



Dedicated Schools Grant Formula Review

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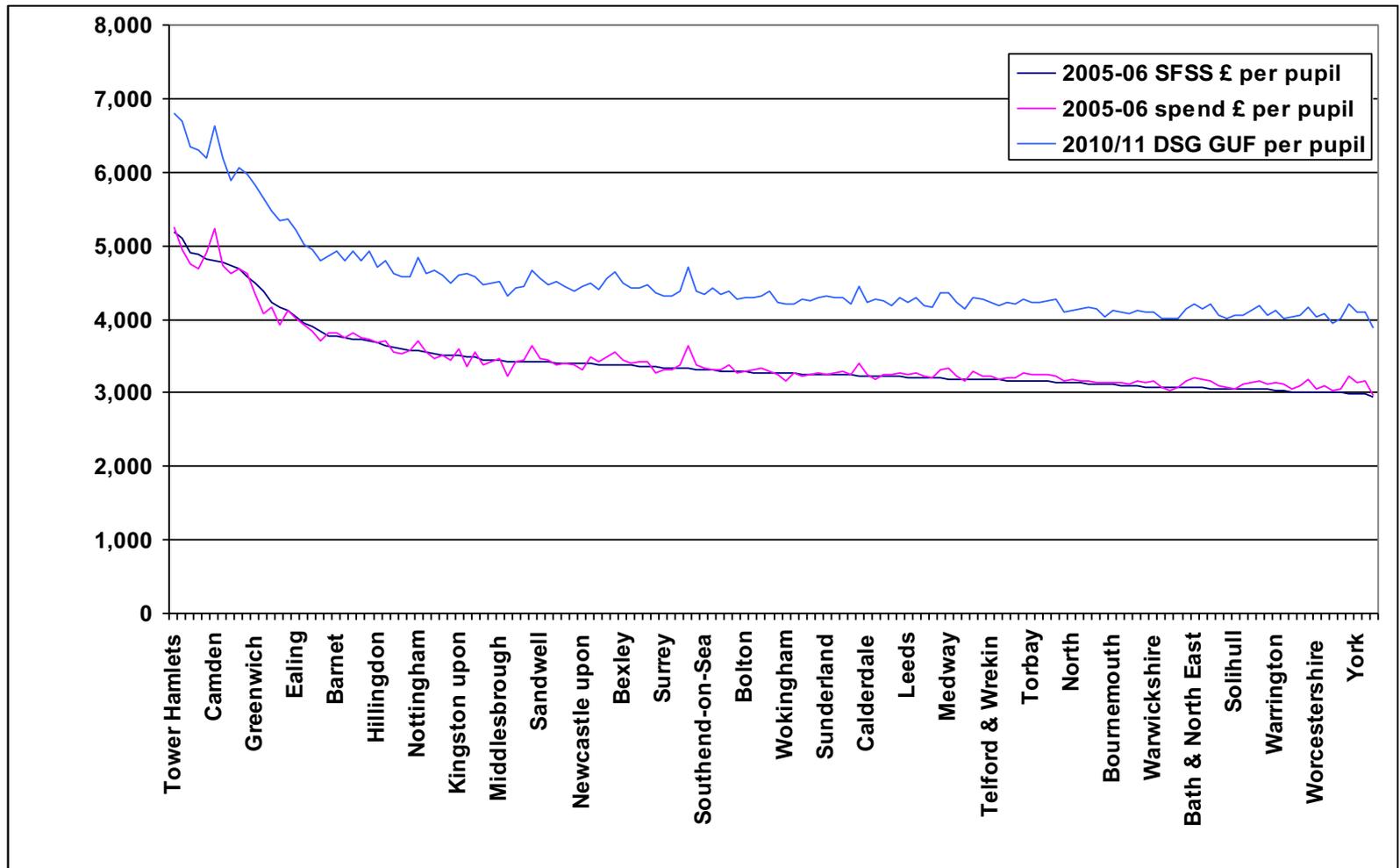
Summary

- Background
- Emerging issues in the review
- LGA views

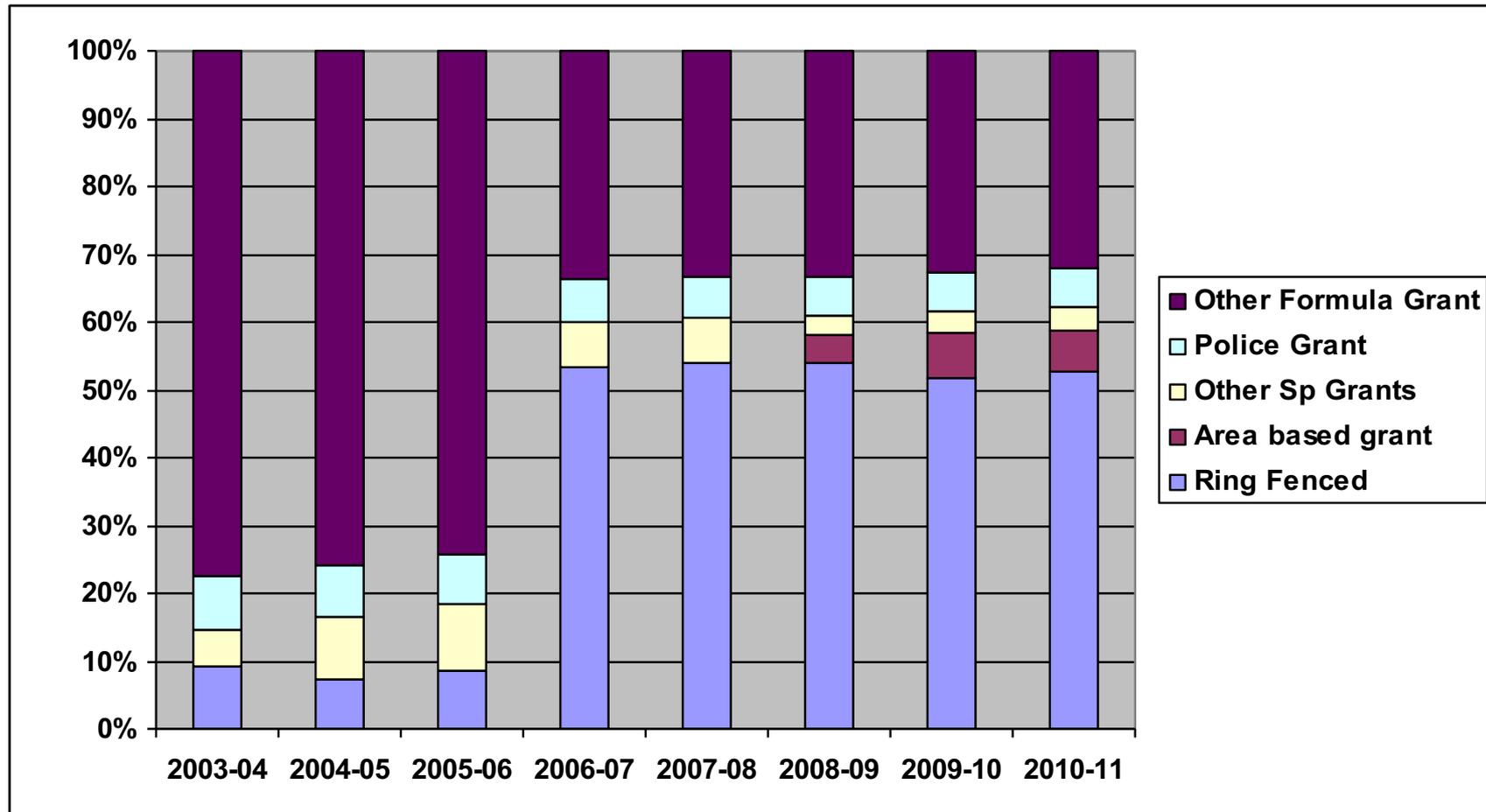
- Spend plus kept for 5 years since DSG established
- Review set up July 2007
- Development and modelling – now reaching its conclusion
- Consultation Jan – March 2010
- Decisions announced July 2010
- Detailed allocations Autumn 2010

- Joint LGA/ADCS team
- Advisers from authorities - representative of class / region / type / size
- Initial papers on DCSF website – but not for modelling phase
- Submissions from authorities and groups such as F40

SFSS v. spend in 2005/06, and DSG per pupil in 2010/11



Ring-fenced grants to local government since 2003/04



- Education FSS (formula spending share) – divided into Schools and LEA FSS
- Schools FSS – an amount per pupil plus top ups for
 - Additional educational needs (EAL, ethnicity, tax credits, income support)
 - Sparsity – primary only
 - Area costs

Detailed issues (1)

- How the **basic unit of funding** per pupil in the system should be calculated – including consideration of activity led funding

Jury still out – different views

- **Additional educational needs (AEN):**
 - what sorts of pupils are affected;
 - what indicators are best used to distribute money for these pupils;
 - whether in the context of the personalisation agenda it is possible to attach money more directly to deprived pupils, for example, as they move round the system.

DCSF modelling based on PWC work- plus judgmental uplift ?

- The scope for introducing *incentives* within the funding system, for example to improve pupil progression.

What sort of behaviour to incentivise

Danger of perverse incentives

Detailed issues (2)

- **High cost pupils:** reviewing the previous work on distribution of funding for these pupils (mainly low incidence SEN).

DCSF modelling based on PWC work

- **Area Costs:** whether DSG should continue to use the ACA factors from the wider LG finance system, or whether we should derive a measure specific to schools, and if so how that should be calculated.

A clear choice: existing method v. hybrid

- **Sparsity:** evidence that there should be a change before we have revised data from the 2011 Census.

DCSF work on uplift for primary

- **Pupil count for DSG,** - Autumn v. January;

No change

Detailed issues (3)

- **Transition:** distributional changes amongst authorities; partly because authorities' current DSG allocations reflect in part their 2005-06 spend, but also because of new data and shifting patterns of deprivation and area costs.

Not yet considered: separate block in FSS

- **Academies:** how these should be funded as we move towards the target of 400 academies, with particular reference to the position of those local authorities where the great majority of secondary schools will be academies, where there will also be issues for the local formula.

Pupil number adjustment v. recoupment

- **Early years:** whether experience from the programme of change for 2008-11 results in implications for DSG distribution from 2011-12.

All early years now in Schools Budget – single formula from 2010

Stability of both maintained and PVI sectors

No detailed consideration of formula – in DCSF modelling work

Detailed issues (4)

- **14-19 funding:** the impact of the decision to route all 16-19 funding through local authorities, and whether there is scope for working towards a common 14-19 funding system.

Turbulence if implemented – not being pressed for 2011

- **Other specific grants:** what scope there is for further streamlining, and in particular whether SDG and SSG could be mainstreamed into DSG.

Opportunity for simplification but more turbulence if all in DSG –

- The impact on **revenue funding of capital projects**, through prudential borrowing funded from DSG for spend to save projects and the costs of PFI and rising costs of maintaining modernised schools.

Not yet considered

- Surplus places, falling rolls and fixed costs

Rolls now rising in primary

- Interaction of the national formula with local funding formulas, the distribution of deprivation funding to schools and pupils and how the minimum funding guarantee should operate in future.

Not yet considered

LGA views on key issues

- Make case for overall increases in a tight funding environment
- Maximise flexibility for authorities – aim to minimise ring-fenced grants; return the DSG to general funding in the long term
- Make the case for the two stage model of funding – as opposed to a national funding formula – see DSG handling v. LSC allocations
- DSG is a national distribution formula – it is up to local authorities and Schools Forums to set local formulae
- Argue for 14-16 to remain in DSG
- Allow groups of authorities to make their case
- Options in consultation document should make all authorities feel that they can respond positively
- Support deprivation reviews – but resist any government attempt to override local funding formulae