

Dedicated Schools Grant Budget Report 2014/15

1. Purpose of this Report

The purpose of this report is for Forum members to agree the Dedicated Schools Grant budget for 2014/15.

2. Recommendations

The Forum

- i) Note the savings on the council general fund
- ii) Note the impact on service level agreements
- iii) Note the current position on the DSG
- iv) Confirm the decision of the meeting on the 26 September to set next year's funding rates on the ISB at the same level as last year (2013/14)
- v) Agree the approach to undertake funding reviews for DSG items outside the schools budget on an on-going cycle rather than at a single annual budget setting meeting.
- vii) If the settlement is different from expected, then
 - a) any surplus should be added to the individual schools budget either through the
 - Basic Entitlement or
 - Free Meals or
 - IDACI indicators
 - OR
 - b) any surplus should be added to the protection on the matrix.
 - OR
 - c) a further Forum meeting will consider the budget again with either of the following dates be set aside
 - 30 January 2014
 - 6 February 2014
- viii) Agree with the continuation of each of the following projects that are funded through a top-slice from the DSG at the current level of funding
 - Management Support To PFI/New Schools With Major Capital Projects

Schools Forum
12th December 2013
Item 5
DSG Budget Report

- New Woodlands Outreach
- Persistent Absence
- Teenage Mothers
- Tutors For Looked After Children - Year 6
- Social Workers At New Woodlands / Abbey Manor College
- Partnership Development
- Additional Tutors For Looked After Children – Key Stage 3
- Social Workers In Special Schools
- Good Practice School Website

xi) By voting phase, agree the following budget for 2014/15 that will be de-delegated

Ref	Heading	Primary £'000	Secondary £'000
A	De-delegation for mainstream schools for Contingencies	874	425
B	Extended schools contingency allocation	1,078	411
B	Administration of free school meals	18	8
C	Staff costs – Supply Cover	468	206
D	Support for minority ethnic pupils/underachieving groups	112	48

x) The forum agree to the follow budgets for central spend

Ref	Heading	Budget £'000
A	Growth fund (to meet requirements for basic need and infant class size regulations)	1,800
B	Falling rolls fund for surplus places in good or outstanding schools where a population bulge is expected in 2-3 years	0
C	Admissions	604
D	Serving of Schools Forum	78
E	Capital Expenditure from Revenue	4,086
F	Contribution from combined budgets	903
G	Termination of employment costs	176

3 Savings On The Councils General Funding

- 3.1 Appendix A gives details of the savings the Mayor has agreed for next year, Appendix B shows further savings the Mayor is currently considering for next year.
- 3.2 There are two direct savings that will impact on schools.
- 3.21 Attendance and Welfare Service
 A full re-organisation of the service was proposed in the last budget round, including de-layering of management as well as considering the case loads of staff and the areas of work that have the greatest impact on absence. It will become a traded service for non-statutory elements. A further saving is now believed possible. The total saving is £500k or 50% of the budget, this is in line with our statistical neighbours.
- 3.22 Service Level agreements are offered by the council to schools that cover a variety of support services. Schools pay for these services from their delegated formula budgets. The Schools HR service continues to trade successfully, with schools increasing the range of service they are purchasing. It is proposed to increase the range of charges to schools and to ensure they are achieving recovery of the 15% overheads.
- 3.3 The Schools Forum are asked to note the savings and in particular the increased SLA charges. The impact is shown in the table below.

Service	2014/15			
	Primary School		Secondary School	
	210 Pupils £	400 Pupils £	850 pupils £	1200 pupils £
Governors	450	600	700	800
Client Catering	100	250	600	850
Human Resources	900	1,100	1,500	1,700
Customer Services	75	75	150	150
Total	1,525	2,025	2,950	3,500

% of school budget	0.13%	0.09%	0.05%	0.04%
School Budget	1,130,000	2,180,000	6,130,000	9,360,000

4. Overview of the Settlement

- 4.1 The DFE are likely to announce the provisional financial settlement for the Dedicated Schools Grant (DSG) around the 18th December 2013. This will cover the Schools block and Early Years block elements of the DSG. It is not expected that the High Needs block will be known for sometime. The timetable allows for notification up until 31 March 2014.
- 4.2 Current indications are that the Schools block is likely to set at the same level as last year but adjusted for pupil number increases. It is thus assumed that the funding rate per pupil will stay at £5,950.
- 4.3 The minimum funding guarantee will stay at minus 1.5%
- 4.4 The Early Years block will, it is assumed, be on a similar basis; an increase in line with numbers, but the rate per child cash frozen. There are two other changes expected to this funding block
- a) The 2 year olds funding that was added to the early years block in 2013/14 included an element for trajectory funding which allowed Local Authorities to build capacity, so that there was enough providers to meet the new 2 year offer. It is assumed this will be reduced.
 - b) The DSG was adjusted in 2013/14 for the withdrawal of the top up for 3 to 4 year olds being received. Half was withdrawn in 2013/14 and in 2014/15 there will be no protection. This top-up ensured Local Authorities were funded for at least 90% of their 3 year olds regardless of the number of children taking up the entitlement. The withdrawal of this protection will mean there will be a shortfall next year of £895K.
- 4.5 The High Needs block is subject to greater uncertainty. Currently it is assumed that the settlement will be at the current overall level of the funding block although there may be some additional growth. Local Authorities have been given until the 23 December to make bids for increases in numbers. The DFE expect that most adjustments will not change the overall level of funding nationally. If they agree to an overall increase in places, they will top-slice that from allocations nationally.
- 4.6 As noted at the last meeting, a return has to be made to DFE showing the schools' budgets on 21 January 2013.
- 4.7 It is planned that the Mayor and Cabinet will consider the Dedicated Schools Grant budget on the 15th January, together with the comments of the Forum.

- 4.8 The dates by which school budgets must be notified are changing from March 15th to February 28th for mainstream schools and March 28th for Special Schools and PRU's. 6th form funding is excluded from this requirement; the EFA normally notify schools and LAs of this at the very end of March. The deadline for notification of budgets to Academies has been confirmed by the Education Funding Agency as 31st March.
- 4.9 It is expected, although not confirmed, that Primary schools are going to get an extra £400 in Pupil Premium, bringing the total per child per year to £1300. The pupil premium has been previously set at £900. It is understood that there will be an increase in the Secondary allocation to £935 per disadvantaged pupil. The Pupil Premium rate for Looked After Children will increase to £1,900 per pupil and the definition of the pupils eligible will widen.
- 4.10 The impact of the announcement to provide a free school lunch for every Key Stage 1 pupil and disadvantaged students in further education is unknown. It is expected that a further announcement will be made in the Autumn Statement on the funding for this, but this will be too late for incorporation into this report. A verbal update will be given at the meeting.
- 4.11 The Carbon Reduction Commitment (CRC) will no longer be dealt with through the DSG for schools. It is expected that this will result in a transfer out of the DSG, potentially based on current budgeted spend as per the Section 251 statement. As it assumed that this will be on a like for like basis, this has not been taken into account in the figures below.
- 4.12 At the last meeting of the Forum it was agreed to maintain the current funding rates used within the schools budget
- 4.13 There is a great degree of uncertainty within the funding system. In the past the Forum have always considered the budget in late January or early February. It is proposed that either the 30 January or the 6 February still be set aside in case there is a significant difference in the settlement figures and the Forum needs to be reconvened.

5 Funding Blocks

- 5.1 The estimated level of DSG for 2014/15 and it's three constituent blocks are shown below.

5.2 School Block

- 5.2.1 The total increase in pupil numbers are as follows

Schools Forum
12th December 2013
Item 5
DSG Budget Report

	Oct 2012	Oct 2013	Change
Primary	22,619.5	23,301.5	682.0
Secondary	8,514.4	8,672.5	158.1
Jan Uplift*1	267.0	267.0	0
SEN Units	-164.3	-210.9	-46.6
Total*2	31,236.6	32,030.1	793.5
Secondary Academies		2,011.0	
Total*3	31,236.6	34,041.1	2,804.5

Notes

*1 Reception class increases between October 2012 and January 2013.

*2 Includes primary academies that were within last years DSG settlement

*3 Existing academies that will now form part of next years DSG Settlement

- 5.2.2 This table now includes all pupils at Hatcham College and Knights Academy. In the 2013/14 settlement this was not the case; whilst it included the primary pupils it did not include secondary pupils. These will be now brought into the settlement.
- 5.2.3 If the academies brought into the above table are discounted then the underlying increase in pupil numbers for next year is expected to be 793 or a 2.54% increase.
- 5.2.4 This will equate to extra resources of £4.718m, it is estimated that the overall level will be £202.559m.
- 5.2.5 The schools funding formula has now been re-worked with the latest available data. The data for the 2014/15 allocation will provided by the DFE and is expected to be available on the 10 December. Which is of course after these papers are published. In order to calculate the likely impact on school budgets, the October 2013 census roll numbers have been used. This is of course still subject to checks by the EFA and possible alterations, but gives the best guide to the likely impact on individual schools funding.
- 5.2.6 The changes that the Forum agreed at its September meeting have now been included in the calculations.
- 5.2.7 In summary this would result in the following changes to school budgets between 2013/14 and 2014/15.

Change in funding as a percentage of budget (ISB Formula Plus MFG)			Number of schools	
			Gaining	Losing
over	8%	11	2	
6% to	7.99%	6	1	
4% to	5.99%	2	2	
2% to	3.99%	12	9	
0% to	1.99%	19	14	

The funding per school will be tabled at the meeting.

5.2.8 There is the potential that when the final settlement is provided by the DFE it will not be in line with the forecasts. This could mean that there additional resources or a shortfall in funding. If there is an additional resources there are generally two choices; either to add the funding to the basic entitlement or add the funding to the free meals / IDACI indicators.

5.2.9 For example, if the settlement is different by £500k this would mean the funding rates would have to change by -

	Primary Rates		Secondary Rates	
Basic Entitlement	0.36%	£13.14	0.36%	£18.15
FSM Ever 6	2.93%	£32.62	2.93%	£43.80
IDACI	11.93%	£13.02	11.93%	£20.67

5.2.10 The impact on individual schools of applying a £500k increase to the Basic Entitlement is shown below.

	Distributing £500k Via Basic Entitlement			
	Primary School		Secondary School	
	210 Pupils	400 Pupils	850 pupils	1200 pupils
Funding Increase	£	£	£	£
	2,759	5,255	15,428	21,781

5.2.11 If the £500k were to be allocated via the FSM Ever 6 or IDACI allocations, the results would be as follows.

	Distributing £500k Via			
	FSM Ever 6		IDACI	
	Primary	Secondary	Primary	Secondary
	£	£	£	£
Mid-Point Allocation	3,270	18,513	3,665	18,761
50% Of Schools	2,174 and	13,574 and	2,720 and	16,300 and
Between	5,655	19,663	5,412	20,586
Minimum Allocation	146	7,750	1,118	10,026
Maximum Allocation	11,683	25,161	9,145	23,638

5.2.12 The Forum have a number of choices if this scenario happens, they could either decide today to

- Allocate it in a set way (i.e. basic entitlement / free meals / IDACI)
- Add the funding to the protection pot for Matrix funding
- Reconvene the Forum at a later time, most likely the 30 January or the 6 February

5.2.13 These dates would of course be after the deadline for submitting the return on the final school budgets to the DFE (21 January 2013), but an earlier date would not allow officers to calculate the impact and to meet the requirement to publish the reports a week before the meeting.

5.3 Early Years Block

5.3.1 The Early Years Block allocations published in December 2013 are expected to be based on January 2013 census counts. They will be adjusted in summer 2014 based on counts from the January 2014 School Census, Early Years Census and Alternative Provision Census.

5.3.2 These allocations will then be adjusted a further time in 2015. Pupil counts taken from the January 2015 censuses will be weighted with the counts taken from the January 2013 censuses in a 7:5 ratio.

5.3.3 The result will give the final Early Years Block allocations for financial year 2014-15. There will be element of judgement in making the forecast for this income but provisional the figure has been calculated using 3,000 children at £5,814 each, giving a total of £17.4m. Which compares with £16.2m in 2013/14. This funding will be used to fund allocations to providers of the 3 & 4 year old free entitlement.

5.3.4 Further early years adjustments will be made to this.

5.3.4.1 The DSG was adjusted in 2013/14 for the withdrawal of the top up for 3 to 4 year old numbers. Half was withdrawn in 2013/14 and in 2014/15 there will be no protection. This top-up ensured Local Authorities were funded for at least 90% of their 3 year olds, regardless of the number of children taking up the entitlement. The withdrawal of this protection will mean there will be a reduction next year of £895K.

5.3.4.2 In 2013/14 the DSG had an additional amount added to it for the 2 year old offer. The revenue allocation was constructed in two elements. The first was place based funding. This was a notional amount for statutory places which would be funded once the entitlement for 20% of two year olds came into force in September 2013. The second is trajectory building. This is an amount to create places in preparation for the 2014 entitlement for 40% of two year olds. The allocation is expected to be adjusted for the increase in places to 40% and the withdrawal of some of the trajectory funding.

5.3.4.3 In 2013/14 the split for Lewisham was

Place led funding	£3,921k
Trajectory funding	£1,539k
Total	£5,460k

5.3.4.4 It is forecast that the revised level for next year will be £9,677k.
The budget will be provisionally set at this level.

5.4 High Needs block

5.4.1 This is being discussed in a separate item on the agenda. The forecast of the funding available has been set at this year's level.

5.5 Overall change in the DSG

5.5.1 In summary the following conclusions have been drawn.

Funding block	Change
Schools	+£4.8m
Early years	+£4.3m
High needs	£0

6. Headroom Projects

6.1 Over the last three years the Forum have considered requests to use the Dedicated Schools Grant to fund specific high profile projects. It was always intended that they should be reviewed regularly. These projects now need the agreement of the Forum to continue for next year. In summary the headroom bids are as follows. More details of these projects can be found in Appendix C.

Approvals from 2007/08	£k	Appendix Ref
Management support for capital builds	410	A
New Woodlands Outreach	160	B
Total	570	

Approvals from 2008/09	£k	
Tutors for Primary LAC	100	F
Social Workers at New Woodlands / Abbey Manor College	90	D
Partnership Development	115	C

Total 2008/09	305
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Approvals from 2009/10	£k	
Tutors and Support for Key Stage 3 LAC	100	E
Social Workers - Support Services in schools	100	
Total	200	

- 6.2 The work of the Lens Group is now embedded in the core secondary offer. The Pupil Ambassador Programme will continue, but will now be led from a school by Jan Shapiro through an SLA.
- 6.3 We are proposing to use the money we had previously put into the Lens Group (£150k) into developing a Schools Website where we can provide information, share good practice and support school to school communications. We envisage an initial start up cost, followed by maintenance costs of one full time administrative salary and 0.2 leadership costs (or 40 days a year). The funding will also be used for new initiatives to be then embedded in schools where successful.

7 Budgets Requiring Schools Forum Approval

- 7.1 Under regulations, a number of the budgets that are delegated to schools can be de-delegated, but require that the Forum agree to this by voting phase by phase. Hence secondary school representatives have to agree the secondary budget and likewise the primary school representatives the primary budget.

Budget	Sector	£'000	Brief description
Contingency	Total	2,788	The general contingency is allocated out to schools when an unexpected event occurs that has a significant financial effect that it would not be possible for the school to manage the financial consequences of, without causing damage to curriculum delivery. The funding allocated to collaboratives for the former extended schools standards funds (£1,500) is included and will be devolved to all schools.
	Prim	1,952	
	Sec	836	
Falling Rolls Fund	Total	0	Falling rolls fund for surplus places in good or outstanding schools where a population bulge is expected in 2-3 years
	Prim	0	
	Sec	0	
Free School Meals	Total	26	This is the funding for officers who check whether a pupil is entitled to a free meal.
	Prim	18	

Schools Forum
12th December 2013
Item 5
DSG Budget Report

Eligibility	Sec	8	
Staff Costs - Supply Cover	Total	675	This provides financial support to schools to help them meet the cost to schools of maternity leave and public duties
	Prim	468	
	Sec	207	
Staff Costs – Trade Unions	Total	156	This budget allows trade union officials to be employed to work on behalf of school staff to manage collective agreements. This supports the management of employee relations.
	Prim	109	
	Sec	47	
Support For Minority Ethnic Pupils Or Underachieving Groups;	Total	150	The current funding supports the ‘Lens’ groups and the Pupil Ambassadors programme (including the Awards ceremony) and also covers some development work on links with Oxbridge, career aspiration, the lecture series and other partnerships.
	Prim	105	
	Sec	45	

7.2 The following budgets are treated as central spend and need Schools Forum approval.

Budget	Sector	£'000	Brief description
Growth Fund	Total	1,800	The details of the allocations show in Appendix D
Admissions		604	This budget covers the cost of the team that co-ordinate the admissions and appeals for Lewisham. The budget has been set at 2013/14 levels
Servicing Of Schools Forum		78	This budget covers the officers’ time in preparing and attending the Schools Forum and its sub-groups. This has been set at the 2013/14 level.
Capital Expenditure From Revenue		4,086	This covers the cost of the PFI / BSF contribution, support to the capital works within schools, the headroom bid for support to schools to implement capital works (see Appendix C) and a proportion of costs of the estates management team. This has been set at the 2013/14 budget level
Contribution From Combined Budget		903	The budget has two elements 1. The cost of outreach work at New Woodlands Special School (which includes £160k of headroom funding). 2. Partnership funding, which is a headroom bid. This budget has been set at 2013/14 levels

9 Savings In Central Budgets Within The DSG

- 9.1 As part of last year's budget process, officers have been considering the effectiveness and delivery of the service level agreements funded out of the DSG. This includes the agreements with Abbey Manor College and Clyde Nursery School. Arrangements are in place to achieve a saving at Clyde.
- 9.2 Within the time scales, it is not possible to undertake a considered and robust review of spending and for members to consider and scrutinise any proposals properly. It is proposed that if future years officers follow budget reports agreed by Forum during the year, without the need to re-visit them in detail at the annual budget setting meeting.
- 9.3 It is planned that during the course of the next 12 months the following budgets will be reviewed
- New Woodlands service level agreement and school budgets
 - Abbey Manor College (to complete the review in progress)
 - Maternity Fund
 - High Needs
 - Extended Schools funding
 - SEN Collaborative funding
 - Two Year Old funding
 - 3&4 Year Old Additional Free Hours (full time places)
 - Capital Expenditure from Revenue
 - Trade Union Support
- 9.4 Full reports on these will be brought to the Forum during the year. Members are welcome to suggest other areas.

10. Conclusion

- 10.1 With the timetable as it is, there are many assumptions that have been built into the report. The true picture will only be known once ministers have finalised the settlement.
- 10.2 This is expected a few days before Christmas and leaves little time for reports to be prepared, the papers to be published, the Schools Forum to meet and the political process to be undertaken within the 21 January deadline. With the High Needs Block unlikely to be announced before March this creates more uncertainty.
- 10.3 The position being such and with the nature of public finances, some of the assumptions maybe prove incorrect. Regrettably, it may be necessary to set aside some reserve dates to reconvene the Forum.