

Dedicated Schools Grant (DSG) and the Schools Budget

- 1 The DSG is ring-fenced for funding the provision of education for pupils in schools (maintained, pupil referral units (PRUs), private, voluntary and independent (PVI) nurseries or externally purchased places). As such it covers funding delegated to individual LA maintained schools and PVI providers through the LMS & Early Years Funding Formula, plus funding for other pupil provision which is retained centrally by the LA (e.g. SEN, PRUs, behaviour support, home & hospital tuition, school contingencies etc.). It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (0% in 2011/12).
- 2 The council itself cannot use the DSG for any purpose other than schools block funding, although with the permission of the Schools Forum limited contributions can be made to the following areas:
 - Combined budgets supporting every child matters objectives where there is a clear educational benefit.
 - Prudential borrowing, where overall net savings to the schools budget can be demonstrated.
 - Some SEN transport costs, again only when there is a net schools budget saving.
- 3 There are also strict limits (central expenditure limits [CEL]) on the amount of the DSG that the council can retain centrally to either fund pupil costs outside mainstream schools, or to provide targeted allocations during the financial year to maintained schools.
- 4 To some degree the government has attempted to protect schools from the full effect of their spending reductions when compared to other parts of the public sector, and the remainder of local government services in particular. The key features of the Schools Settlement for 2011/12 are:
 - a one-year only settlement for 2011/12, with consultation planned during 2011 on further changes to the system of allocating funding to local authorities and schools
 - the mainstreaming of a number of current specific grants into the DSG
 - changes to the way 3 & 4 year old nursery pupils are counted in the DSG allocation
 - a flat cash per pupil allocation for all of the council's core funding
 - a new pupil premium for disadvantage
 - significant reductions in devolved capital allocations for schools
 - significant reductions in the level of grants allocated to the council for Education and Children's Services outside of the DSG (including the impact of the new Early Intervention Grant) that are used to fund some central support services provided for schools.

Schools Budget Projection for 2011/12

- 5 A summary of the schools budget position is shown in Table 8 below. A full report on the schools budget and funding for schools has been prepared for the Schools Forum on 3 February, which can be provided to any Member on request. That report provides further detailed explanations of the figures set out in Table 1.

	ISB & PVI	Centrally Retained	Schools Budget Total
	£'000	£'000	£'000
2010/11 Approved Budget	89,698	10,232	99,930
Impact of previous years' decisions:	71	102	173
2011/12 Base Budget	89,769	10,334	100,103
Estimated post 16 funding reduction	-190	-246	-436
Provision for pay increases	-	89	89
Mainstreaming of specific grants	10,713	1,781	12,494
Extension of free nursery entitlement to 15 hours per week	1,016	175	1,191
Pupil premium for disadvantage*	1,241	-	1,241
Reprioritisation of centrally retained budgets:	-	-	-
Budget pressures	-	520	520
Proposed budget savings	-	-161	-161
LMS & early years funding formula requirements	-660	-	0-660
2011/12 Initial Budget Projection	101,889	12,492	114,381
Funding Available:			
Dedicated Schools Grant			107,076
LSC Post 16 Grants			6,722
Pupil Premium*			1,241
DSG Surplus b/f from 2010/11			100
Total Estimated Available Funding			115,139
Schools Budget Headroom			758

* The Pupil Premium is not technically part of the ISB, but is included here to give a more complete picture of the funding changes.

Table 1 - Schools Budget Projection for 2011/12

Funding Available within the DSG

- 6 The funding available includes the estimated 2011/12 DSG allocation of £107,076k, an early estimate of funding for post 16 pupils from the YPLA of £6,722k, the estimated level of the pupil premium for York schools of £1,241k and an estimated surplus carry forward from 2010/11 of £100k.

Annex 7

- 7 Table 2 sets out the latest estimate of the DSG for 2011/12. The figures are prior to the outcome of the January 2011 pupil census, and will be further updated when this data is available.

	2010/11		2011/12	
Pupil Numbers	22,642		22,991	
	£'000	£/pupil	£'000	£/pupil
DSG	92,905	4,103	107,076	4,657
Mainstreamed Grants	12,294	554	-	-
Early Years Grant	1,191	n/a	-	-
Total DSG	106,390	4,668	107,076	4,657
Adjusted for Change in Early Years Counting Methodology				
Adjusted Pupil Numbers	22,791		22,991	
	£'000	£/pupil	£'000	£/pupil
Total DSG	106,390	4,668	107,076	4,657

Table 2 - DSG Funding 2010-2012

Balancing the Schools Budget

- 8 Table 1 at paragraph 5 shows that there is headroom available within the schools budget of £758k. This figure is still prior to a precise assessment of pupil numbers being made following the January pupil census. If final pupil numbers vary from those currently estimated the impact will be felt both in the level of DSG to be received from the DfE and in the level of funding that will need to be allocated to schools through the LMS Funding Formula.
- 9 For every pupil above or below the current estimate, the DSG received will increase or decrease by £4,657. The average pupil led funding to be allocated within the 2011/12 LMS Funding Formula equates to £3,201. Therefore, on average, every pupil recorded on the census above current estimates will increase the headroom by £1,456, and every pupil recorded below the current estimates will reduce the headroom by £1,456. In previous years the final figures have been up to 50 pupils different either way.
- 10 The current allocation of funding to the ISB shown at Table 8 is the minimum required to ensure that all schools and PVI providers receive funding of at least the level of the DfE -1.5% per pupil minimum funding guarantee (MFG) (or equivalent). With the average funding change across all schools estimated at -1.1% per pupil (+0.8% for PVI providers). If the remaining headroom of £758k were to be allocated to the ISB it is estimated that this would allow the average per pupil reduction across all schools to move to -0.3% per pupil.

Annex 7

- 11 The actual level of funding change per pupil within the formula will be controlled by adjusting the maximum ceiling increase under the existing local ceilings and floors methodology (the floor funding level being the MFG for 2011/12). If the forum agrees to the use of the headroom in this way then it is estimated that the ceiling could be set close to 0% per pupil.
- 12 The Executive will be provided with an update of the decisions and comments made by the Schools Forum.