend-plus" methodology but the presentation of the settlement has been changed to show 3 spending blocks; schools, early years and high needs block. In addition the baselines of L.As. have been adjusted to reflect the incidence of high needs pupils and places supported by each authority. The underlying schools budget will be kept cash flat per pupil for 2013/14.

	2012/13	2013/14	Year on Year Change
Total Pupil Numbers for DSG purposes of which;	16,886	17,005	+ 119 pupils
Pupils in Schools	15,838	15,957	
Early Years	1,048	1,048	
DSG Schools Block	£68.2m	£68.7m	+ £0.5m
DSG Early Years Block	£3.5m	£3.5m	No change
DSG High Needs Block	£12.3m	£12.3m	No change
DSG Post 16 High Needs Block	n/a	£0.5m	New funding
DSG 2yr old funding	n/a	£1.2m	New funding
DSG Transitional Protection 3yr funding	n/a	£0.08m	New funding
DSG Funding for NQT induction		£0.02m	New funding
<b>Total DSG</b>	<b>£84m</b>	<b>£86.3m</b>	<b>+ £2.3m</b>

Of the £2.3m cash increase, £0.5m relates to increased pupil numbers and the remaining £1.8m relates to new funding arrangements as listed in the table above.

#### 2. The main changes and arrangements for 2013-2014

- a. A separate Schools Block, Early Years Block and High Needs Block;
- b. A cash flat per pupil funding for the Schools Block and the Early Years Block;

- c. A High Needs Block adjusted for the ending of inter-authority recoupment, the inclusion of post-16 funding and for growth in places;
- d. Minimum Funding Guarantee (MFG) of minus 1.5%; and
- e. Transitional protection for local authorities in receipt of the three year old 90% funding floor.

### **3. Coverage and conditions of grant**

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 (PVIs) providers, and 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.

The DSG will be paid as a ring-fenced grant and will be 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. A number of new conditions have been added relating to the funding reforms in 2013-14.

### **4. Minimum Funding Guarantee (MFG)**

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 level of each school's individual budget will vary. To protect schools from significant budget reductions, the MFG will continue at minus 1.5% per pupil (excludes sixth form funding). The School and Early Years Finance Regulations set out the formula factors which are automatically excluded from the calculation.

### **5. Calculating 2013-2014 DSG**

The starting point for calculating the 2013-2014 DSG are the notional spending block baselines agreed between DfE and Torbay. For 2013-2014 Torbay's allocation will be:

- Schools Block £68.7m - cash flat per pupil
- Early Years Block £3.5m - cash flat per pupil
- High Needs Block £12.3m - baseline plus any agreed growth.

plus

- Funding for the costs of monitoring and quality assuring NQT induction. £24k
- Transitional protection funding as a result of ending the 90% funding floor for 3 year olds. £80k
- Funding for early education places for 2-year-olds from lower income households £1.2m
- Post-16 funding for High Needs £572k

### **6. Schools Block**

The per pupil amount for the Schools Block is the same as set out in the baselines agreed with Torbay. This amount has been multiplied by the pupil numbers from the October 2012 school census.

#### *The per pupil unit of Funding*

This has been split to reflect the creation of a schools and early years block. Therefore the Torbay figure for 12/13 of £4,842 has been adjusted to:-

Schools Block per pupil funding £4,305.25

Early years per pupil funding £3,292.29

These values are the unchanged for 2013/14

### **7. Early Years Block**

The per pupil amount for the Early Years Block is the same as set out in the agreed baselines. Initially this has been multiplied by pupil numbers from the January 2012 Early Years Census. This will be updated during 2013-14 for January 2013 and 7/12ths of the January 2014 pupil numbers (to cover the September 2013 to March 2014 period).

### **8. High Needs Block**

The High Needs Block is a single block for local authorities high needs pupils/students aged 0-24. For 2013-14, the Block has been calculated in two parts, pre-16 and 16-24 (those aged 19-24 are the responsibility, for funding, of the home local authority where the student has a Learning Difficulty Assessment, or an Education and Healthcare Plan).

### **9. Pre-16 High Needs Provision**

The pre-16 calculation reflects the cross-border changes made in order to end inter-authority recoupment. It also includes the funding identified as hospital education. We will also be adding an amount for growth in High Needs places in 2013-14 based on the returns that local authorities made during the autumn.

### **10. 16-24 High Needs Provision**

From 2013-14, funding for 16-24 high needs students will be through the DSG. To enable this, three post-16 budgets have been combined: the SEN Block Grant, Specialist placements funding and the cost of high needs student in Further Education. From this budget the EFA will pay all place led funding, with the remaining funding transferred into the DSG. The new system for funding high needs pupils will not be introduced for post-16 students until August 2013. As such, the funding has been added in two parts:

a SEN Block Grant for the period April - July 2013. This reflects 1/3rd of the 2012/13 academic year funding for post-16 high needs in schools, currently paid via the SEN Block grant to local authorities. This will enable local authorities to continue funding for these students for the remainder of the academic year.

b. Funding for the period August 2013 - March 2014. The place led funding (calculated using the post-16 national funding formula plus £6,000) for all institutions will be paid direct by the EFA as part of the post-16 formula. For maintained schools it will form part of the post-16 allocations made to local authorities for their schools. Therefore, this element of the DSG is intended to cover top up funding for ALL 16-24 high needs student placements commissioned by local authorities in maintained schools, academies, NMSS, Colleges of

Further Education and Independent Specialist Providers (ISPs). The local authority will also need to fund the full costs of any places it commissions from independent schools or any other provider not directly funded by the EFA.

#### **11. Induction for Newly Qualified Teachers (NQTs).**

In September 2012, the induction regulations changed so that teaching schools can act as the appropriate body to monitor and quality assure NQT induction. In order to allow schools to pay for the services of their preferred appropriate body, the funding for NQT statutory induction of NQTs, currently included in local government revenue funding, will move into the DSG so that it can be delegated directly to all schools through local funding formulae. The total allocation of £10.2m has been based on average costs, and the number of NQTs entering the system each year. This has been allocated to each local authority on a per pupil basis (using the pupil numbers used for the Schools Block).

#### **12. Funding for early education places for 2-year-olds from lower income households (£m)**

Allocations are those announced on 27 November 2012.

#### **13. Transition funding following ending of the 90% funding floor protection for 3 year olds**

The 90% funding floor will be removed in 2014-15. Local authorities in receipt of this funding in 2012-13, will receive a transitional amount in 2013-14. The transition funding is 50% of the amount received by each authority in 2012-13.

#### **14. Cash Floor**

As in previous years a cash floor of minus 2% has been applied to the final DSG allocations, prior to academies recoupment, to protect local authorities with significant falling rolls. The baseline for the cash floor is the total of the 2012-13 notional Schools Block and Early Years Block. This is then compared to the total of the Schools Block and Early Years Block for 2013-14. For 2013-14, no local authority falls below the cash floor. Torbay does not qualify for any cash floor protection as it has a rising roll.

#### **15. Pupil Premium**

The Pupil Premium level of funding for 2013-14 for pupils who have ever claimed free schools meals in the last 6 years or who are looked after is £900 per pupil. The service children Premium for 2013-14 is £300 per pupil. As the Pupil Premium is calculated using the pupil numbers from the January school census, final allocations will be confirmed in summer 2013.