

SCHOOLS FUNDING FORMULA 2015/16

To: Children and Young People Committee

Meeting Date: 13 January 2015

From: Adrian Loades, Executive Director: Children, Families and Adults Services

Electoral division(s): All

Forward Plan ref: 2015/020 **Key decision:** Yes

Purpose:

- a) To advise the Committee of the Dedicated Schools Grant (DSG) Allocations published by the Department for Education (DfE) on 17th December 2014.
- 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:

- a) Approve the local schools funding formula, prior to submission to the Education Funding Agency (EFA).

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1.0 BACKGROUND

- 1.1 On the 17 December 2014 the Department for Education (DfE) published the Dedicated Schools Grant (DSG) Funding Settlement for 2015/16. Full details can be found on the DfE website at the following link:
<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2015-to-2016>
- 1.2 As previously reported to CYP Committee in November the Schools Block element of the DSG has been increased to £4,253 per pupil for 2015/16. This is as a result of the Minimum Funding Levels (MFL) to be applied and has been adjusted to reflect the required national adjustment for Carbon Reduction Commitment. This overall increase in funding has moved Cambridgeshire from 151st to 136th in the table of Schools Block per pupil funding.
- 1.3 As in previous years the Dedicated Schools Grant (DSG) for 2015-16 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.
 - Schools Block – calculated based on all pre-16 school age pupils at £4,253 per pupil (adjusted for Carbon Reduction Commitment)
 - 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 2015-16:

Schools Block DSG	£320,510,802
2015-16 NRA Adjustment	£2,429,862
Total Estimated Schools Block	£322,940,664
Early Years Block DSG	£21,619,200
Indicative Early Years Pupil Premium	£353,939
2 Year Old Funding	TBC
Total Estimated Early Years Block	£21,973,139
<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
Total High Needs Block	£64,194,276
<u>Additional Funding / Reductions</u>	
Induction for NQTs	£113,011
Total Additional Funding	£113,011
Total Estimated DSG*	£409,221,089

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

- 1.5 The total estimated Schools Block has increased by approximately £28.6m over 2014/15 levels due to a combination of the Fairer Funding per pupil increase and the net increase in pre-16 pupil numbers. The Schools Block also includes a transfer of £2.4m in respect of non-recoupment academies (NRA's), Cambourne VC and the University Technology College (UTC) which are now part of the local formula and subject to recoupment on a consistent basis with all other academies.
- 1.6 The Early Years Block baseline figures are based on January 2014 Census figures for 3 and 4 year olds and as such will be refreshed in year to reflect any changes in numbers. As previously reported the allocations for 2-year-old funding will be calculated based on participation and initial allocations will be based on the take-up as recorded on the January 2015 census at £5.05 per hour. The DfE have committed to undertaking a further voluntary pupil count in the autumn term to allow for the expected continuing increase in numbers.
- 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. As part of the overall DSG settlement a sum of £47m has been allocated across all LA's and as a result the HNB has received an unexpected net increase of £395k.

2.0 FUNDING DISTRIBUTION

- 2.1 As endorsed at the November CYP Committee meeting the following approach has been applied to the additional Dedicated Schools Grant (DSG) funding to be received in 2015/16:
- 2.2
- a) A sum of £500k of the additional funding to be received to be allocated to the Early Years Block to avoid further reductions in funding rates for all providers.
 - b) No additional funding to be transferred into the High Needs Block.
 - c) The remainder of the additional funding will be allocated to Primary and Secondary Schools through the local formula.
 - d) The funding will allow for:
 - i) Changes to overall numbers of schools.
 - ii) Changes in overall pupil numbers to be funded (including variations to pupil numbers for new and expanding schools)
 - iii) Changes in overall cost of factors due to updated datasets.
 - e) Rates and PFI amounts will to be adjusted to reflect latest estimates available at budget setting time.
 - f) No proposed changes to local funding factor values other than:
 - i) Basic Entitlement to be uplifted based on total available funding (same % uplift to be applied to both Primary and Secondary).
 - ii) Split Site Lump Sum to be increased to reflect costs being incurred.
 - iii) Addition of exceptional premises factor
 - g) Minimum funding guarantee will be dependent on individual school circumstances.
- 2.3 Following the request to consider the allocation of additional funding to Special Schools and the subsequent receipt of the additional HNB funding it is proposed that £150k be allocated to support the overall increase in the cost of Top-up funding. This would not result in an increase in the individual Top-up amounts, but would reflect the increase in overall pupil numbers. Further to this, an additional amount of £200k has been identified to support the purchase of equipment. Details of how the centrally

administered scheme will operate are currently being finalised, but it is hoped this approach will provide benefits and efficiencies to all Special schools.

- 2.4 The remainder of the additional HNB funding will be retained to support increasing pressures, most notably within the primary sector where there a high number of primary aged children presenting with challenging and complex behaviours. Schools are reporting that the level of need is increasing and there is difficulty accessing support which is over and above what schools can offer. Options are currently being explored as to the most appropriate models of specialist provision for these pupils.
- 2.5 Following receipt of the initial DSG allocations as detailed in section 1.3 the current estimate Basic Entitlement values for Primary and Secondary schools have increased slightly from the original illustrative figures:

Phase	Basic Entitlement per Pupil*
Primary	£2,730
Secondary – Key Stage 3	£3,850
Secondary – Key Stage 4	£5,005

***Please note:** These figures are as at 18th December and are still subject to change until the final submission has been made to the EFA on 20th January.

Appendix A shows the full list of formula factors and values to be applied in 2015/16

3.0 NEXT STEPS

- 3.1 Subject to any last minute changes as a result of revised data from the DfE in respect of the national copyright licence agreement, or updated rates information from the relevant billing authorities the amounts shown in Appendix A will be submitted to the EFA on the 20th 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 28th February 2015, whilst the EFA will confirm academy budgets during February or March.
- 3.4 The table overleaf shows the key dates in the budget setting process:

Date	Action
16 January 2015	Schools Forum
20 January 2015	Local authorities submit final data for Schools Budget proforma.
Early February 2015	Draft/Illustrative Primary and Secondary budgets to be published.
Mid February 2015	Draft Nursery and Special budgets to be published.
28 February 2015	Local authorities confirm budgets for maintained schools
February-March 2014	EFA confirms Academy budgets.
18 March 2014	Schools Forum
March 2015	DfE/EFA confirms High Needs Block DSG funding to Local authorities.

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 2015-16.

4.3 Supporting and protecting vulnerable people

- 4.3.1 Additional funding being allocated to Primary and Secondary schools will support 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 this additional funding will support many of those in greatest need.

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.

Source Documents	Location
<ul style="list-style-type: none"> Fairer Schools Funding Arrangements for 2015 to 2016. Schools Revenue Funding 2015-16 Operational Guide. 	<p>Martin Wade</p> <p>Schools Finance Manager</p> <p>1st Floor Octagon Shire Hall Cambridge CB3 0AP</p>

Appendix A**Schools Block - Formula Factors 2015-16**

Formula Factor	National Criteria	Cambridgeshire Approach for 2015/16	Primary Values 2015/16	Secondary Values 2015/16
Basic Entitlement	Mandatory - Per pupil value for basic entitlement (Equivalent to Age Weighted Pupil Unit - AWPUP)	Equal Value for KS1 & KS2, Different Value for KS3 & KS4 - 15/16 values to be uplifted - final values dependent on all other factors	<i>As per 2.5 above – subject to change</i>	
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 - Propose to increase from £25,000 to reflect costs incurred	£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 - 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

Formula Factor	National Criteria	Cambridgeshire Approach for 2015/16	Primary Values 2015/16	Secondary Values 2015/16
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 14 Census for pupils in Y3 to Y6. Mapping on UPN only - No change	£750	n/a
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 - No change	n/a	£400
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 2014 mapped to January 2014 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
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: Allowable Reception Uplift, FSM Ever 6, Sparsity and Mobility Factors not used within the local formula.