

**SCHOOLS FUNDING 2016/17**

**To:** Children and Young People Committee

**Meeting Date:** 19 January 2016

**From:** Executive Director: Children, Families and Adults Services  
Strategic Finance Manager, Children's and Schools

**Electoral division(s):** All

**Forward Plan ref:** N/A      **Key decision:** No

**Purpose:**

- a) To advise the Committee of the Dedicated Schools Grant (DSG) Allocations published by the Department for Education (DfE) on 17 December 2015.
- b) To seek the Committee's approval of the local funding formula for Primary and Secondary schools as set out in Appendix A.

**Recommendation:** Members are asked to approve the local schools funding formula, prior to submission to the Education Funding Agency (EFA).

<b><i>Officer contact:</i></b>	
Name:	Martin Wade
Post:	Strategic Finance Manager
Email:	<a href="mailto:martin.wade@cambridgeshire.gov.uk">martin.wade@cambridgeshire.gov.uk</a>
Tel:	01223 699733

## 1.0 BACKGROUND

1.1 In July 2015 it was confirmed that the extra £390m extra funding given to some of the worst funded local authorities to boost school budgets in 2015-16 would be baselined in budgets for future years. This means that the extra £23m Cambridgeshire schools received in the current financial year has formed the basis for future years Dedicated Schools Grant (DSG) funding allocations.

1.2 On the 17 December 2015 the Department for Education (DfE) published the Dedicated Schools Grant (DSG) Funding Settlement for 2016/17. Full details can be found on the DfE website at the following link:

<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2016-to-2017>

1.3 As in previous years the DSG for 2016-17 is calculated on the basis of three notional blocks. Other than a slight technical adjustment on the Schools Block, the Early Years and the Schools Block per pupil funding rates for 2016-17 will be the same as the amount received in 2015-16:

- Early Years Block – calculated based on all nursery age pupils (3 and 4 year olds) at £3,813 per pupil plus 2 year olds at £5.05 per hour and Early Years Pupil Premium (EYPP) at £0.53 per hour.
- Schools Block – calculated based on all pre-16 school age pupils at £4,257 per pupil (adjusted for Carbon Reduction Commitment (CRC))
- High Needs Block – based on historic spend on high needs pupils in school and FE Colleges.

1.4 The table below shows the anticipated level of DSG to be received in 2016/17:

<b>Schools Block DSG</b>	<b>£328,054,071</b>
<b>Total Estimated Schools Block</b>	<b>£328,054,071</b>
<b>3&amp;4 YO Early Years Block DSG</b>	<b>£21,920,420</b>
<b>Indicative Early Years Pupil Premium</b>	<b>£353,939</b>
<b>2YO Early Years Block DSG</b>	<b>£2,940,868</b>
<b>Total Estimated Early Years Block</b>	<b>£25,215,226</b>
<b><u>High Needs Block</u></b>	
<b>15/16 HNB Baseline</b>	<b>£64,138,275.15</b>
<b>Adjustment Post-16 Residency to Location</b>	<b>-£28,000</b>
<b>Additional High Needs Funding</b>	<b>£1,075,530</b>
<b>Total High Needs Block</b>	<b>£65,185,805</b>
<b><u>Additional Funding / Reductions</u></b>	
<b>Induction for NQTs</b>	<b>£111,630</b>
<b>Total Additional Funding</b>	<b>£111,630</b>
<b>Total Estimated DSG*</b>	<b>£418,566,732</b>

\* Estimated DSG Pre Academy Recoupment and Pre adjustments for High Needs Place Funding.

- 1.5 The total estimated Schools Block has increased by approximately £5.2m over 2015/16 levels due to the net increase in pre-16 pupil numbers. However the changes in pupil numbers at individual schools between the two census points can vary significantly and as such will impact on the funding allocations they will receive.
- 1.6 The Early Years Block baseline figures are based on January 2015 Census figures for 3 and 4 year olds and as such will be refreshed in July 2016 and July 2017 to reflect any changes in numbers. The provisional allocations for disadvantaged 2-year-old funding are based on participation as recorded on the January 2015 census at £5.05 per hour. The revised allocation will be announced in July 2016 and updated further in July 2017.
- 1.7 As in previous years the baseline High Needs Block (HNB) has been calculated using historic levels of spend adjusted for Post 16 pupils and changes in commissioned places. In the accompanying guidance to the 2016/17 allocations the DfE state:
- 1.8 *“We have been able to provide an additional £92.5 million for the DSG high needs block. The high needs block supports provision for pupils and students with SEN and disabilities (SEND), from their early years to age 25, and alternative provision for pupils who cannot receive their education in schools.”*
- 1.9 As a result of this it will not be necessary to transfer £0.5m from the Schools Block for Special School Places or FE College Places as previously anticipated, and will provide a contingency to support any increase in High Needs numbers during 2016/17. This will also lessen the impact on the funding rates for Primary and Secondary schools.

## 2.0 FUNDING DISTRIBUTION

- 2.1 Following discussions with Cambridgeshire Schools Forum the following approach is proposed for the 2016/17 Schools Funding allocations:
- 2.1.1 **Early Years Providers** - Maintained and Private, Voluntary, Independent (PVI) – Early Years Single Funding Formula (EYSFF) – Hourly funding rates to be held at to 2015/16 levels.

Base Rates	Hourly Rate
Maintained Nursery Schools	£4.79 per hour
Maintained Nursery Classes	£3.79 per hour
Full day care and child-minders	£3.79 per hour
Pre-schools/Extended pre-schools	£3.43 per hour

Qualifying providers also receive supplements in respect of flexibility and deprivation, with maintained nursery schools also receiving additional funding to reflect Leadership and SEN, English as an Additional Language (EAL) and Rates.

**Please note:** Funding rates to Early Years Providers will be reviewed on receipt of further information from the DfE in respect of the extension to 30 hours of free childcare for working families with 3 and 4 year olds from 2017 - available to parents working more than 16 hours a week and with incomes of less than £100,000.

- 2.1.2 **High Needs Pupils** – Special Schools, Pupil with Statements or Education, Health and Care Plans (EHCP's) in maintained schools, academies or Post-16 providers\* – Top-Up funding rates to be held at 2015/16 levels based on individually assessed levels of need.

Commissioned places to be amended to reflect overall increase in required numbers at Special Schools and Post-16 providers.

**Please note:** Top-up amounts in Further Education (FE) and Post-16 colleges are to be reviewed prior to the start of the 2016/17 academic year.

- 2.1.3 **Mainstream Schools** – Maintained and academy primary and secondary schools.

The distribution of funding to mainstream schools will be on the same basis as the 2015/16 local formula other than the following changes:

- i) Data for individual schools to be updated to reflect changes in overall pupil numbers to be funded (including variations to pupil numbers for new schools).
- ii) Changes in qualifying pupils for deprivation, prior-attainment, English as an Additional Language (EAL), Looked After Children (LAC) to be applied based on revised datasets from the DfE.
- iii) Proposed increase to the secondary prior attainment factor from £400 to £420 per qualifying pupil to reflect change in overall cost (as endorsed by Schools Forum).
- iv) Business Rates and Public Finance Initiative (PFI) funding amounts to be adjusted to reflect latest estimates.
- v) The final Basic Entitlement per pupil values will be adjusted based on the total available funding remaining after all other factors have been calculated.

- 2.2 Following receipt of the revised datasets from the DfE in December the impact of the changes to the income deprivation affecting children index (IDACI) data was raised with Schools Forum. In the five years since the dataset was last updated, there has been a significant degree of movement of pupils between bands at an individual school level. DfE advice is that "LA's using IDACI should review the unit values to ensure that the amounts allocated to individual schools and in total are in line with the authority's intended use of this factor."

- 2.3 Schools Forum requested that officers investigate options to reduce the impact for individual schools. However, due to the way in which the refreshed data has affected different postcodes and IDACI scores, it has not been possible to find any way in which changes to the unit values could mitigate the impact for some schools. Although these schools will receive some level of per pupil protection it would still result in a significant cash reduction when compared to 2015/16.

- 2.4 Following correspondence with the DfE, officers have now submitted a disapplication request for permission to apply the previous year's IDACI data for those schools most adversely impacted by the changes. This is a ministerial decision and there is no guarantee it will be approved, but if it was, would provide some level of protection in 2016/17, and would also mean that those schools where need has genuinely increased or for schools in new communities where postcodes have been assessed for the first time would see the benefit of the updated information.

- 2.5 Following receipt of the initial DSG allocations as detailed in section 1.4 the current estimated Basic Entitlement values for Primary and Secondary schools are expected to be at similar levels as in 2015/16.

**Appendix A** shows the full list of formula factors and values to be applied in 2016/17.

**Please note:** The Basic Entitlement figures are subject to change until the final submission has been made to the Education Funding Agency (EFA) on 21 January 2016.

### **3.0 NEXT STEPS**

- 3.1 Subject to member approval and any changes to the Basic Entitlement (due to revised pupil number variations for new/expanding schools, the outcome of the IDACI disapplication and updated rates information), the amounts shown in **Appendix A** will be submitted to the EFA on the 21 January and used to calculate individual Primary and Secondary schools budgets shares (SBS).
- 3.2 Draft/illustrative budgets will be published for Primary and Secondary schools in early February once outstanding data is available. After this date it is anticipated there will be very little change to the final budgets other than for growth and any changes to high needs pupils. As previously highlighted, as a result of the Minimum Funding Guarantee (MFG) calculation, changes in pupil numbers and pupil characteristics schools budget experiences will vary dependent on their individual circumstances. Draft Nursery and Special School budgets will be published in mid-February on receipt of revised pupil data.
- 3.3 The LA is required to publish final budgets to maintained schools by 28 February 2016, whilst the EFA will confirm academy budgets during February or March.

### **4.0 ALIGNMENT WITH CORPORATE PRIORITIES**

#### **4.1 Developing the local economy for the benefit of all**

- 4.1.1 Schools are significant employers within local communities and use their resources to improve life chances through education.

#### **4.2 Helping people live healthy and independent lives**

- 4.2.1 There are no significant changes as a result of proposed Schools Funding Changes in 2016-17.

#### **4.3 Supporting and protecting vulnerable people**

- 4.3.1 Targeted funding allocated to Primary and Secondary schools will aid their ability to support their most vulnerable pupils.

### **5.0 SIGNIFICANT IMPLICATIONS**

#### **5.1 Resource Implications**

- 5.1.1 A number of schools have been reporting increasing levels of financial strain and by minimising turbulence wherever possible it is hoped to reduce the impact of any funding changes for individual schools.

## **5.2 Statutory, Risk and Legal Implications**

- 5.2.1 The local authority is responsible for agreeing the local funding formula for schools in consultation with Schools Forum. The allocation of the DSG is subject to compliance with Schools Finance Regulations and the final formula will be subject to checks by the Education Funding Agency.

## **5.3 Equality and Diversity Implications**

- 5.3.1 There are no significant implications within this category.

## **5.4 Engagement and Consultation Implications**

- 5.4.1 Consultation with Head teacher representative groups and Schools Forum has been undertaken.

## **5.5 Public Health Implications**

- 5.5.1 There are no significant implications within this category.

## **5.6 Localism and Local Member Involvement**

- 5.6.1 There are no significant implications within this category.

<b>Source Documents</b>	<b>Location</b>
Schools revenue Funding 2016 to 2017 Operational Guide.  DSG Technical Note 2016-17	Martin Wade Strategic Finance Manager  1 <sup>st</sup> Floor Octagon Shire Hall Cambridge CB3 0AP

## Appendix A

### Schools Block - Cambridgeshire Formula Factors 2016-17

Formula Factor	National Criteria	Cambridgeshire Approach for 2016/17	Primary Values 2016/17	Secondary Values 2016/17
Basic Entitlement	Mandatory - Per pupil value for basic entitlement (Equivalent to Age Weighted Pupil Unit - AWPU)	Equal Value for KS1 & KS2, Different Value for KS3 & KS4 - final values dependent on all other factors	<b>TBC</b> <b>KS1 &amp; KS2</b> <b>£2,728</b>	<b>TBC</b> <b>KS3 £3,846</b> <b>KS4 £5,000</b>
Lump Sum	Lump Sum per School to a maximum of £175,000	Lump Sum to be set at £150,000 - No change	£150,000	£150,000
Split Site Lump Sum	Lump Sum to recognise additional costs for schools on more than one site.	Local Criteria - Lump Sum - No Change	£50,000	£50,000
Free School Meal (FSM)	Number of pupils recorded as eligible for FSM as at Oct Census	To be used as part of the deprivation funding - No change	£600	£600
Income Deprivation Affecting Children Index (IDACI)	Individual pupil postcodes mapped to IDACI and put into identified bands	To be used as part of the deprivation funding - Data has been refreshed - applied to use previous years data for most adversely impacted schools		
	Band	IDACI Lower and Upper Limit	Unit Value	Unit Value
	0	0.0-0.2	£0	£0
	1	0.2-0.25	£220	£220
	2	0.25-0.3	£500	£500
	3	0.3-0.4	£500	£500
	4	0.4-0.5	£750	£750
	5	0.5-0.6	£750	£750
	6	0.6-1	£750	£750
English as an Additional Language (EAL)	Applies to eligible pupils recorded as EAL in their 1st; 1st or 2nd; 1st, 2nd or 3rd year in the education system	To be funded for the 1st, 2nd or 3rd year in the education system - No change	£750	£750
Primary Phase Low Attainment	Prior attainment has been identified as a proxy indicator for SEN	New Profile for Y1 & Y2 and EYFSP score below 78 points mapped to October 15 Census for pupils in Y3 to Y6. Mapping on UPN only - No change	£750	n/a

Formula Factor	National Criteria	Cambridgeshire Approach for 2016/17	Primary Values 2016/17	Secondary Values 2016/17
Secondary Phase Low Attainment	Prior attainment has been identified as a proxy indicator for SEN	To be applied to pupils scoring below level 4 in both English (reading or teacher assessed writing elements) or Maths at KS2 - Increase to £420	n/a	<b>£420</b>
Looked After Children (LAC)	Number of LAC recorded on the Children Looked After Return (SSDA903)	To be applied to qualifying pupils recorded as LAC as at March 2015 mapped to January 2015 Census - No change	£750	£750
Rates	Schools to be reimbursed based on actual cost of rates.	To fund schools based on latest estimates available. Any changes to be retrospectively amended a year in arrears - No change	Variable	Variable
Exceptional Premises	Significant additional cost greater than 1% of the school's total budget and where such costs affect fewer than 5% of the schools (including academies) in the authority.	To fund specific schools where additional exceptional premises costs previously met by the LA	Variable	Variable
Private Finance Initiative (PFI)	Funding to meet cost due to shortfall in Pupil numbers in respect of PFI school contribution to the Unitary Charge	To be funded based on actual cost to be revised annually - Revised amount to be calculated	n/a	Variable
Minimum Funding Guarantee (MFG)	Per pupil protection guaranteeing a reduction of no greater than 1.5% per pupil when compared to previous year. The following factors are excluded: Rates, Lump Sum, Pupils with Statements, Planned Changes, Early Years Funding for Nursery Classes, Post 16 Funding.	To be calculated based on final budgets. No capping/scaling to be applied.	Variable	Variable

**Please note:** Reception Uplift, FSM Ever 6, Sparsity and Mobility Factors not used within the Cambridgeshire local formula.