

**SCHOOLS BUDGETS 2016/17: DSG UPDATE**

To: Cambridgeshire Schools Forum  
 Date: 15<sup>th</sup> January 2015  
 From: Martin Wade - Schools Finance Manager

**1.0 INTRODUCTION**

- 1.1 This report provides a summary update on the schools budget setting issues for consideration for 2016/17.
- 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 The information below provides a summary of the main issues that will impact on the budget setting process.

**2.0 DEDICATED SCHOOLS GRANT (DSG) ALLOCATION**

- 2.1 As in previous years the DSG for 2016-17 is calculated on the basis of 3 notional blocks:
- 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)
  - High Needs Block – based on historic spend on high needs pupils in school and FE Colleges.
- 2.2 The table below shows the current estimated 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 Top-Up 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.

### **3.0 SCHOOLS BLOCK AND EARLY YEARS BLOCK**

- 3.1 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. Due to the increase in pupils being in the primary sector there is a net benefit as the per pupil amount received is greater than the average Basic Entitlement per pupil. However the changes in other factors and requirement to fund new schools and growth result in minimal overall change to the final Basic Entitlement allocations. Equally 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.
- 3.2 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.
- 3.3 As in 2015-16 the funding for NQT statutory induction of NQTs has moved into the DSG so that it can be delegated directly to all schools through local funding formulae. The total allocation nationally has remained at £10.2m and has been allocated to each local authority on a per pupil basis (using the pupil numbers used for the Schools Block).
- 3.4 As in 2015/16 the DfE has agreed with the following agencies to purchase a single national licence to be managed by the DfE for all state-funded schools in England:
- Christian Copyright Licensing International (CCLI)
  - Copyright Licensing Agency (CLA)
  - Education Recording Agency (ERA)
  - Filmbank Distributors Ltd. (for the 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)

This means that local authorities and schools will no longer need to negotiate individual licences. These arrangements will cover recoupment Academies as well as maintained schools, and as in 2015-16 local authorities will be allowed to hold this money centrally rather than include it in school budgets. The overall cost has increased by approximately £13k over 2015/16 levels and final distribution totals have been adjusted to reflect this change.

### **4.0 HIGH NEEDS BLOCK**

- 4.1 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:

*“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.”*

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 obviously lessen the impact on the funding rates for Primary and Secondary schools.

## 5.0 FUNDING ALLOCATIONS

5.1 At the CYP Committee meeting on 19<sup>th</sup> January 2016 members will be asked to endorse the following approach to the allocation of additional Dedicated Schools Grant (DSG) funding to be received in 2016/17:

5.1.1 **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.

5.1.2 **High Needs Pupils** – Special Schools, Pupil with Statements or Education, Health & 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.

5.1.3 **Mainstream Schools** – Maintained and academy primary and secondary schools.

- a) Required demographic changes to be calculated based on:
  - i) Changes to overall numbers of schools.
  - ii) Changes in overall pupil numbers to be funded (including variations to pupil numbers for new schools)
  - iii) Changes in overall cost of factors for deprivation, prior-attainment, English as an Additional Language (EAL), Looked After Children (LAC), etc. due to updated datasets from the DfE.
- b) Rates and Public Finance Initiative (PFI) funding amounts to be adjusted to reflect latest estimates.
- c) Changes to local funding factors:
  - i) Increase secondary prior attainment factor from £400 to £420 per qualifying pupil to reflect change in overall cost (as endorsed by Schools Forum).
  - ii) Basic Entitlement to be adjusted based on total available funding (current ratios to be maintained)
  - iii) Minimum funding guarantee (MFG) will be dependent on individual school circumstances.

5.2 At the previous meeting of Schools Forum the potential impact of the update of the income deprivation affecting children index (IDACI) data was raised. 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.”

- 5.3 Due to the way in which the refreshed data has affected different postcodes and IDACI scores, officers have not been able to find any way in which changes to the unit values mitigate the impact for some schools. Although these schools will receive some level of per pupil protection through the MFG it would still result in a significant cash reduction when compared to 2015/16.
- 5.4 Following correspondence with the DfE we have now submitted a disapplication request to apply the previous year’s IDACI data for those schools most adversely impacted by the changes. If approved this 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.
- 5.5 This is a ministerial decision and there is no guarantee it will be approved, but if it is applied will result in an increase in the overall amount allocated through IDACI (but would be offset by the reduction in the MFG requirement.)
- 5.6 Following receipt of the initial DSG allocations as detailed in section 2.2 the updated distribution totals for budget setting purposes can be seen in **Appendix A.A**  
**Appendix B** 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 EFA on 21<sup>st</sup> January.

## 6.0 NEXT STEPS

- 6.1 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 B** will be submitted to the EFA on the 21<sup>st</sup> January and used to calculate individual Primary and Secondary schools budgets shares (SBS).

## 6.2 Primary and Secondary School Budgets

The intention is to publish draft/illustrative budgets in late January/early February once any 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.

- Latest rates information to be updated on receipt of data from the relevant billing authorities.
- High Needs Pupils Top-Up funding to be recalculated based on updated pupil data.
- De-delegations and Pooled Arrangements to be recalculated for maintained primary schools.
- Schools potentially eligible to access growth funding identified and funding agreed. (This is outside of the main funding formula and in some cases may not be possible to finalise until more certainty around admissions numbers.)

## 6.3 Early Years Funding

- Initial Early Years budgets for maintained schools will be published in mid-February. (To be updated on a termly basis based on participation.)

## 6.4 Special School Budgets

- Draft budgets to be published in mid-February on receipt of revised pupil data from Statutory Assessment and Resources Team (START).

6.5 Other High Needs Block Budgets

- Special Units and Resource Centres – Schools with Special Units will be notified of their funding levels once information has been finalised.

6.6 The table below shows the key dates in the budget setting process:

Date	Action
15 January 2016	Schools Forum
19 January 2016	CYP Committee
21 January 2016	Local authorities submit final data for Schools Budget pro-forma.
January – February 2016	Local authorities confirm budgets for maintained schools (28 February). EFA confirms Academy budgets.
June 2016	Early Years Block updated for January 2016 Early Years pupils.

6.7 ***Members of Schools Forum are asked to note and comment on the contents of the above report.***

## Appendix A

### 2016/17 Estimated Distribution Totals - Dedicated Schools Grant - as at 5th January 2016

	School Specific Contingencies (Growth Fund, Top-Up, EOTAS etc)	DSG Funded Services within CFA	Early Years	Primary & Secondary (Excluding Nursery Classes)	Special	Total DSG	
	£	£	£	£	£	£	
<b>2015-16 Dedicated Schools Grant</b>	<b>25,714,896</b>	<b>24,082,214</b>	<b>21,867,218</b>	<b>317,374,798</b>	<b>20,181,874</b>	<b>409,221,000</b>	Pre-Recoupment for Post 16 Places in Special Schools
In-Year Adjustments to reflect DSG Changes	-165,333		3,242,333			<b>3,077,000</b>	Based on published changes by DfE (2 year-old funding and High Needs)
Other In-Year Adjustments	-91,000				91,000	<b>0</b>	Harbour Unit - Transfer of function
<b>Revised 2015-16 Dedicated Schools Grant Baseline</b>	<b>25,458,563</b>	<b>24,082,214</b>	<b>25,109,551</b>	<b>317,374,798</b>	<b>20,272,874</b>	<b>412,298,000</b>	Pre-Recoupment for Post 16 Places in Special Schools
Demography				5,223,143		<b>5,223,143</b>	Based on increase in Schools Block numbers (EY to be updated based on Jan 16 census)
High Needs Block Demography	825,589				220,000	<b>1,045,589</b>	Demographic requirement for Special School and FE Places. Remainder to be used to fund in-year pressures.
Early Years Pupil Premium (EYPP) Support	-11,000		11,000			<b>0</b>	Continuation of EYPP Support following cessation of early implementation grant allocation
Servicing of Schools Forum	0					<b>0</b>	Increase in costs of Servicing of Schools Forum
Transfer of Function	-132,000	132,000				<b>0</b>	Transfer of Function to Support Inclusion Officer and Early Support Programme - SEND
	<b>682,589</b>	<b>132,000</b>	<b>11,000</b>	<b>5,223,143</b>	<b>220,000</b>	<b>6,268,732</b>	
<b>Estimated DSG Funded Budget Allocation Pre-Adjustments</b>	<b>26,141,152</b>	<b>24,214,214</b>	<b>25,120,551</b>	<b>322,597,941</b>	<b>20,492,874</b>	<b>418,566,732</b>	

Appendix B		Schools Block - Cambridgeshire Formula Factors 2016-17			
Formula Factor	Data Options	National Criteria	Cambridgeshire Approach for 2016/17	Primary Values 2016/17	Secondary Values 2016/17
Basic Entitlement	Primary, Secondary, KS3, KS4	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 £2,728</b>	<b>TBC</b> <b>KS3 £3,846</b> <b>KS4 £5,000</b>
Lump Sum	N/A	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	Local Criteria	Lump Sum to recognise additional costs for schools on more than one site.	Local Criteria - Lump Sum - No Change	£50,000	£50,000
Reception Uplift	Difference between on-roll in Year R, October 2014 and January 2015	Recognition of potential change in Reception numbers between Oct and Jan.	Not to use as change was minimal and data is from previous year	n/a	n/a
Free School Meal (FSM)	Separate for Primary and Secondary	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
Free School Meal (FSM) Ever 6	Separate for Primary and Secondary	Number of pupils recorded as eligible for FSM as at Jan Census in each of the last 6 years	Not to be used. See factor above.	n/a	n/a
Income Deprivation Affecting Children Index (IDACI)	Split into six different bands. Separate for Primary and Secondary	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)	1st; 1st or 2nd; 1st, 2nd or 3rd year in the system	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	Identified as not achieving a good level of development within the Early Years Foundation Stage Profile (EYFSP)	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	Data Options	National Criteria	Cambridgeshire Approach for 2016/17	Primary Values 2016/17	Secondary Values 2016/17
Secondary Phase Low Attainment	Below Level 4 in English or Maths at KS2	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)	Numbers of LAC; or Numbers of LAC for at least 6 months; or Numbers of LAC for at least 12 months	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
Sparsity	Distance and Pupil Numbers	A fixed or variable amount may be applied to small schools with average year groups of less than 21.4 (primary), 69.2 (middle) and 120 (secondary) where the average distance to pupils' second nearest school is more than 2 miles (primary & middle) or 3 miles (secondary).	Not to use. Minimal number of qualifying schools	n/a	n/a
Mobility	Start date in last three academic years. Separate for Primary and Secondary	Pupils starting outside of normal admission times	Not to use. Concerns over data quality and immaterial impact	n/a	n/a
Rates	Actual Cost	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	Actual Cost	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)	Actual Cost	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)	Year on Year Comparison	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:** Highlighted Factors are not used within the Cambridgeshire Local Funding Formula.