

Date: 29 January 2015	Item 5	Type of report: Information
Report title:	Provisional 2015-16 Dedicated Schools Grant Funding Allocation	
Author name and contact details:	Melissa Williamson Melissa.williamson@southwark.gov.uk	
Officer to present the report:	Melissa Williamson	

Executive Summary

This report sets out the provisional Dedicated Schools Grant (DSG) allocation for 2015-16 and provides details of the changes in comparison to those for 2014-15.

Schools Forum Actions

The Schools Forum is asked to note the:

- provisional increase to the DSG allocation of £47.038m (Section 2.0);
- details of the allocations for each funding block (Appendix A);
- the significant number of adjustments expected during the year (Appendix B);
- the proposed approach to managing differences between estimated and provisional funding allocations in year (Paragraph 3.3);
- the updated arrangements for national copyright licences (Section 4.0);

1.0 Background

- 1.1 On 17 December 2014, the Education Funding Agency (EFA) announced the Schools Revenue Funding Settlement: 2015 to 2016, including initial DSG allocations.
- 1.2 This report provides the Schools Forum with an overview of the settlement, including the changes in comparison to 2014-15.
- 1.3 The remaining items on the agenda consider the current proposals for 2015-16 budget setting:
 - Item 6 – Mainstream school budgets, provides details of the submission to the EFA in January 2015 using their budget pro-forma;
 - Item 7 – Early years funding provides details of the Early Years Single Funding Formula rates applicable to early years providers (subject to the outcome of the consultation);
 - Item 8 - High needs funding provides details of the proposed funding rates applicable for high needs pupils in Southwark's schools.

2.0 2015-16 Dedicated Schools Grant Allocation

- 2.1 The provisional DSG allocation, before deductions for academies recoupment and the high needs place element is £288.701m; an increase of £47.038m. A summary of the allocation and comparison to 2014-15 is included in Appendix A.
- 2.2 The DSG continues to be set out on in three blocks; schools block, early years block and the high needs block. Schools Forum members are asked to note that, as in previous years, there have been no inflationary increases applied by the government to the DSG allocations.

3.0 In-year adjustments

- 3.1 The provisional 2015-16 DSG allocation is yet to be finalised by the EFA and will be subject to further adjustments expected relating to each of the funding blocks. The adjustments expected and approach used in setting the DSG budget are set out in Appendix B.
- 3.2 There are now a significant number of adjustments that will need to be made to the provisional allocations announced in December 2014. This, as previously reported, represents significant risks to the DSG, with the associated funding changes having to be managed in-year, that is after setting the budgets for schools and the DSG.
- 3.3 The Schools Forum is asked to note the risks associated with these in-year funding changes. The LA is proposing to manage the risk of differences between the estimated and actual funding using the current contingency held in reserves. If any additional funding is allocated to Southwark after the budget is set this will be added to the contingency, and any decrease in funding will reduce the contingency held. This methodology will minimise the need to re-determine schools budgets. The level of the updated contingency will be considered as part of the 2016-17 budget setting process.

4.0 National Licence Arrangements

- 4.1 The Department for Education (DfE) purchases a single national licence, managed nationally for all state funded schools. In 2015-16, four additional licences have been included in these arrangements. The following licences are now part of the national arrangement:

Licence	2014-15	2015-16
Christian Copyright Licensing International (CCLI)		✓
Copyright Licensing Agency (CLA)	✓	✓
Education Recording Agency (ERA)	✓	✓
Filmbank Distributors Ltd (PVSL)	✓	✓
Mechanical Copyright Protection Society (MCPS)		✓
Motion Picture Licensing Company (MPLC)	✓	✓
Newspaper Licensing Authority (NLA);	✓	✓
Performing Rights Society (PRS)		✓
Phonographic Performance Limited (PPL)	✓	✓
Schools Printed Music Licence (SPML)	✓	✓

✓ = included in the national licence arrangements

- 4.2 Details of the charge are expected to be confirmed in January. The charge is expected to be around two thirds higher than in 2014-15, taking account of the additional licences and increase in pupil numbers.

5.0 Schools Forum actions

- 5.1 The Schools Forum is asked to note the report.

Appendix A
DSG funding comparison

	2015-16 (£m)	2014-15 (£m)	Change (£)	Details
Schools Block (maintained schools and original recoupment academies)	£175.476	£173.734	£1.742	Based on 2014-15 rate*; £6,116.28 per pupil. Pupil number increase of 285 pupils
Non-recoupment academies cash transfer	£51.224	£0.000	£51.224	Cash transfer for non-recoupment academies based on 2014-15 school formula rates now met from the DSG.
Estimated Early years block (3 & 4 year old funding)	£22.994	£22.994	£0.000	Based on 2014-15 rate; £8,212 per pupil. Estimate based on January 2014 data.
Indicative early years pupil premium	£0.354	£0.000	£0.354	Based on estimated take-up.
Two year old funding**	To be announced	£6.466	-£6.466	Funding will be based on 2014-15 rate; £6.07 per hour. Initial allocations will not be announced until June 2015, based on January 2015 data.
High needs block	£38.653	£38.469	£0.184	Based on the 2014-15 cash high needs block plus share of additional funding allocation
Total	£288.701	£241.663	£47.038	

*Adjusted for a top-slice for the carbon reduction commitment of £7.51 per pupil

**Estimated funding expected to be confirmed in June 2015, based on January 2015 census numbers

Appendix B
2015-16 DSG funding adjustments expected

Funding block	Adjustment	Based on	Expected timing	2015-16 DSG budget assumptions
Schools Block	Deduction for academy recoupment	Final school budget pro-forma and academy conversions	End of April 2015	Estimated deduction based on pro-forma calculation
	Cash transfer for non-recoupment academies	Updated for estimated September 2015 numbers	March 2015	Estimated funding based on the provisional DSG allocation – principle of cash neutrality for estimated numbers
High needs	Deduction for high needs places	Pre and post 16 high needs places funded by EFA	TBC	No change to 2014-15
	Post 16 changes	Places planning change from resident to a location basis	TBC	Assumed no net impact on funding
Early years	Funding for three and four year olds	Funding updated for: <ul style="list-style-type: none"> January 2015 census numbers; January 2016 census numbers. 	July 2015 July 2016	Estimated funding based on the provisional DSG allocation (January 2014 census numbers)
	Funding for disadvantaged two year olds	Estimated funding expected to be confirmed in June 2015 based on January 2015 census numbers. Funding updated for: <ul style="list-style-type: none"> January 2016 census numbers 	June 2015 June 2016	Assumed net nil impact with matching funding in and out
	Funding for early years pupil premium (EYPP)	Estimated funding based on estimate of take-up. Survey will be conducted in the autumn 2015 to check take up of the EYPP.	January 2016	Assumed net nil impact with matching funding in and out
Other adjustments	Deduction for national copyright licences	Updated cost including additional licences.	January 2015	EFA guidance for estimate of additional licences - 2/3rds higher than in 2014-15
School sixth form funding	2015/16 academic year high needs place funding allocation	Lagged pupil numbers.	July 2015	Estimated funding based on 2014/15 allocation.

TBC – To be Confirmed