

SCHOOLS BUDGETS SETTING 2016/17: UPDATE

To: Cambridgeshire Schools Forum

Date: 16th December 2015

From: Martin Wade – Strategic Finance Manager (Children's & Schools)

1.0 INTRODUCTION

1.1 This report provides a summary update on the schools budget setting issues for consideration for 2016/17.

- Comprehensive Spending Review and Autumn Statement 2015
- Demography
- Funding Allocation
- De-Delegations
- Key Decisions and Timetable

1.2 It is important to recognise that the figures within this report are based on current estimates and as such will need to be refreshed on receipt of revised data from the Department for Education (DfE) expected later in December. Updated figures will be presented to Schools Forum in January.

2.0 COMPREHENSIVE SPENDING REVIEW AND AUTUMN STATEMENT 2015

2.1 Summary of the main points from the recent spending review relating to Education & Schools:

Early Years-

- 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.
- From 2017-18 investment of £300 million to increase the average hourly rate childcare providers receive, and at least £50 million of capital funding to create additional places in nurseries.
- Commitment to introduce a national early years funding formula and other reforms, to ensure funding is fairly allocated.
- Disadvantaged 2 year old funding continues.

Schools & Post-16 –

- Funding for free infant school meals to continue.
- Rates for the pupil premium protected and the Dedicated Schools Grant to increase in cash terms.

- National base rate of funding for 16-19 year old students to be maintained for the whole Parliament.
- Commitment to open 500 new Free Schools and University Technical Colleges.
- Investment of £23 billion in school buildings and 600,000 new school places.
- Commitment to make every secondary school become an Academy.
- Sixth Form Colleges will be able to become Academies – so they no longer have to pay VAT.
- Savings of around £600 million will be made on the Education Services Grant (ESG), including phasing out the additional funding schools receive through the ESG. The government will reduce the local authority role in running schools and remove a number of statutory duties.
- Commitment to introduce a new national funding formula. The formula will be introduced from 2017 and consultation will start in the new year.

2.2 We await further detail on a number of these proposals and commitments before we are able to quantify the potential impact with any certainty. Timescales for the publication of this information are unclear, other than we expect the government will consult on policy and funding proposals in 2016.

3.0 DEMOGRAPHY

3.1 Based on the revised October 2015 census data received on 1st December there has been a continued increase in Primary numbers (Reception to Year 6) since October 2014 of approximately 1,372 pupils (2.9 %).

Within the Secondary sector the overall change for Year 7 to Year 11 pupils is showing a slight reduction of 6 pupils (-0.0%).

Sector	October 2014	October 2015	Change	Change %
Primary	47,312	48,684	1,372	2.9%
Secondary	28,414	28,408	-6	-0.0%

3.2 This continuing increase in pupils will result in additional Dedicated Schools Grant (DSG) over and above the levels received in 2015/16. Allowing for adjustments in respect of non-recoupment academies this equates to approximately £5.3m based on current estimates. It must be noted however that this is not “extra” funding, but 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.

3.3 The number of pupils in Special schools has also continued to increase from 946 in October 2014 to 951 in October 2015. As in previous years the overall trend is for numbers to continue to increase throughout the remainder of the academic year. As

highlighted at the October Schools Forum meeting there is a requirement to increase the number of purchased places at several of the Special schools. It is estimated the required transfer from the Schools Block to the High Needs Block will be approximately **£220k** for the 2016/17 financial year.

- 3.4 Alongside the continuing increase in Special school numbers there has been a significant increase in the number of young people with Education Health and Care Plans (EHCPs) attending Further Education (FE) and Post-16 colleges. Due to the way in which the funding is allocated to these providers a transfer of approximately **£284k** is required from the Schools Block to the High Needs Block for the 2016/17 financial year.
- 3.5 The Early Years Block allocations will be based on January 2015 census numbers for 2, 3 and 4 year olds, which will result in an initial increase of approximately **£301k** over the original 2015/16 funding levels. Take up continues to increase, with a 1.4% increase in 3 and 4 year olds between January 2014 and January 2015, and over a 20% increase in disadvantaged 2-year olds being funded when compared to last autumn. Alongside this continuing increase there are now nearly 500 pupils in receipt of the Early Years Pupil Premium (EYPP).

4.0 FUNDING ALLOCATION

- 4.1 Following the funding changes over the previous two years, it is proposed to make minimal changes to the funding formula for 2016-17, however as highlighted above it will be necessary to transfer funds totalling approximately **£504k** from the Schools Block to support High Needs Places in Special Schools and FE/Post-16 colleges. Alongside this Schools Forum have already approved a transfer for **£250k** to increase the Growth Fund.
- 4.2 As presented at the October Schools Forum meeting, other than the increase to the Growth Fund and the small increase to the cost of Servicing Schools Forum (subject to approval from the Education Funding Agency (EFA)), the centrally retained funding in respect of Admissions, Capital Expenditure from Revenue and Contribution to Combined Budgets will remain at the levels previously agreed.
- 4.3 Other DSG funded services within the LA will be required to absorb pressures or where a transfer of function is required, corresponding savings have been found to avoid further transfers from the Schools Block.
- 4.4 Once the pressures identified in 4.1 above have been funded it is proposed to allocate the local formula factors as follows:

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.

High Needs Top-Up – 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. (*Top-up amounts in FE and Post-16 colleges are to be reviewed prior to the start of the 2016/17 academic year)

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) 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 (MFG) will be dependent on individual school circumstances.

4.5 As a result of the overall available funding, schools and providers will not receive any increase in £ per pupil funding over 2015/16 levels. Within the Primary and Secondary sector it is likely the Basic Entitlement per pupil will reduce due to the funding of pressures on High Needs Places and Growth. Schools and providers will therefore be required to absorb any inflationary increases in costs from within their overall funding allocation.

4.6 **Appendix A** shows the proposed distribution totals based on current estimates. Final proposals will be presented to Schools Forum on 15th January 2016 and Children and Young People (CYP) Committee on 19th January following receipt of the updated datasets and DSG allocations from the EFA in December. (This is likely to include changes to the national copyright license arrangements, which will need to be reflected in final distribution totals.)

5.0 DE-DELEGATIONS

5.1 Cambridgeshire Primary Heads (CPH) and CPH Finance have been 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) School Leaders & Governors Online Information Service (previously 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 basis and total estimated de-delegation for 2015/16 is set out below:

Service	2015/16 Basis	2015/16 Amount
CREDS	£12 per pupil and £142.50 per EAL	£916,559
School Leaders & Governors Online Information Service	50p per pupil and £307 per school	£68,980
Free School Meals (FSM)	£4.65 per FSM child	£20,855
Insurance	£16.69 per pupil	£640,549
Trade Union Facilities Time	£1.10 per pupil	£42,217
Maternity	£5.90 per pupil	£226,437
Contingency	£2.10 per pupil	£80,596

Final de-delegation amounts for 2016/17 will be updated on receipt of revised data from the DfE and presented at the January meeting of Schools Forum. Although the final amounts will change slightly to reflect final pupil numbers the principles for de-delegation will remain as set out below.

- 5.2 **CREDS** – CPH have discussed and agreed a revised de-delegation methodology to be applied in 2016/17. This offers a reduced level of funding overall, with an estimated cost of delivery of £631k, compared to the current £917k. This is calculated on the basis of £3 per pupil and £160 per EAL pupil. This allows CREDS to maintain a reasonable core offer covering most of the services that headteachers said they wanted. Additional services will be purchased by schools on a ‘pay as you go’ basis, subject to capacity.
- 5.3 **School Leaders & Governors Online Information Service** – Due to the requirement to undertake a procurement exercise to identify a preferred supplier it is proposed to maintain the current de-delegation rates.
- 5.4 **Free School Meals Eligibility** – No proposed change to de-delegation rate for 2016/17.
- 5.5 **Trade Union Time** – This de-delegation provides approximately half of the funding used to provide payments for the 6 county secretaries either to schools where union secretaries are taking time off for duties, or payments directly to union secretaries where they are no longer working directly for schools (i.e. they are retired). The viability of this funding arrangement is dependent on the continued buy-in from a large proportion of academies. A review of the current funding methodology is underway and as such a final proposal will be presented at the January meeting.
- 5.6 **Insurance** – Awaiting final details of cost for 2016/17. Final per pupil amount will be updated to reflect any changes in overall cost.
- 5.7 **Maternity** – No proposed change to de-delegation rate for 2016/17.

5.8 **Contingency** – No proposed change to de-delegation rate for 2016/17.

5.9 ***Maintained Primary representatives on Schools Forum are asked to agree to the continuation of the above de-delegations in respect of:***

- ***CREDS***
- ***School Leaders & Governors Online Information Service***
- ***Free School Meals Eligibility***
- ***Insurance***
- ***Maternity***
- ***Contingency***

- ***Trade Union Facilities Time – final proposals will be presented at the January meeting.***

6.0 **NEXT STEPS**

6.1 Schools Forum have been 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.

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

Date	Action
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.

6.3 ***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 3rd December 2015

	School Specific Contingencies (Growth Fund, Top-Up, EOTAS etc)	DSG Funded Services within CFA	Early Years	Primary & Secondary (Excluding Nursery Classes)	Special	Total DSG	
	£	£	£	£	£	£	
2015-16 Dedicated Schools Grant	25,714,896	24,082,214	21,867,218	317,374,798	20,181,874	409,221,000	Pre-Recoupment for Post 16 Places in Special Schools
In-Year Adjustments to reflect DSG Changes	-165,333		3,242,333			3,077,000	Based on published changes by DfE (2 year-old funding and High Needs)
Other In-Year Adjustments	-91,000				91,000	0	Harbour Unit - Transfer of function
Revised 2015-16 Dedicated Schools Grant Baseline	25,458,563	24,082,214	25,109,551	317,374,798	20,272,874	412,298,000	Pre-Recoupment for Post 16 Places in Special Schools
Demography			301,448	5,278,680		5,580,128	Estimated based on current pupil numbers
High Needs Block Demography	284,000			-504,000	220,000	0	Additional High Needs Block funding required for Special School and FE Places
Early Years Pupil Premium (EYPP) Support	-11,000		11,000			0	Continuation of EYPP Support following cessation of early implementation grant allocation
Servicing of Schools Forum	0					0	Increase in costs of Servicing of Schools Forum
Transfer of Function	-132,000	132,000				0	Transfer of Function to Support Inclusion Officer and Early Support Programme - SEND
	141,000	132,000	312,448	4,774,680	220,000	5,580,128	
Estimated DSG Funded Budget Allocation Pre-Adjustments	25,599,563	24,214,214	25,421,999	322,149,478	20,492,874	417,878,128	
Growth Fund (Adjustment)	250,000	0	0	-250,000	0	0	Increase of Growth Fund to £2m - approved by Schools Forum - October 2015
Copyright Licensing (Adjustment)	0	0	0	0	0	0	Changes to national copyright licence agreement - awaiting final DfE figures.
Total Estimated DSG Funded Budget	25,849,563	24,214,214	25,421,999	321,899,478	20,492,874	417,878,128	Pre-recoupment for Academies and High Needs Places