

Revenue Funding for Academies

Academies receive their funding on an academic year basis directly from the Department for Children, Schools & Families (DCSF) and therefore there is a corresponding deduction made from the Local Authority's (LA) Dedicated Schools Grant (DSG) to reflect this central funding mechanism.

From April 2008 the method by which this DSG is deducted from the LA changes for new academies and will be based on a "recoupment" model. The DCSF has yet to issue detailed guidance, however an outline of the process and the associated issues is given below:

- For an academy that is due to open in a particular financial year the Local Authority will need to calculate the budget for the predecessor school as part of the budget setting process for that year. The LA will notify the DCSF of this budget through its Section 52 statement which is submitted at the end of March each year. The DCSF will carry out a "sense check" on this budget and then deduct the relevant proportion of the budget, for example 7/12 for a September start, from the LA's final DSG allocation which is announced in June.
- The LA will also be asked to calculate the proportion of central DSG spend that relates to the academy – this is known as the local authority central support grant (LACSEG). This is a per pupil grant and the calculation will be based on the LA's central spend as recorded on Table 1 of the Section 52 budget statement. This amount will be added to the delegated budget for the academy to produce the total deduction from the LA's DSG.
- For academies in the 2nd or 3rd year during the next 3 year funding period the LA will need to calculate a budget for the academy each year as if it were still maintained so that the appropriate deduction can be made each year.

In terms of the actual delegated budget to the school, therefore, the reduction to Wiltshire's DSG should be cost neutral in that it will match our own formula calculation of the budget for the predecessor school.

We have yet to receive any detail on the proposed calculation of the central element of the deduction, however it will represent a reduction in the central schools budget based on an assumed spend per pupil and will not be confirmed until after the LA has set its budget.

Such a reduction would need to be managed within the overall DSG total but the risk is the amount of the central deduction will not be known at the final budget setting unless the detailed calculator has been issued in advance. This will increase pressures on central budgets and may result in the need to reduce services.

More detailed guidance is expected in advance of the next 3 year funding period (2008-11) and the Committee, and Schools Forum, will be updated as to the implications at that time.

E Williams
5 October 2007