



Education
Funding
Agency

This document has been withdrawn

Dedicated schools grant

Technical note for 2014-15

December 2013

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Introduction

1. The document *2014-2015 Revenue Funding Arrangements: Operational Information for Local Authorities* published in June 2013 set out the changes to the schools funding system following the review of the 2013-2014 reforms. This note sets out how allocations of the Dedicated Schools Grant (DSG) for 2014-2015 have been calculated.
2. The main arrangements for 2014-2015 are:
 - a. separate Schools Block, Early Years Block and High Needs Block
 - b. cash flat per pupil funding for the Schools Block and the Early Years Block
 - c. High Needs Block – we are issuing provisional figures in December, prior to the place review in January/February 2014 and final figures in March, and
3. The Minimum Funding Guarantee (MFG) will continue at minus 1.5% per pupil. The School and Early Years Finance Regulations set out the formula factors which are automatically excluded from the calculation. Other specific exemptions may also have been agreed by the Secretary of State.
4. A table setting out the 2014-2015 DSG allocations for each local authority is available on the Department's website.

Coverage and conditions of grant

5. The DSG can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations. The Schools Budget consists of delegated budgets allocated to individual schools, Pupil Referral Units (PRUs) and Early Years Provision in Private, Voluntary and Independent (PVI) providers, and a budget for other provision for pupils which local authorities fund centrally, which now includes the bulk of high needs provision, including post-school provision up to age 25.

6. The DSG will be paid as a ring-fenced grant and will be subject to formal grant conditions. The conditions include a requirement to use the grant in support of the Schools Budget and a provision for the Secretary of State to recover grant.

Payment, accounting and reporting

7. The Department will pay DSG to authorities in 25 instalments during the financial year. The payment dates will be notified to authorities in due course. Following notification of the final DSG allocations for 2014-2015, each authority is required to submit a statement certified by its Chief Finance Officer that the DSG is being deployed in support of the Schools Budget. At outturn stage, the local authority is required to append an additional note to the Statement of Accounts confirming the deployment of the DSG in support of the Schools Budget. The Chief Finance Officer is also required to confirm final deployment of the DSG in support of the Schools Budget in connection with the Section 251 outturn form.

Funding for academies

8. We will continue recoupment for adjusting DSG allocations for academies with maintained predecessor schools. Recoupment applies to any academy which opened from 2008 and had an LA maintained predecessor school (with the exception of Basic Need academies and two academies in Bristol and Cheshire East).

Arrangements for academies recoupment 2014-2015

9. We will calculate amounts for recoupment using data provided on the Authority Proforma Tool (APT) submitted in January 2014. The basic method for calculating recoupment will be to take the individual schools budget share from the APT. We will provide details of the proposed recoupment amount, including relevant calculations, to LAs. This will allow them to raise any concerns. Detailed guidance will be issued to all recoupment contacts and published on the website once it is finalised. This will be before the end of March 2014.

Funding for the Isles of Scilly

10. The Isles of Scilly will continue to be funded through a single funding stream, since its low pupil population makes it impracticable to fund through a pupil led formula. In addition, the Isles of Scilly will receive the Pupil Premium Grant.

Calculating 2014-2015 DSG

11. For 2014-2015 each local authority's allocation is based on:

- Schools Block - cash flat per pupil
- Early Years Block - cash flat per pupil
- High Needs Block – the provisional allocation is cash flat for high needs in schools, including each local authority's share of the £7m grant paid direct to Non-Maintained Special Schools (NMSS) before 2013-2014.]
- Post School funding for High Needs

plus

- Funding for the costs of monitoring and quality assuring NQT induction.
- Funding for early education places for 2-year-olds from lower income households

minus

- Each local authority's share of the £50.5 million deduction to DSG as result of schools no longer being part of the CRC Energy Efficiency Scheme.
- Each local authority's share of the cost of national copyright licenses (to be notified separately).

12. The information on the pupil numbers used for the Schools Block and Early Years Block can be found in the Pupil Number Information document on the Department's website. The total pupil numbers in each LA are rounded to the nearest pupil. Each unit of funding is rounded to the nearest penny. Final DSG allocations are rounded to the nearest £1,000.

Schools Block

13. Each local authority's per pupil amount for the Schools Block is the same as for 2013-2014. This amount has been multiplied by the pupil numbers from the October 2013 school census, as set out in the Pupil Number Tool.

14. For these purposes Reception Year pupils are counted as one FTE irrespective of the hours they attend. 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. This uplift is set out in the Pupil Number tool. For 2014-2015 allocations, the increase between October 2012 and January 2013 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 2013 census than in the October 2012 census will be treated as having zero change, rather than a decrease.

Early Years Block

15. The amount per pupil for the Early Years Block is the same as for 2013-2014. Initially this has been multiplied by pupil numbers from the January 2013 Early Years Census to produce a provisional allocation. This will be updated during 2014-2015 for January 2014 and finally for 7/12ths of the January 2015 pupil numbers (to cover the September 2014 to March 2015 period). This means that the final Early Years Block will be based on $\frac{5}{12} \times$ January 2014 pupil numbers plus $\frac{7}{12} \times$ January 2015 pupil numbers.

High Needs Block

16. The High Needs Block is a single block for local authorities high needs pupils/students aged 0-24. This block includes hospital education, subject to the outcome of the High Needs places review.

17. For 2014-2015 the high needs block has been calculated in two sub blocks: schools and post schools. This is a change from last year when it was calculated as pre and post 16, and reflects our belief that it is most helpful to look at high needs funding for schools as a whole.

Schools

18. These amounts includes place funding for high needs places for pre 16 and post 16 pupils in:

- maintained schools
- maintained special schools
- non-maintained special schools (NMSS)
- academies
- special academies
- alternative provision (AP) academies
- pupil referral units (PRU)

19. This sub block also includes top up funding for the above places and funding for pupils in independent schools and other specialist services.

20. This sub block is calculated as follows:

- cash flat for pre 16, including growth agreed for 2013-14; plus
- the 2012-2013 financial year SEN Block Grant. This aligns post 16 high needs in schools with the approach for pre 16 high needs in schools which includes place and top funding in the DSG; plus
- the £7 million NMSS grant added to the DSG in 2013-14.

21. Once the place review has been completed, after local authorities have submitted their high needs templates on the 23rd December, and adjustments have been following those submissions, we will be able to confirm the final DSG allocations for high needs in February.

22. There is some funding available for growth in places resulting from the places review. Depending on the outcome of the places review, there may also be an opportunity to reflect demographic pressures by increasing the rest of the DSG allocations for high needs, other than those for places

23. Later adjustments will be made to this sub block to account for both pre and post 16 places which are funded outside of the DSG: those that are funded by the EFA through direct payments to academies, special academies and non-maintained special schools; and those that are funded through the sixth form grant to local authorities. These later adjustments will be as follows.

Pre 16 Adjustments

24. The pre 16 adjustments will be based on:

- the current allocated 2013/2014 academic year place numbers for the April 2014 to August 2014 period;
- the 2014/15 academic year place numbers, following the place review, for the September 2014 to March 2015 period; and
- for pre16 places the adjustment will be £10,000 for each place in special academies and £8,000 per place in AP academies. This will be prorated for the period of the year to which the place relates ie £4,167 per place for April 2014 to August 2014; and £5,833 for September 2014 to March 2015

Post 16 Adjustments

- The post 16 adjustments will be based on the current allocated 2013/2014 academic year place numbers for the April 2014 to July 2014 period;
- the 2014/15 academic year place numbers, following the place review, for the August 2014 to March 2015 period;

- for mainstream schools and academies (including special units within) we will deduct £6000 for each post16 place. Element 1 funding for these institutions has not been funded from the SEN block grant and therefore no deduction will be made for these places. This will be prorated for the period of the year to which the place relates ie: £2000 per place for April 2014 to July 2014; and £4000 for August 2014 to March 2015; and
- for NMSS, maintained special schools and special academies we will deduct Element 1 plus £6000 per post16 place for the period April to July 2014 and £10,000 per post 16 place for the period August 2014 to March 2015. This will be prorated for the period of the year to which the place relates ie: £3659 per place for April 2014 to July 2014; and £6,667 for August 2014 to March 2015.

Post School

25. These figures includes **top up funding only** for high needs students in Further Education (FE) Institutions, and Independent Special Providers (ISP) including Charitable and Commercial providers (CCP). This sub block has been calculated by identifying spend on support costs over and above £6,000 per student. These amounts have been rebased from last year's figures and are now taken from:

- the 2012 to 2013 R14 Individualised Learner Record (ILR) year-end data returns; and
- the LLDD (Learners with Learning Difficulties and/or Disabilities) Specialist Programmes budget for the academic year 2012 to 2013; and
- the ISP data from the EFA LLDD database and reflects local authority commissioned provision.

26. The 2012 to 2013 R14 ILR data records student volumes whose Additional Learning Support (ALS) costs were between £5,500 and £19,000 for the academic year.

27. The LLDD data records students attending institutions and funded as follows:

- Students attending FE institutions and CCPs whose ALS costs exceeded £19,000 for the academic year.
- Students with EFA funding placed at ISPs.
- Students who were fully funded by the LLDD Placement budget who attended FE institutions.

28. Student volumes and funding have been excluded from the ILR and the EFA LLDD data where there is an invalid resident LA code for an individual student ¹

29. No local authority will receive less than £4,200 per student in their post schools allocation and no local authority will receive more than £20,000 per student and we have adjusted a small number of local authority allocations accordingly.

30. The amounts are subject to adjustment after the 2014/15 place review and submission process in January and February 2014. As with schools, there is some additional funding available for these adjustments.

High Needs Place Review

Details of the High Needs and Hospital education place review were issued in November 2013, and local authorities are due to return their submissions by 23 December 2013.

Details can be found at [High Needs Funding Information](#).

¹ Including the Isles of Scilly and Wales. Student numbers at some Local Authorities will differ from the published “**Post 16 High Needs student numbers - end of year ILR and LLDD Placement Data for the 2012 to 2013 Academic Year**” for two main reasons: 1. The data was refreshed and we are using latest data available at 3 December 2013; and 2. students attending institutions in the 2012 to 2013 academic year where those institutions are no longer funded from the 2013 to 2014 academic year are included in this dataset.

Additions and Deductions

Induction for Newly Qualified Teachers (NQTs)

31. In September 2012, the induction regulations changed so that teaching schools can act as the appropriate body to monitor and quality assure NQT induction. In order to allow schools to pay for the services of their preferred appropriate body, the funding for NQT statutory induction of NQTs was moved into the DSG in 2013-2014, to allow funding to be delegated to all schools through local funding formulae. The total allocation stays at £10.2m in 2014-2015 and is allocated to each local authority on a per pupil basis (using the pupil numbers used for the Schools Block).

Funding for early education places for 2-year-olds from lower income households (£m)

32. Local authority allocations have been calculated using data on the number of eligible children in each local authority, reflecting the extension of the entitlement to 40% from September 2014. As with 2013-14, allocations differentiate between statutory place funding and trajectory funding, intended to support local authorities build towards the 40% extension. The per child funding rate for each local authority remains at the same level as 2013-14. Local authorities are reminded that from 2015-16 two year old early learning allocations will be based on the levels of participation in each local authority, so local authorities should build and sustain high levels of participation.

Ending of the 90% funding floor protection for 3 year olds

33. As announced in December 2012, the 90% funding floor protection for 3 year olds will be removed in 2014-15, following transitional protection for 2013-2014.

Cash Floor

34. As in previous years a cash floor of minus 2% has been applied to the DSG allocations, prior to academies recoupment, to protect local authorities with significant falling rolls. The baseline for the cash floor is the total of the 2013-14 Schools Block and Early Years Block. This is then compared to the total of the Schools Block and Early Years Block for 2014-15. The cash floor will be updated each time the Early Years Block for 2013-14 or 2014-15 is updated as set out in paragraph 15 above.

CRC Energy Efficiency Scheme

35. The Department of Energy and Climate Change (DECC) announced on 10 December 2012, that all state funded schools in England will be withdrawn from the CRC

Energy Efficiency Scheme (commonly known as the “CRC”) participation from April 2014. This means that local authorities will no longer be required to administer the CRC scheme on behalf of schools. The removal of schools from the CRC scheme is intended to be cost neutral to the Exchequer. A deduction will therefore be made from the DSG for 2014-15 to compensate the Exchequer for the loss of revenue resulting from local authorities no longer needing to meet the costs of purchasing carbon allowances for schools under the scheme. The amount to be deducted nationally from the DSG in 2014-15 has been calculated at £50.5m. The details of how the deduction has been calculated are at Annex A below and shown in the DSG allocation tables.

36. The reductions for each local authority are based on data on the purchase of carbon allowances from section 251 2013-14 budget statements. Not all local authorities included data on the purchase of carbon allowances in their section 251 2013-14 budget statements. For local authorities who recorded a ‘zero’ in their section 251 2013-14 return, we have estimated a deduction using the methodology set out in the DSG allocations table. Local authorities who were below the CRC threshold, and not part of the scheme for that reason, will not see a deduction.

National Copyright Licences

37. The Department has agreed with the following agencies to purchase a single national licence managed by the DfE for all state-funded schools in England:

- Copyright Licensing Agency (CLA)
- Music Publishers Association (MPA)
- Newspaper Licensing Authority (NLA)
- Education Recording Agency (ERA)
- Motion Picture Licensing Company (MPLC), and
- Filmbank Distributors Ltd. (for the PVSL)

38. This means that local authorities and schools will no longer need to negotiate individual licences. There will be savings both in administration and in the overall cost of the licence. The Department will pay the cost, including VAT, to the agencies and will provide this as a service to local authorities at a charge. This means that local authorities can continue to reclaim VAT on the licences as they do now. These arrangements will cover recouperment Academies as well as maintained schools, and we will allow local authorities to hold this money centrally rather than include it in school budgets. We are sending local authorities details of the charge separately (because the figures are Commercial in Confidence) and will use the same process as in 2013-2014 to deduct the charge and issue each local authority with a VAT invoice. Authorities should take into account that schools will no longer have to pay for these licences when calculating school budgets

School transfers and new academies

Independent school transfers

39. Where independent schools transfer into the maintained sector, in or after April 2014, the actual pupil count used in the Schools Block allocations will be adjusted to add the relevant pupil numbers, depending on when the school transfers and the portion of the year for which it is a maintained school.

New Academies or Sponsored Academies established to meet Basic Need – Growth Funding

40. Local authorities should make provision for funding not only all pre-opening but all post-opening start-up costs associated with establishing new provision on a sound financial footing. The principle should be that the local authority will use its Growth Fund to fund the associated start-up costs including diseconomy of scale costs, of any new Basic Need Academies. The academies' formula budget from the point of opening should be shown on the APT. It is therefore essential that local authorities plan now for any new provision which they plan to establish to meet Basic Need. The Department will treat these Academies as recoupment Academies and the DSG will be adjusted accordingly over time to take account of the growth in pupil numbers. These arrangements will apply only to those Academies and Sponsored Academies established under the Academy presumption or Targeted Basic Needs programme. The Department has already contacted local authorities with September 2014 openers in this category.

Next Steps Timetable

Date	Action
18 December 2013	2013-14 Schools Block confirmed 2013-14 Provisional Early Years Block 2013-14 Provisional High Needs Block announced by EFA.
23 December 2013	High Needs Place Review templates submitted to EFA.
21 January 2014	Local authorities submit final APT.
February 2014	DSG payment dates confirmed. High Needs Block confirmed and deductions for places in academies and other non-maintained settings.
March 2014	Confirmation of DSG to be paid to local authorities net of recoupment for existing academies.
June 2014	Early Years Block updated for Early Years pupils from January 2014 Census
June 2015	Early Years Block updated for Early Years pupils from January 2015 Census

Annex A: CRC Energy Efficiency Scheme: Calculation of deduction

Not all local authorities have included data on the purchase of carbon allowances in section 251 2013-14 budget returns. We have estimated a deduction for local authorities who recorded a 'zero' in their section 251 2013-14 return. The deduction was calculated by:

- Calculating the total number of 2013-14 DSG pupil numbers and places covered by the 149* local authorities within the CRC scheme. (A)
- Calculating the total number of pupil numbers and places covered by local authorities who had not supplied a section 251 CRC figure but who should be included in the scheme. (B)
- Calculating (B) as a proportion of (A). (C)
- Calculating the total 2013-14 CRC figures for LAs within the scheme who supplied a figure. (D)
- Grossing up (D) by the proportion calculated at (C) to arrive at an estimated 2013-14 CRC total for all LAs within the scheme. (E)
- Subtracting (D) from (E) to calculate the additional estimated amount of 2013-14 CRC monies. (F)
- For LAs within the scheme with no S251 CRC figure, calculating their proportion of the total pupil and place numbers at (B). (G)
- Calculating the estimate for these LAs by applying the proportion (G) to the additional amount at (F) to give a figure for 2013-14. (H)
- Calculating the uplift required to make the total deduction for 2014-15 equal £50.5m by working out the proportion that figure is larger than the grossed up figure at (E). (I)
- Calculating the 2014-15 deduction for every LA within the scheme by uplifting their 2013-14 CRC figure by the proportion (I). (J)

Therefore:

A = 7.2m pupil numbers and places within 149 LAs

B = 1.4m pupils in 29 LAs

C = 19.2%

D = £34.8m covering 121 LAs

E = £43.1m covering 149 LAs

F = £8.3m covering 29 LAs

G = B divided by individual pupil and place numbers for the 29 'estimating' LAs

H = G multiplied by F for 29 'estimating' LAs

I = 17%

J = I multiplied by H for 29 'estimated' LAs, and I multiplied by individual LA figures within D for all others within the scheme

*The Isles of Scilly, Rutland and Herefordshire were considered to be below the CRC threshold and they will not see any reduction to the DSG funding.

Cheshire East, Cheshire West, Central Bedfordshire and Bedford Borough are currently excluded from the CRC scheme as they were undergoing re-organisation when the scheme was first introduced. We have included these authorities when calculating DSG 2014-15 deductions as they exceed the CRC threshold and would have been included under phase 2 of the scheme.

The £50.5 million DSG deduction was calculated based on the £16 per tonne carbon allowance figure used in the CRC simplification impact assessment which can be found [CRC simplification IA](#). The current allowance price is £12 per tonne of carbon.



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Reference: EFA-00284-2013