

SCHOOLS FUNDING 2017/18

To: Children and Young People Committee

Meeting Date: 17 January 2017

**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 20 December 2016.**
- b) To seek the Committee’s approval of the local approach to funding schools for 2017/18.**

Recommendation: Members are asked to:

- a) Approve the transfer of funding between the Schools Block and High Needs Block.**
- c) Approve the local schools funding formula, for primary and secondary schools as set out in Appendix A, prior to submission to the Education Funding Agency (EFA).**

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1.0 BACKGROUND

1.1 On the 20 December 2016 the Department for Education (DfE) published the Dedicated Schools Grant (DSG) Funding Settlement for 2017/18. Full details can be found on the DfE website at the following link:

<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2017-to-2018>

1.2 As part of the move towards a national funding formula for schools the DfE have undertaken a baseline funding exercise to reflect the actual patterns of spend by each local authority (LA) across the three notional Dedicated Schools Grant (DSG) funding blocks. They have then applied current 2016-17 pupil numbers to the revised Schools Block baseline which results in a 2017/18 Schools Block per Pupil allocation of **£4,311**

	2016-17	2017-18
Schools Block per Pupil	£4,257	£4,311

Please note: It is important to note that the £54 per pupil increase is not new money, but is due to technical adjustments and/or a transfer of function, and as such there is no inflationary increase which will result in schools having to absorb any associated increases in costs.

1.3 The overall DSG funding for 2017-18 will then be calculated on the following basis:

- Schools Block – calculated based on all pre-16 school age pupils at £4,257 per pupil
- High Needs Block – based on historic spend on high needs pupils in school and FE Colleges plus an uplift to reflect changes in population.
- Early Years Block – based on actual take up of hours within maintained and Private Voluntary and Independent (PVI) providers.

1.4 The table below shows the anticipated level of DSG to be received in 2017-18:

Schools Block DSG	£337,587,337
Total Estimated Schools Block	<u>£337,587,337</u>
3&4 YO Early Years Block -Universal	£25,532,143
3&4 YO Early Years Block - Extended Entitlement	£4,707,583
Indicative Early Years Pupil Premium	£311,190
2YO Early Years Block	£3,888,881
Disability Access Fund	£135,300
Maintained Nursery School Supplementary Funding	£1,307,032
Total Estimated Early Years Block	<u>£35,882,129</u>
<u>High Needs Block</u>	
16/17 HNB Baseline	£62,755,620
Population based uplift	£1,096,071
Population growth based uplift	£486,896
Total High Needs Block	<u>£64,338,587</u>
Total Estimated DSG*	<u>£437,808,053</u>

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

- 1.5 The total estimated Schools Block has increased by approximately £5.3m over 2016/17 levels due to the net increase in pre-16 pupil numbers. It must be noted however that this is not all “extra” funding, as the majority is required to meet the cost of educating the additional pupils already in schools. 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. However, based on the average per pupil funding rates of primary and secondary age pupils, and allowing for the required lumps sums to support the new schools opening in September 2017, there is approximately £1.1m of headroom. This will be used to support the growth in new schools through variations to pupil numbers and following Schools Forum approval to contribute towards the required increase in the centrally held Growth Fund from £2m to £2.5m.
- 1.6 The number of pupils in Special schools has also continued to increase and has resulted in the requirement to spot-purchase additional places at several of the Area Special Schools. Alongside the continued pressure on existing places the new Special School at Littleport, opening in September 2017 will require permanent funding.
- 1.7 Further to this, there are continuing pressures on Special Educational Need (SEN) Placements, Out of School Tuition, Top-Up for mainstream schools and Post-16 due to overall increases in numbers and levels of need. These issues were discussed at length at the Schools Forum meeting on the 14 December and members of Forum supported a transfer of funding from the Schools Block to the High Needs Block.
- 1.8 The total High Needs pressure identified for 2017/18 following internal actions to reduce costs was £2.25m. As in previous years the High Needs Block has been calculated using historic levels of spend adjusted for Post 16 pupils and changes in commissioned places. However, in the final DSG settlement £130m has been allocated nationally to reflect current population and population growth. The additional uplift for Cambridgeshire equates to £1.58m.
- 1.9 Therefore the final amount to be transferred from the Schools Block will be **£0.67m** (£2.25m less the £1.58m uplift to be received from the DfE).

2.0 2017-18 FUNDING DISTRIBUTION

- 2.1 Local Authorities (LAs) are required to calculate funding for all primary and secondary schools, including academies and free schools through the Authority Proforma Tool (APT) in accordance with the local formula and submit by the 20 January 2017 deadline. The Education Funding Agency (EFA) will then take into account any previous levels of protection prior to allocating academy budgets.
- 2.2 To attempt to minimise turbulence for individual schools it is proposed to make minimal local changes to the funding formula for 2017-18, however it will be necessary to use the revised national datasets from the EFA which will include changes to the Income Deprivation Affecting Children Index (IDACI) and Secondary Prior Attainment methodology.
- 2.3 Following discussions with Cambridgeshire Schools Forum on the 14 December the following approach is proposed for the 2016/17 Schools Funding allocations:
- 2.4 **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), based on updated datasets.
- b) Rates and Public Finance Initiative (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)
 - ii) Increase in Split Site factor to reflect additional costs.
- d) Retained funding to be calculated as per Schools Forum agreement and allowable EFA mechanisms.
- e) Minimum funding guarantee (protection) will be dependent on individual school circumstances.

2.5 Following receipt of the initial DSG allocations as detailed in section 1.4, and the funding of pressures for Growth and High Needs, the estimated Basic Entitlement values for Primary and Secondary schools in 2017/18 are expected to be at **lower** levels as in 2016/17. Final values will not be known until all other factors have been calculated.

Appendix A shows the available local formula factors alongside the proposed approach and unit values for 2017-18.

Please note: The Basic Entitlement figures are subject to change until the final submission has been made to the EFA on 20 January 2017.

2.6 **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 2016/17 levels based on individually assessed levels of need. The commissioned places at each provider will be amended to reflect overall changes 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 2017/18 academic year.

2.7 **Early Years** – Following recent announcement of Early Years funding levels for 2017-18 a paper detailing the proposals for Early Years funding rates to Cambridgeshire providers will be presented to CYP Committee at the meeting on 14 March 2017.

3.0 EDUCATION SERVICES GRANT

3.1 In the 2015 Spending Review, the DfE announced a saving of £600 million by removing the Education Services Grant funding rate from 2017-18. Historically the

ESG has been made up of two rates that funded two different groups of services:

- The retained duties rate has gone to LA's to fund services they provide to all schools, including academies.
- The general duties rate has gone to both LA's and academies to fund services authorities provide to maintained schools but which academies must provide themselves.
- Cambridgeshire currently receives approximately £4.5m of ESG.

3.2 For 2017 to 2018, the general duties rate is ending and funding previously allocated through the ESG retained duties rate (£15) will be transferred into the schools block. This equates to transfer of £117m nationally and to £1.28m for Cambridgeshire.

3.3 The EFA recognise that LA's will need to be able to retain some of this funding to continue to deliver these functions. And as such LA's will be able to fund central services previously funded within the retained duties rate (for all schools), with the agreement of schools forum. They will be able to fund services previously funded within the general duties rate (for maintained schools only) from maintained school budget shares with the agreement of maintained school members of schools forum.

3.4 Further to this LA's will receive transitional ESG funding from April 2017 to August 2017 with the general funding rate being removed from September 2017. This transitional funding will equate to approximately **£1m** (allowing for anticipated academy conversions.)

3.5 As part of the LA's Business Planning process a reduction in ESG totalling £1.8m has been factored into the overall levels of funding available and has therefore been managed as part of the overall savings requirement for the LA.

3.6 At the meeting on the 14 December, Schools Forum members approved that the retained duties element (£15 per pupil) will be transferred from the DSG for all schools and £10 per pupil will be recovered from maintained schools to support the removal of the general duties funding for the 2017/18 budgets. This approval was subject to a full review of education functions being undertaken by the LA.

4.0 2017-18 BUDGETS - NEXT STEPS

4.1 Subject to member approval and any changes to the Basic Entitlement (due to revised pupil number variations for new/expanding schools, the amounts shown in **Appendix A** will be submitted to the EFA on the 20 January and used to calculate individual Primary and Secondary schools budgets shares (SBS).

4.2 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.

- 4.3 The LA is required to publish final budgets to maintained schools by 28 February 2017, whilst the EFA will confirm academy budgets during February or March.

5.0 NATIONAL FUNDING FORMULA

- 5.1 On the 14 December the DfE published Stage 2 of their consultations for the Schools National Funding Formula and High Needs Funding reform to be implemented from 2018-19. Full details of the consultation can be accessed at the links below:

Schools National Funding Formula Stage 2 -

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

High Needs Funding Reform Stage 2 - <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>

- 5.2 The illustrative data suggests that Cambridgeshire Schools would benefit by a net £4.4m (1.4%) in 2018/19, rising to £6.3m (2%) in 2019/20 when compared to current 2016/17 baseline figures. However, the detailed school level data shows a significant redistribution of funding between schools within Cambridgeshire which would result in gains and losses dependent on individual circumstances. This can potentially be mitigated in 2018-19 by local formula decisions, but the impact in 2019-20 will be dependent on to what extent the “hard” national formula is implemented.
- 5.3 The potential redistributions between schools are due to proposed formula factors within the National Formula Factor which uses lower lump sums and basic per pupil values than Cambridgeshire’s current local 2016-17 formula, but higher allocations for prior-attainment, deprivation and EAL. The proposed national formula also includes a sparsity factor, but it is not clear at this stage which schools will qualify under the nationally set criteria.
- 5.4 Work is currently underway with Schools Forum to develop a detailed consultation response by the 22 March 2017 deadline.

6.0 ALIGNMENT WITH CORPORATE PRIORITIES

6.1 Developing the local economy for the benefit of all

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

6.2 Helping people live healthy and independent lives

- 6.2.1 There are no significant changes as a result of proposed Schools Funding Changes in 2017-18.

6.3 Supporting and protecting vulnerable people

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

7.0 SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

- 7.1.1 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. However due to increasing pressures and

no uplift in funding a number of schools will see a reduction in overall funding when compared to 2016-17.

7.2 Statutory, Risk and Legal Implications

7.2.1 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.

7.3 Equality and Diversity Implications

7.3.1 There are no significant implications within this category.

7.4 Engagement and Consultation Implications

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

7.5 Public Health Implications

7.5.1 Increases in pupil numbers and special schools will impact on the public health commissioned School Nursing service.

7.6 Localism and Local Member Involvement

7.6.1 There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Officer: Martin Wade
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No response received Name of Officer:
Are there any Equality and Diversity implications?	No Name of Officer: Keith Grimwade
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Simon Cobby
Are there any Localism and Local Member involvement issues?	No Name of Officer: Keith Grimwade
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
Schools revenue Funding 2017 to 2018 Operational Guide.	Martin Wade Strategic Finance Manager
DSG Technical Note 2017-18	1 st Floor Octagon Shire Hall Cambridge CB3 0AP

Appendix A

Number	Formula Factor	National Criteria / Cambridgeshire Approach for 2017/18	Primary Values 2017/18	Secondary Values 2017/18
1	Basic Entitlement	Equal Value for KS1 & KS2, Different Value for KS3 & KS4. Adjusted based on total available funding - final values dependent on all other factors	<i>TBC – 16/17 values - £2,721</i>	<i>TBC – 16/17 values - KS3 £3,838 KS4 £4,989</i>
2	Deprivation - Free School Meal (FSM)	To be used as part of the deprivation funding. Free meals as at the previous October census.	£600	£600
2	Deprivation - Income Deprivation Affecting Children Index (IDACI)	To be used as part of the deprivation funding. Revised bandings shown below.		
		IDACI Lower and Upper Limit	Unit Value	Unit Value
		Band A - 0.0-0.2	£0	£0
		Band B - 0.2-0.25	£220	£220
		Band C - 0.25-0.3	£500	£500
		Band D - 0.3-0.35	£500	£500
		Band E - 0.35-0.4	£750	£750
		Band F - 0.4-0.5	£750	£750
		Band G – 0.5-1	£750	£750
3	Prior Attainment - Primary Phase Low Attainment	New Profile for Y1 & Y2 and EYFSP score below 78 points mapped to October Census for pupils in Y3 to Y6.	£750	n/a

Number	Formula Factor	National Criteria / Cambridgeshire Approach for 2017/18	Primary Values 2017/18	Secondary Values 2017/18
3	Prior Attainment - Secondary Phase Low Attainment	For pupils assessed at KS2 up to 2011, eligible pupils are those who did not reach level 4 in either the English or Maths elements. For pupils assessed from 2011, eligible pupils are those who did not reach level 4 in any of the reading test, teacher assessed writing, or Maths. The 2016 KS2 assessments are the first which assess the new national curriculum. At a national level, a higher number of the year 7 cohort in financial year 2017 to 2018 will be identified as having low prior attainment. A national weighting will be applied to ensure that this cohort does not have disproportionate influence within the overall total.	n/a	£420
4	Looked After Children (LAC)	To be applied to qualifying pupils recorded as LAC mapped to January 2016 Census	£750	£750
5	English as an Additional Language (EAL)	To be funded for the 1st, 2nd or 3rd year in the education system	£750	£750
6	Mobility	Not to be applied due to concerns over data quality	n/a	n/a
7	Sparsity	Not to be applied. Limitations on usage limit benefits to Cambridgeshire schools	n/a	n/a
8	Lump Sum	Lump Sum to be set at £150,000 for all Primary and Secondary Schools	£150,000	£150,000
9	Split Site Lump Sum	Local Criteria - Lump Sum – Increased	£90,000	£90,000
10	Rates	To fund schools based on latest estimates available. Any changes to be retrospectively amended a year in arrears	Variable	Variable
11	Private Finance Initiative (PFI)	To be funded based on actual cost to be revised annually - Revised amount to be calculated	n/a	Variable
12	London Fringe	Does not apply to Cambridgeshire Schools	n/a	n/a
13	Post-16	Not to be applied. Have not previously funded.	n/a	n/a
14	Exceptional Premises	To fund specific schools where additional exceptional premises costs previously met by the LA	Variable	Variable