

DSG ESTIMATE 2013-14 – CALCULATION AND SUMMARY OF ISSUES

Purpose of the Report

1. To outline the methodology for calculating DSG for 2013-14 and to highlight issues and risks.
2. To consider the process for agreeing the schools block budget in order to ensure that funding values can be submitted to the Education Funding Agency (EFA) prior to the deadline of 18th January 2013.

Background

3. The calculation of the total Dedicated Schools Grant (DSG) up to, and including, 2012-13 has been based on pupil numbers recorded in the January school and pupil level census, the Early Years census and the alternative provision census. The total pupil numbers from these 3 censuses are then multiplied by a Guaranteed Unit of Funding (GUF) to arrive at the total level of DSG for a Local Authority area.
4. The GUF is based on historical funding levels and is adjusted each year for inflation and, in more recent years, for the introduction of other funding streams in to DSG – for example the mainstreaming of standards funds in 2011-12. This methodology has been criticised as it lacks transparency and does not reflect changing circumstances in LA areas, for example if levels of deprivation increase.
5. Schools Forums have set the overall budget for each financial year based on an estimate of DSG as the final level of grant is not confirmed each year until the DfE has verified the census data, usually in late June/early July after the financial year has started. LAs have consistently fed back that this lack of certainty is unhelpful and can be difficult to manage.
6. As part of the wide ranging proposals on School Funding Reform the government has implemented changes to the way in which DSG is to be calculated from 2013-14 onwards. The DSG settlement for 2013-14 will be announced in December 2012 and will comprise:
 - a. confirmed notional Schools Block based on the October 2012 census;
 - b. an initial notional Early Years Block based on the January 2012 census, to be update during 2013-14 for January 2013 and 7/12ths of the January 2014 pupil numbers (to cover the September 2013 to March 2014 period); and
 - c. a confirmed notional High Needs Block based on 2012-13 spend, possibly updated with 2013-14 population projections.
7. LAs have been working with the Education Funding Agency (EFA) to confirm DSG baselines for 2012-13 as a starting point for the 2013-14 settlement.
8. It is not expected that the funding settlement will be received in time for the December Schools Forum meeting and so it will be difficult to hold detailed budget setting discussions at that meeting however there are a number of issues and risks that Schools Forum need to be informed of at this stage.

Main Considerations

9. As stated above the DSG for 2013-14 will be allocated in 3 main blocks, Schools, Early Years and High Needs. These blocks are not intended to be ringfenced and are initially based on our 2012-13 spend. Schools Forum will need to consider whether they wish to move funding between blocks to reflect priorities or whether to consider priorities within each block. Because of timing issues described below, it may be difficult to view the blocks together, which may lead us to ringfence them by default.

10. There will no longer be a single GUF as a unit of funding, instead there will be a specific per pupil unit of funding for the schools block and the early years block, whilst the high needs block will not be calculated on a per pupil basis.

DSG Baseline

11. A number of adjustments have been made by the EFA to the 2012-13 DSG baseline:
 - *Hospital Recoupmnt* – changes have been made to the way in which hospital education provision is funded and LAs will now receive direct funding for hospital provision rather than operating a method of charging other local authorities for pupils who have received provision. This new funding methodology has been funded through a top slice from overall the 12-13 DSG settlement (including DSG to fund academies) that is then reallocated based on the number of places in hospital provision settings in each LA area. A reduction of £8.50 has been made to the 2012-13 GUF. The impact on Wiltshire is that £0.492 million has been deducted from the 2012-13 baseline with £0.184 million being added back to the high needs block for the 10 place hospital provision in Salisbury.
 - *Inter authority recoupmnt (SEN)* – DSG baselines have been adjusted for those pupils with statements of SEN who are the responsibility of one LA but placed in another. The DSG baseline has been reduced for those Wiltshire pupils who are placed with another LA but increased for pupils placed in Wiltshire by other LAs. This is to ensure that each LA has the correct level of funding to reflect the number of planned places in high needs provision. This gives a net negative adjustment of £0.337 million to reflect the fact that Wiltshire will only need to pay the top-up element for Wiltshire pupils placed in other local authority schools.
 - *EFA SEN Block Grant* – the SEN block grant previously funded by the EFA for post-16 pupils with SEN in schools will now be incorporated in to the high needs block DSG. This brings an additional £1.377 million in to the high needs block.
12. There are some adjustments that still need to take place to the baseline for the high needs block to represent the movement of base funding for post-16 high needs places in to the national 16-19 funding formula and the movement of base funding for non-maintained special schools.

Schools Block

13. Essentially, this covers all pupils in maintained schools in National Curriculum Year Groups R-11 aged 4 or above, but does not include those pupils in SEN units or Resourced Provision; these will be covered by the High Needs Block. Any pupils recorded as Year R but who are less than 4 years old are counted in the Early Years Block.

Summary of how the Schools Block allocations will be calculated

14. For 2013-14 allocations, the main source of the pupil count will be the October 2012 school census. All pupils in the Schools Block will be counted as 1 FTE regardless of part-time/full-time status. All duplicate pupils will be resolved as far as is possible in the time the October census database is open.

Reception Uplift to census counts

15. In order to ensure that no LA loses out in respect of deferred entry to Reception arising from the use of the October census count, the final pupil numbers will be uplifted by any increase in the count of Reception pupils between October and January of the previous academic year. In other words, for 2013-14 allocations, the increase between October 2011 and January 2012 censuses will be applied. The change (calculated in terms of the number of pupils, not a percentage change) will be calculated for each school individually in the LA, and then all increases will be totalled across the whole authority area. For the purposes of calculating this uplift, any school with fewer Reception pupils counted in the January 2012 census than in the October 2011 census will be treated as having zero change, rather than a decrease. In Wiltshire it has been agreed that this increase will be reflected in individual school budgets.

16. Pupil numbers to determine the 2013-14 Schools Block allocations:

From the October 2012 School Census – (i) all pupils in maintained nursery, primary and secondary schools, and academies which are going through recoupmnt at census date, in National Curriculum year groups R-11 aged 4 or above at 31st August 2012; (ii) all pupils in maintained nursery, primary and secondary schools, and academies which are going through recoupmnt at census date, whose National Curriculum year group is missing or 'X' aged 4 to 15 at 31st August 2012.

plus

From the January 2012 Alternative Provision Census – all pupils in independent schools without a statement of SEN aged 4 to 15 at 31st August 2011. For Wiltshire there are no pupils in this category

plus

From the January 2012 School Census and October 2011 School Census – the increase (where applicable) in the number of National Curriculum year group R pupils aged 4 or above at 31st August 2011, in January 2012 compared to the October 2011 National Curriculum year group R figures, for maintained nursery and primary schools and academies which are going through recoupmnt at census date.

minus

From the August 2012 High Needs data returned by LAs – all funded places in Special Units or Resourced Provision in 2013-14.

17. The total number of pupils derived from this calculation will be multiplied by the per pupil unit of funding for the Schools Block. The DSG Baseline exercise indicates that for Wiltshire this amount will be £4,213.16 per pupil.

18. Work is currently taking place to estimate the schools block for 2013-14 based on the first cut of the October census data and to compare that with current commitments against the schools block in 2012-13.

Schools Block – Issues to be considered

19. It is expected that the updated data set for the local funding formula will be provided by the EFA on 10th December. This will enable us to begin updating the driver data for the mainstream funding formula.

20. Work is ongoing to estimate the schools block total funding now but we will receive the confirmed settlement later in December.

21. The EFA requires LAs to resubmit the funding proforma outlining the funding values within the formula, and therefore the indicative school budgets, by 18th January 2013. This means that the final delegated budget needs to be submitted to the EFA before Schools Forum meets in January. This may lead Schools Forum to take the approach of “ringfencing” the schools block and it is recommend that the School Funding Working Group will need to meet prior to 18th January in order to review and sign off the final submission on the local formula. Following discussion at the Schools Funding Working Group on 21st November it is also recommended that a head teacher from a maintained secondary school be invited to join that meeting to ensure that all types of school are represented.

Early Years Block

22. The Early Years Block will continue to use the January censuses as the source of funded pupils. The 2012-13 baselines will be divided by January 2012 pupils to derive the initial unit of funding for the Early Years Block. The block will be adjusted using January 2013 pupil numbers in summer 2013. Finally, the Early Years Block allocations will be adjusted once more at the end of the financial year using the January 2014 pupil numbers.

23. The initial unit of funding from the 2012-13 baseline has been calculated as £3,645.92

Early Years Block – Issues to be considered

24. The early years block will be subject to in year adjustments to update for January 2013 and summer 2013 pupil numbers. Any adjustment will reflect changes in the number of 3 & 4 year olds. Previously Schools Forum has adopted a principle that any changes to DSG levels arising from demography should be reflected in the relevant budget.
25. From September 2013 there is a statutory requirement to provide 15 hours free entitlement for child care to the most vulnerable 2 year olds. Schools Forum has previously discussed the principles of how funding for 2 year old places should be incorporated in to the Early Years Single Funding Formula and settings are being consulted on this.
26. The EFA has yet to issue any detail on how the funding for 2 year olds will be incorporated in to the DSG settlement for 2013-14. This will be an additional DSG allocation but until the amount is known it is difficult to agree an hourly rate to be incorporated into the EYSFF.

High Needs Block

27. The nature of the reform to the DSG allocations in relation to the High Needs Block means that no pupil count data from the censuses, including the PRU and Alternative Provision censuses, will be used.
28. The high needs block will therefore be based on 2012-13 levels of spend with the adjustments outlined in paragraph 10 to reflect the cessation of inter-authority recoupment.

High Needs Block – Issues to be considered

29. The EFA has yet to confirm how funding will be transferred to LAs to enable them to fund the top-up values for post 16 learners not in schools, ie., in colleges or other specialist provision. It is expected that this will be incorporated in to the funding settlement issued in December and does present a risk of a cost pressure that can't be quantified at this stage.
30. Work is ongoing with the High Needs Formula Review Group to calculate top-up values for Wiltshire's special schools, resource bases and Enhanced Learning Provision (ELP) in secondary schools. Recommendations will be taken to the SEN Working Group later this week based on the recommendations of the review group who met on 20th November.

Proposals

31. That Schools Forum considers the issues arising from the changes to the way in which the DSG allocation will be calculated for 2013-14.
32. That the Schools Funding Working Group will meet to finalise the funding values within the Schools Block in order that the date for submission of detail to the EFA can be met

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