Dear Colleague

The Department for Education has today announced basic need capital allocations for 2015-17, as well as capital funding to support the provision of free school meals to infant pupils. We have also announced the School Funding Settlement for 2014-15, including allocations for the Dedicated Schools Grant (DSG) and for the Education Services Grant (ESG).

Capital funding

*Basic need*

We have announced basic need funding for 2015-17. Taken together with the 14-15 funding announced previously, this allocation provides local authorities with a 3-year planning horizon to support the longer term strategic delivery of your capital programmes, and the creation of additional pupil places. Today’s announcement restates your local authority’s share of the £800 million 2014-15 allocation announced on 1 March 2013. On top of this funding we have allocated an additional £2.35 billion to support local authorities to plan and create new school places to 2017.

As with the 13-15 allocations, we have allocated this basic need funding using planning area data. This approach has been developed with local authorities in order to ensure that funding is distributed more fairly across the country. Each local authority will receive a level of basic need funding in proportion to its needs compared with other authorities. As funding is based on local authority validated data, the Department reserves the right to abate for any overpayment made as a result should the data prove to have been inaccurate.

We want to stop the double-funding of school places, because it is inefficient and means that less money is allocated to the authorities that need the most places in the coming years. Following discussions with local authorities, we have adjusted allocations to recognise the places that will be created through the Targeted Basic Need programme, and through free schools that opened in September 2013. Rather than deduct all of the places funded through the 13-15 formulaic allocations, we have taken a cautious approach and decided to calculate future allocations on the basis that authorities will have been able to deliver 75% of the places that they had told us they would need by 2015.
In the New Year, we plan to issue further information that will provide each local authority with a more detailed explanation of the calculation of your 2015-17 basic need allocation.

The Department also made capital funding available for 2014-15 to address 16-19 demographic needs through the Demographic Growth Capital Fund. These allocations have now been finalised. Further information on this funding is available here.

Sebastian James’s Progress Report

Sebastian James’s progress report was published on 18 December. The report recognises that the majority of the original recommendations have been implemented and are showing real benefits. A copy of the report can be accessed here.

Capital allocations information

Detail on the capital allocations announced today, along with a technical note explaining how all of the capital allocations have been calculated, is published on the Department for Education website and can be found here.

Revenue funding

The Government’s commitment to protecting school funding remains. The Minimum Funding Guarantee for schools will continue at minus 1.5% per pupil, to reduce turbulence as new local formulas continue to develop. Information on the settlement, including a technical note and tables explaining how the Dedicated Schools Grant (DSG) allocations and Education Services Grant (ESG) have been calculated, can be found here.

Dedicated Schools Grant (DSG)

The DSG allocations for 2014-15 are presented in three blocks. The Schools Block and the Early Years Blocks have each been set at cash flat per pupil. The High Needs Block allocations announced today are provisional. For planning purposes authorities can assume that the provisional high needs allocation is a minimum, subject to adjustments that are made as a result of submissions from authorities, due by 23 December, following their review of places. The Department has retained some funding to deal with the review of submissions in January and February. Details of the places review can be found here.

As announced in December 2012, we will be ending the 90% funding floor for 3 year olds following transitional funding in 2013-14.
The DSG allocations also include funding:
- for early education places for 2-year-olds from lower income households as announced today here; and
- to enable schools to pay for the services of their preferred appropriate body for monitoring and quality assure NQT induction.

The Department for Energy and Climate Change (DECC) announced in December 2012 the decision to withdraw all state funded schools in England from the CRC energy efficiency scheme. This means that local authorities will, from April 2014, no longer be required to administer the CRC energy efficiency scheme for 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 credits for schools under the scheme. Using the DECC model, which records total emissions from local authorities participating in the CRC scheme, the amount to be deducted nationally from the DSG in 2014-15 has been calculated at £50.5 million. Details of the deduction for each local authority are set out here.

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)

Details of the amounts to be deducted from DSG for the licence will be sent separately as the rates for each licence are commercial in confidence.

ESG

The distribution of the ESG is based on a total figure of £1.03 billion transferred from local government funding as announced in December 2012. As in 2013-14m, the grant will be allocated on a simple per-pupil basis to local authorities.

Yours sincerely

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