

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 2012/13).
- 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) 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 2012/13 are:
 - Another one-year only settlement for 2012/13, with the DfE's response to the results of their consultation on further changes to the system of allocating funding to local authorities and schools expected this spring.
 - A continued flat cash per pupil allocation for all of the LA's core funding.

- Increased funding through the pupil premium for disadvantage.
- Freezing of Devolved Capital allocations for schools, following significant reductions in 2011/12.
- Continued pressure on the LA budgets for Education and Children's Services outside of the DSG.

Schools Budget Projection for 2012/13

- 5 A summary of the schools budget position is shown in Table 1 below. A full report on the schools budget and funding for schools has been prepared for the York Education Partnership Board (YEPB) on 7 February (the YEPB has now taken on the statutory responsibilities of the Schools Forum in York in relation to school finances). The YEPB report can be provided to any Member on request and provides further detailed explanations of the figures set out in Table 1

Table 1: Schools Budget Projection for 2012/13

| | ISB & PVI £000 | Centrally Retained £000 | Schools Budget Total £000 |
|--|----------------------|-------------------------------|------------------------------------|
| 2011/12 Approved Budget | 101,094 | 12,767 | 113,861 |
| Impact of Previous Years Decisions: | | | |
| Burnholme Community College Support Package | - 253 | + 253 | - |
| 2012/13 Base Budget | 100,841 | 13,020 | 113,861 |
| Provision for Pay Increases | | + 75 | + 75 |
| Academy LACSEG Provision | | + 233 | + 233 |
| Termination of Employment Costs | | + 188 | + 188 |
| Carbon Reduction Commitment Allowances | | + 150 | + 150 |
| LA Proposed Reprioritisation of Budgets: | + 22 | - 68 | - 46 |
| Estimated Post 16 Funding | - 357 | - 62 | - 419 |

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|--|----------------|---------------|----------------|
| Reduction | | | |
| LMS & Early Years Funding Formula Requirements | + 522 | | + 522 |
| Pupil Premium for Disadvantage* | + 1,263 | | + 1,263 |
| 2012/13 Initial Budget Projection | 102,291 | 13,536 | 115,827 |
| Funding Available: | | | |
| Dedicated Schools Grant | | | 107,350 |
| YPLA Post 16 Grants | | | 6,543 |
| Pupil Premium* | | | 2,376 |
| DSG Surplus b/f from 2011/12 | | | - |
| Total Estimated Available | | | 116,269 |
| Schools Budget Headroom | | | 442 |

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

Funding Available within the DSG

- 6 The funding available includes the estimated 2012/13 DSG allocation of £107,350k, an early estimate of funding for post 16 pupils from the YPLA of £6,543k, the estimated level of the pupil premium for York schools of £2,376k and an estimated zero balance carry forward of DSG from 2011/12.
- 7 Table 2 sets out the latest estimate of the DSG for 2012/13. The figures are prior to the outcome of the January 2012 pupil census, and will be further updated when this data is available.

Table 2 - DSG Funding 2011-2013

| | 2011/12 | 2012/13 |
|-----------------------|------------------|------------------|
| Pupil Numbers | 22,824 | 23,050 |
| DSG Per Pupil | £4,657.28 | £4,657.28 |
| DSG Allocation | £106.298m | £107.350m |

Balancing the Schools Budget

- 8 Table 1 at paragraph 5 shows that there is headroom available within the Schools Budget of £442k. This figure is still prior to a

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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 2012/13 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 1 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 (+0.6% for PVI providers). If the remaining headroom of £442k 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.
- 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 2012/13). If the YEPB agrees to the use of the headroom in this way then it is estimated that the ceiling could be set at or just above 0% per pupil.
- 12 The Cabinet will be provided with an update of the decisions and comments made by the YEPB.