

School Funding Implementation Group

Provisional and Final DSG

A paper by the LGA

1. Following the discussion of the difference between provisional and final DSG figures at the last SFIG; the LGA carried out a brief survey of authorities. Authorities were asked the following:
 - a. Had they carried out an analysis of the reasons for differences in pupil numbers between provisional and final DSG;
 - b. Had they been able to predict this in their 2006/07 Schools Budget, which would have been discussed with their Schools Forum;
 - c. Would the new figures cause them to reissue 2006/07 schools' budgets.
2. 49 replies were received; 7 from London boroughs, 11 from metropolitan districts, 15 from counties and 16 from unitary authorities.

Reasons for differences in pupil numbers

3. The most frequently mentioned reason for the differences was early years; this was mentioned in 26 of the 49 responses (53%). It was most likely to be the reason in the case of counties (67%) and metropolitan districts (64%) than in the case of London (43%) and unitaries (38%).
4. Many authorities had found the DfES methodology for counting under 5s complex. The following is a typical response from a county:

"Analysis work was carried out once we received the final pupil figures to check from the DfES. We were surprised our numbers were almost 200 down!!! Various communication back and forth between our Statistics people and the DfES discovered that the main difference was due to the DfES methodology of for 2 & 3 year old which did not seem logical or normal working practice with PTE & FTE etc. This could not have been foreseen as the DfES methodology had not previously been published"

5. A London authority said

".. our total pupil numbers were overestimated by 93 resulting in a downwards adjustment of £0.5m. The problem is in overestimating pupils aged 3. The provisional DSG overestimated pupils aged 2 and 3 (rising 4's) by over 400."

6. The ready reckoner provided by the DfES did not always seem to be of assistance. A metropolitan district reported:

"we attempted on a number of occasions to use the ready reckoner provided by the DfES with varying results. The area which distorted results the most was early years due to the uncertainty around the exact pupils to be used. The Authority was able to reconcile each of the categories used for pupil numbers to the data submitted for PLASC."

7. A unitary authority also identifies problems with the methodology for calculating full time equivalent pupil numbers

".. some errors in our Early Years Census for 2005 and 2006, particularly in connection with how the count of 4 year olds was handled and the understanding of whether counts should be based on 5 or 10 sessions and whether they are full or part time. This is an historical issue that in hindsight we ought to have identified at the data checking stage of the process, however, nobody here appreciated the impact that this would have until it was too late. DfES were adamant that there were to be NO late retrospective adjustments to the numbers of pupils in preceding counts or the baseline however they did kindly let us resubmit the 06 EYC. Even so this has presented us with a £600k hole at the outset of our DSG (0.8%)."

8. A county also commented on the methodology for 4+ pupils

"We have a number of schools with a 4+ intake, we had counted these as full time pupils in our DSG estimates but the DfES fund these pupils at 0.5 FTE, this is the significant difference between our local estimate and the final figure"

9. Besides early years, the main difference was in pupils out of school. This was mentioned by 7 authorities (14%); these were spread throughout the different types of authority (2 London boroughs, 1 metropolitan district, 2 unitary authorities and 2 shire counties).
10. The following comments were made by a unitary authority:

"We had earlier identified an issue with the form 8b pupil count which dropped a further 200 pupils from our estimates. We had sufficient time to deal with this before the budget was set. We made representations to the DfES for a change to the 05/06 baseline when this was identified but were told it was too late."
11. A particular issue was dual registered pupils. One unitary authority commented

".. it was not made explicitly clear that this meant that the pupils should be counted twice, and we did not include the numbers of pupils that were dual registered, as we assumed that these pupils were already included in the PLASC census data. For us the numbers are significant, as we estimated at total of 77 for our SLASC return, and the actual number was 359. When the final pupil numbers were made available for our verification and checking this caused some difficulty for the team that collect and process the census data, as the format in which the data was provided for checking was difficult to tie up to the data held in the local authority. An email was sent regarding this matter, and at this stage it was picked up by our team that the pupils were being counted twice on the basis of the methodology used by the DfES. Again it was not explicit in the guidance related to pupil number methodology that these pupils should be counted twice for funding purposes."
12. One or two authorities mentioned post-16 numbers. A unitary authority said:

"We had counted all our 16+ pupils as LSC funded, however there were a number of pupils doing retakes which are not funded either by the LSC nor it seems the DfES."

Were authorities able to predict revised pupil numbers at the time of setting their 2006/07 Schools Budgets ?

13. 34 authorities (69%) reported that their Schools Budgets as discussed with their Schools Forums had been based on more accurate figures than the DfES predictions, with early years again emerging as the major reason for discrepancies between the predicted numbers used for setting Schools Budgets and the final DSG figures. The following were typical comments from a county:

"DfES estimated numbers were used when formulating reports to the Schools Forum for both 2006-07 and 2007-08. Once the January census numbers were collated locally, school budget shares were calculated on these revised numbers and a further report taken to the Forum."
14. A unitary authority commented along the same lines

"Following receipt of indicative allocation we did not do any further predictive work, knowing that following PLASC we would have had the time (just) to finalise our figures and thus allocation. After the PLASC date we were able to predict fairly accurately the numbers, including from early years, thanks to the DfES template that was sent out. These were then used to inform final DSG and set the ISB / schools block budgets at the appropriate level"
15. A metropolitan district commented

"To some extent pupil number changes were predicted. The greatest difficulty experienced is associated with counting of early years pupils as a January pupil count is not consistent with termly admission arrangements and January numbers are not at the maximum each academic year (this is achieved in the summer term). The method of converting census data into FTE equivalents adopted locally differed from the method adopted by the DfES. Other difficulties relate to dual registration of pupils and interpretation of the pupil count for pupils with SEN."
16. Some authorities were deliberately cautious in setting their Schools Budgets in consultation with their Schools Forums. For example, a metropolitan district commented:

"... a number of scenarios were calculated and discussed with Schools Forum. They were aware that the DSG allocations would be subject to change once the DfES confirmed PLASC 2006 data. In agreement with the Schools Forum it was decided to act on a prudent basis and funding was held back from distribution to schools to reflect a worst case scenario."
17. A county pointed to the lessons for the future but predicted that early years would continue to be an issue:

"It was difficult to get an accurate projection until the January count had been carried out and the DfES had issued its calculation methodology. This led to some late decisions having to be made by Schools Forum as the January count indicated a significant shift in numbers compared with the DfES provisional DSG figures, on which the initial schools budget had been based. We are in the process of reviewing our schools budget process and timetable with Schools Forum to ensure that updating of pupil number estimates can be built in to the process prior to key decisions being made. As stated above we are more confident about our ability to do this for pupils in our schools than for the 3 & 4 year old pupils and believe that the early years numbers will continue to be an issue into next year."

Will authorities have to reissue 2006/07 budgets following the revised DSG figures ?

18. 5 authorities, all of which received increases in funding, either had or were intending to distribute some or all of the additional amount to schools and to reissue their s.52 statements . Of those with DSG decreases; only one authority was considering reducing the allocation to some schools in 2006/07, amongst other options. Most authorities were carrying the deficit over to 2007/08. The following were typical comments, from a London borough:

"We have not fully considered the impact of losing £0.5m of funding. We are probably not going to reissue budgets as this will cause too much disruption and confusion within schools. The whole point of multiyear funding was to remove instability. It is likely we will use the Schools Contingency this year and next to meet the shortfall."

19. And a metropolitan district:

"Discussions have taken place already with the Schools Forum in relation to expected levels of DSG. The Forum have made it clear that re-running the Funding Formula should be avoided at all costs as this would make financial management in schools more difficult. Consequently, a prudent approach was adopted when calculating budgets for schools and we are hopeful that the re-issue of school budgets can be avoided although this is likely to involve carrying forward an overdrawn DSG balance into 2007/08."

20. The 4% funding floor also provided some stability for a unitary authority with falling rolls:

" Following PLASC our figures confirmed that the extent of pupil loss meant we were at the 4% floor and this has given us the certainty when setting budgets. We also forecast we are at the floor in 2007/2008."

Other issues

21. A number of authorities commented on the aggregate differences between total and final DSG at a national level. A metropolitan district commented:

"One interesting observation is the change in England totals when comparing the England level of funding on 7th December 2005 compared to the one issued on 1st June 06. The England total has reduced by around £90m. It therefore appears that nationally pupils were overestimated. What has happened to this reduction in DSG?"

22. A unitary commented:

"It is interesting to note that almost all authorities had overstated DSG and pupil numbers...What does this say about the DfES pupil number projections and the overall validity of the DSG as a forward planning tool / wonder"

23. Finally, one county commented that the increase in Teachers' Superannuation was more of an issue

"More concerned about the value of the Teachers Superannuation rise which causes havoc with 07/08 budget plan in particular"

24. Comments from other members of SFIG are invited.