

**SCHOOLS BUDGET SETTING 2016/17: UPDATE**

To: Cambridgeshire Schools Forum  
 Date: 16<sup>th</sup> October 2015  
 From: Martin Wade - Strategic Finance Manager (Children's & Schools)

**1.0 INTRODUCTION**

1.1 This report provides an update on the revised Dedicated Schools Grant (DSG) in 2015-16 and the schools budget setting issues for consideration for 2016-17, including:

- Department for Education Announcements (DfE) of Funding Allocations for 2016-17.
- Local Formula and distribution options.
- Early Years Funding (including 2 year olds and Early Years Pupil Premium)
- High Needs Block
- Centrally Retained Budgets and De-Delegations
- Other Funding
- Key Decisions and Timetable

**2.0 UPDATED 2015-16 DSG AND FUNDING ALLOCATIONS FOR 2016-17**

2.1 Following revised announcements to reflect in-year funding changes and recoupment for academies and High Needs Places the table below shows the revised level of DSG to be received in 2015-16:

Schools Block DSG	£320,510,802
2015-16 NRA Adjustment	£2,319,115
2015-16 License Costs for NRA	£1,012
Total Estimated Schools Block	£322,830,928
Early Years Block DSG	£21,619,200
Indicative Early Years Pupil Premium	£353,939
Adjustment to original EY allocation	£301,449
2 Year Old Funding	£2,940,868
Total Estimated Early Years Block	£25,215,455
<u>High Needs Block</u>	
14/15 HNB Baseline	£63,799,038
Less Pre 16 places adjustment	-£131,474
Less Post 16 places adjustment	-£17,968
Additional Allocation	£544,680
Adjustment Post-16 Residency to Location	-£22,667
Adjustment Pre-16 Residency to Location	-£33,333
Total High Needs Block	£64,138,276
<u>Additional Funding / Reductions</u>	
Induction for NQTs	£113,011
Total Additional Funding	£113,011
Total Estimated DSG	£412,297,670

less High Needs Place Funding	-£3,451,830
less Academy Recoupment*	-£165,014,930
less Copyright Licence Adjustment	-£377,768
14/15 EY DSG Adjustment	£175,845
DSG to be received by LA	<u>£243,628,988</u>

\*subject to further academy conversions

- 2.2 On Wednesday 1<sup>st</sup> July the Prime Minister, at Parliamentary Questions, confirmed that the extra £390m extra cash given to some of the worst funded local authorities to boost school budgets in 2015-16 will be baselined in budgets for future years. This means that the extra £23m Cambridgeshire schools received in the current financial year will form the basis for future years Dedicated Schools Grant (DSG) funding allocations.
- 2.3 Subsequently, on the 16<sup>th</sup> July 2015 the DfE announced the final DSG methodology which will inform the budget setting process for 2016-17. Full details can be found at: <https://www.gov.uk/government/publications/schools-funding-arrangements-2016-to-2017>
- 2.4 Other than a slight technical adjustment in respect of non-recoupment academies (NRA's) the Schools Block per pupil for 2016-17 will be the same as the as the amount received in 2015-16.

	2015-16	2016-17
Schools Block per Pupil	<b>£4,253.74</b>	<b>£4,257.07</b>

What this does mean is that no inflationary increase will be received and as such schools will be required to absorb any associated increases in costs.

**Please note:** The final actual Schools Block DSG to be received for 2016-17 will be based on October 2015 pupil numbers, and as such will not be notified to the Local Authority (LA) until December 2015.

- 2.5 Alongside this, the guidance stated: *“....local authorities should assume that their 2016 to 2017 allocations of high needs place funding (including those allocations of academies’ and colleges’ place funding that are initially included in their notional allocations before being deducted and given to institutions directly by the EFA), and other high needs funding, will remain as they were allocated in 2015 to 2016. The full year 2016 to 2017 allocation will therefore be based on the 2015 to 2016 academic year place numbers, and for the remainder of the high needs allocation there will be no change to what was allocated for 2015 to 2016.”*

Therefore there is no expectation of any additional funding to support the increasing number of places required within the High Needs Block. A separate paper will be presented to Schools Forum detailing these particular pressures.

### 3.0 LOCAL FORMULA AND PROPOSED DISTRIBUTION

- 3.1 Local authorities will be required to calculate funding for all academies and free schools through the Authority Proforma Tool (APT) in accordance with the local formula. However, the Education Funding Agency (EFA) will then take into account any previous levels of protection. Further to this, former NRAs and free schools will be eligible for funding from

the LA growth fund, unless they are funded by the EFA on estimated pupil numbers.

3.2 Following the funding changes over the previous two years, it is proposed to make minimal changes to the funding formula for 2016-17, however it will be necessary to consider the possible transfer of funds from the Schools Block to support pressures/functions such as:

- Special School Places
- Other Specialist Provision (including High Needs Units and Further Education Places)
- Secondary EOTAS Funding
- Growth Funding

As an indication of the impact of any such transfers every £0.5m moved from the Schools Block equates to an approximate reduction in the Basic Entitlement of £5.40 per Primary pupil, £7.60 per KS3 pupil and £9.90 per KS4 pupil. However the final impact on the Basic Entitlement is dependent on the interaction of all formula factors, including the additional costs associated with the funding of new schools whilst they fill to capacity.

3.3 Once any identified pressures have been funded it is proposed to allocate the local formula factors as follows:

- 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, EAL, LAC, etc due to updated datasets.
- b) Rates and PFI to be adjusted to reflect latest estimates.
- c) No proposed changes to local funding factors other than:
  - i) Basic Entitlement to be adjusted based on total available funding (current ratios to be maintained)
- d) Minimum funding guarantee will be dependent on individual school circumstances.

**Appendix A** shows the available local formula factors alongside the proposed approach and unit values for 2016-17.

**Appendix B** shows the actual allocation of funding in 2015-16 across the available formula factors.

## 4.0 EARLY YEARS FUNDING

- 4.1 No further announcements have been made in respect of the Early Years Block at this stage. The working assumption is that funding will continue at the same rate as received in 2015/16, **£3,812.91** per qualifying Early Years pupil. As with schools this does not include an inflationary uplift to reflect an increase in actual costs and as a result it will not be possible to increase the funding rates to providers.

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, Quality, EAL and Rates.

- 4.2 Following the announcement that free childcare would increase to 30 hours per week for 38 weeks per year for eligible families from September 2017, and in certain areas from September 2016 the Childcare Bill was passed on 16<sup>th</sup> June 2015. A summary policy statement can be accessed at:

<https://www.gov.uk/government/publications/childcare-bill-policy-statement>

- 4.3 To support delivery of the extension to 30 hours of free childcare for working parents of three and four year olds, the Government is reviewing the cost of providing childcare and has committed to increase the average funding rate paid to providers. To help inform this review the Government published a 'call for evidence' to identify the key issues providers will face in delivering this extended offer. Until further information is published on the proposed funding rates and funding mechanism it is not possible to quantify the financial impact for the LA or providers.
- 4.4 Alongside the main Early Years Block funding, it is anticipated that the funding for qualifying two year-olds will continue at the rate of **£5.05** per hour per child, which is directly passported by the LA to providers. There is no formula or additional supplements that apply to two year-old funding.
- 4.5 Details of the Early Years Pupil Premium for 2016/17 are also still to be confirmed. The current supplement equates to **£0.53** per hour per child, up to a maximum of fifteen hours per week (approximately **£300** per year for a full-time place). This is be paid to providers on the basis of actual hours, and follows a child where they change or split providers. Providers are free to determine how to spend the funds, but the expectation is that they are used to improve the education of the identified disadvantaged children.

## 5.0 HIGH NEEDS BLOCK

- 5.1 As highlighted earlier in the paper, it is anticipated there will be no increase in the overall High Needs Block to be received for 2016/17. The DfE are still committed to developing a revised process for allocating High Needs funding to LA's, schools and other providers, and have recently published findings from a recent research project which can be found at: <https://www.gov.uk/government/publications/funding-for-young-people-with-special-educational-needs>

- 5.2 One of the main proposals is to move the High Needs Block allocation to LA's to a formulaic basis including factors related to deprivation, prior attainment, disability and children's general health. This is still very much in the early stages and will require a full consultation prior to implementation, and as such is unlikely to be in place prior to 2017/18.
- 5.3 What this does mean is no immediate additional funding to support increased numbers and levels of need, most notably within Special Schools and the Further Education sector. A separate paper on the agenda will provide more details on these particular pressures and will require a transfer of funding from the Schools Block to the High Needs Block to meeting this increasing demand.
- 5.4 Further to this, due to the lack of increase in High Needs Block funding the overall Top-up rates for mainstream schools and special schools will remain at 2015/16 levels.

## **6.0 CENTRALLY RETAINED BUDGETS AND DE-DELEGATIONS**

- 6.1 As in previous years funding for some services can be centrally retained before allocating the formula, with agreement of Schools Forum. A number of these services are subject to a limitation of no new commitments or increases in expenditure from 2015-16 levels, unless a disapplication is approved by the Secretary of State. The table below lists those that apply to Cambridgeshire and the amounts allocated in 2015-16.

<b>Service/Function</b>	<b>2015/16 Amount</b>	<b>Comments</b>
Growth Fund	£1,750,000	Can be increased with Forum approval – revised demographic forecasts required.
Falling Rolls Fund	£0	Falling roll fund only applies to good and outstanding school where growth is expected within 3 years.
Infant Class Size Requirement	£0	Overall cost deemed too high to put in place – complex to administer.
Back-pay for equal pay claims	£0	No expenditure in this category
Remission of boarding fees	£0	No expenditure in this category
Places in independent schools for non-SEN pupils	£0	No expenditure in this category
Admissions	£404,757	No increase in expenditure allowed – unless disapplication approved by SoS
Servicing of Schools Forum	£801	No increase in expenditure allowed – unless disapplication approved by SoS
Capital Expenditure from Revenue	£1,537,540	Includes CPSN Contract
Contribution to Combined Budgets	£4,657,237	As previously agreed by Schools Forum – includes Parental Support Advisors
Existing Termination of Employment Costs	£0	No expenditure in this category
Schools Budget Funded Prudential Borrowing Costs	£0	No expenditure in this category
Schools Budget Funded SEN Transport Costs	£0	No expenditure in this category

- 6.2 A disapplication has been submitted to the EFA in respect of the costs associated to the Servicing of Schools Forum. The intention is to raise the amount to £3,000 to cover the administrative costs chargeable by Democratic Services.

There is a separate paper on the Growth Fund, but current growth forecasts result in a requirement to increase the fund to £2m, an increase of £0.25m.

At this stage it is the intention that all other amounts will remain as above.

- 6.3 CPH Finance will be asked to consider the de-delegations methodology and proposed approach for 2016-17 which apply to maintained primary schools only and cover:

- i) Cambridgeshire Race Equality Advisory Service (CREDS)
- ii) The Key Website
- iii) Free School Meals Eligibility
- iv) Trade Union Facilities Time
- v) Insurance (Material Damage, Theft, Public Liability)
- vi) Maternity Cover
- vii) Contingency

The current values and total estimated de-delegation for 2015/16 is set out below:

Service	Basis	Amount
CREDS	£12 per pupil and £142.50 per EAL	916,558.51
The Key	50p per pupil and £307 per school	68,980.00
Free School Meals	£4.65 per FSM child	20,855.26
Insurance	£16.69 per pupil	640,548.71
Union	£1.10 per pupil	42,217.11
Maternity	£5.90 per pupil	226,437.23
Contingency	£2.10 per pupil	80,596.30

- 6.4 Options for CREDS are already being discussed with CPH representatives and all other de-delegations will be updated on receipt of the most up to date information. Each de-delegation is required to be approved by the primary school representatives on Schools Forum at the December meeting.

## 7.0 OTHER FUNDING / CONSIDERATIONS

- 7.1 **Pupil Premium** – Final rates for 2016-17 will be confirmed in due course. Current rates:

- £1,320 Primary age pupils (Ever 6)
- £935 Secondary age pupils (Ever 6)
- £1,900 Adopted from care (Post-LAC)
- £300 Service Children (Ever 5)
  
- £600 per child per term - LAC – Administered by the Virtual School

**7.2 Universal Infant Free School Meals Revenue** – To be confirmed for 2016/17 academic year.

Funding for the 2015/16 academic year is based on a rate of £2.30 for each meal taken by eligible pupils. It is assumed that pupils will take 190 school meals in the course of a full academic year. A provisional allocation of UIFSM grant to schools will be based on the final allocation for academic year 2014 to 2015. A final allocation for academic year 2015 to 2016 will be calculated in June 2016, from the October 2015 and January 2016 school censuses.

More details can be accessed at: <https://www.gov.uk/government/publications/universal-infant-free-school-meals-uifsm-funding-allocations-2015-to-2016>

**7.3 Primary PE and Sports Grant** – To be confirmed. As part of the continuing funding to improve provision of physical education (PE) and sport for primary age pupils, schools currently receive £8,000 per school + £5 per pupil (year 1 – year 6).

Based on the payments received in the 2014/15 financial year it is anticipated that 5/12ths of the funding will be allocated in May, based on January 2015 numbers, followed by the remaining 7/12ths in November, based on January 2016 numbers.

This funding is ring-fenced and therefore can only be spent on provision of PE and sport in schools.

**7.4 Devolved Formula Capital (DFC)** – To be confirmed. Current 2015/16 rates:

	Per non-boarding Pupil	Per boarding Pupil	Lump sum per school
Nursery/Primary	£11.25	£33.75	£4,000
Secondary	£16.88	£33.75	£4,000
Post-16	£22.50	£33.75	£4,000
Special/PRU	£33.75	£33.75	£4,000

**7.5 Education Services Grant** - This funding is provided to academies for services previously provided by their local authority – for example, school improvement and asset management.

The council receives ESG for each pupil in a maintained school or Pupil Referral Unit, as well as an additional amount per pupil in every state school in the county to fund duties retained by the LA. Academies will receive funding based on the number of pupils on roll (subject to protection arrangements.)

The table below shows the rates received in 2015/16:

	2015/16
Rate for mainstream schools	£87.00
Rate for PRUs	£326.00
Rate for Special Schools	£370.00
Retained Duties	£15.00

## 8.0 KEY DECISIONS AND TIMETABLE

8.1 Schools Forum will be consulted on the main formula funding factors and movements between funding blocks, but the final decision sits with the Local Authority and will be subject to approval by the Children and Young Peoples (CYP) Committee. Schools Forum will be required to approve the following:

- Revised Growth Criteria for Primary and Secondary Schools (Maintained and Academy) –Updated policy to be presented for approval.
- Revised New School Funding Policy - Updated policy to be presented for approval.
- De-Delegations for Maintained Primary – Final proposals will be presented at the December Schools Forum meeting for approval.

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

Date	Action
1 October 2015	School Census Day
16 October 2015	Schools Forum
30 October 2015	Local authorities submit provisional 2016-17 Schools Budget pro-forma to the Education Funding Agency (EFA).
26 November 2015	School Census database closed.
8 December 2015	CYP Committee
Mid-December 2015	DfE to publish pupil data and factors.
Week commencing 14 December 2015	DfE confirms DSG Schools Block and High Needs Block allocations for 2016-17 (prior to academy recoupment)
16 December 2015	Schools Forum
31 December 2015	DfE deadline for submitting final window requests in exceptional circumstances.
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.

8.3 The Schools Forum meeting in December and CYP Committee meeting in January will be key for gaining final approval prior to budget setting.

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

Background documents: none



Appendix A		Schools Block - Allowable 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	2015/16 Values = KS1 & KS2 £2,727.68	2015/16 Values = KS3 £3,846.39 KS4 £5,000.31
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 - No change		
		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 - No change	n/a	£400
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

## Appendix B

### 2015/16 Formula Distribution

Factor	Primary £	Primary %	Secondary £	Secondary %	Total £	Total %
Activity Funding	129,619,485	71.66%	122,659,524	89.87%	252,279,009	79.49%
School Lump Sum	30,837,500	17.05%	4,887,500	3.58%	35,725,000	11.26%
Split Site Lump Sum	50,000	0.03%	0	0.00%	50,000	0.02%
Rates	3,068,990	1.70%	985,605	0.72%	4,054,595	1.28%
PFI	0	0.00%	192,352	0.14%	192,352	0.06%
Exceptional Premises	102,500	0.06%	0	0.00%	102,500	0.03%
Prior Attainment	6,606,990	3.65%	2,849,039	2.09%	9,456,029	2.98%
Deprivation (FSM)	3,043,134	1.68%	1,618,765	1.19%	4,661,899	1.47%
Deprivation (IDACI)	4,272,828	2.36%	2,305,103	1.69%	6,577,931	2.07%
LAC	109,202	0.06%	77,483	0.06%	186,685	0.06%
EAL	3,076,159	1.70%	462,539	0.34%	3,538,698	1.11%
MFG Adjustment	105,509	0.06%	444,592	0.33%	550,101	0.17%
	<b>180,892,297</b>	<b>100.00%</b>	<b>136,482,501</b>	<b>100.00%</b>	<b>317,374,798</b>	<b>100.00%</b>