

SCHOOLS BUDGETS 2015/16: DSG UPDATE

To: Cambridgeshire Schools Forum
 Date: 22nd May 2015
 From: Martin Wade - Schools Finance Manager

1.0 INTRODUCTION

- 1.1 This report provides an update on the estimated Dedicated Schools Grant (DSG) to be received in 2015/16 and a summary of the recently published "Analysis of local authorities' schools block funding formulae".

2.0 DEDICATED SCHOOLS GRANT (DSG)

- 2.1 On the 17 December 2014 the Department for Education (DfE) published the initial Dedicated Schools Grant (DSG) Funding Settlement for 2015/16. On 26 March 2015 updated allocations were published at:
<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2015-to-2016>
- 2.2 The table below shows the revised estimated 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
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
Adjustment Post-16 Residency to Location	-£22,667
Total High Needs Block	£64,171,609
<u>Additional Funding / Reductions</u>	
Induction for NQTs	£113,011
Total Additional Funding	£113,011
Total Estimated DSG*	£409,088,687

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

- 2.3 The revised DSG estimate is approximately £133k lower than the December figure due to

reductions in the Non-Recoupment Academy (NRA) adjustments and further adjustments for post-16 residency to location. These reductions will not impact on the overall allocations to individual schools and will be managed from within the centrally retained DSG funding.

2.4 Further to these amendments there will be further adjustments in respect of the following:

- High Needs Places - £3.4m - Funding for High Needs Places in academies and non-maintained special schools, and post-16 places in maintained special schools.
- Academy Recoupment - £165m – Current estimate based on existing academies – will increase during the year.
- Early Years Adjustment for 14/15 - £0.18m – Current estimate based on 7/12ths of January 2015 census to be backdated.

In June the Education Funding Agency (EFA) will notify the Local Authority of the initial 2-year old funding allocation to be received based on the January 2015 census.

2.5 The Section 251 Budget Statement was submitted to the DfE on the 31st March to meet the statutory deadline. The submission is still to be validated by the department, but the initial submission can be accessed at:

<https://www.learntogether.org.uk/Resources/Documents/Section%20251%20Budget%20Statement%202015-16.pdf>

2.6 Within section 1, the budget statement contains details of the total planned DSG expenditure in 2015/16, including all delegated funding to schools and previously approved items such as:

- Maintained Primary De-delegations – Lines 1.1.1 to 1.1.9
- Contributions to Combined Budgets – Line 1.4.1
- CPSN Broadband Contract – included within Line 1.4.6
- Growth Fund – 1.4.10

A number of expenditure lines within the central provision of the schools budget are not permitted to increase above 2013-14 levels. The relevant expenditure lines are 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.6, 1.4.7 and 1.4.11 and as such these have remained at the same levels as in previous years.

2.7 The DfE have historically published comparative data in the autumn term to allow LA's to compare levels of DSG spend across key budget headings. On receipt this will be circulated to Schools Forum for information.

3.0 SCHOOLS BLOCK

3.1 **Appendix A** shows the final Schools Block pro-forma submitted to the EFA in January detailing the total allocations for each factor and unit values applied. Alongside this information the EFA have published data which provides details of the factors and unit values applied by each LA. This information can be found on the Education Portal at:

<https://www.learntogether.org.uk/Resources/Documents/LA%20Funding%20Formulae%20Comparison.xlsx>

- 3.2 In March the EFA published an analysis of local authorities' schools block funding formulae, which can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413827/Schools_block_funding_formulae_2015_to_2016.pdf

The following sections provide a summary of the key information and the relative comparative position of Cambridgeshire's local formula.

- 3.3 The percentage of total funding distributed through the formula for each factor for Cambridgeshire, statistical neighbours and the mean for all authorities (where factors are in use) are:

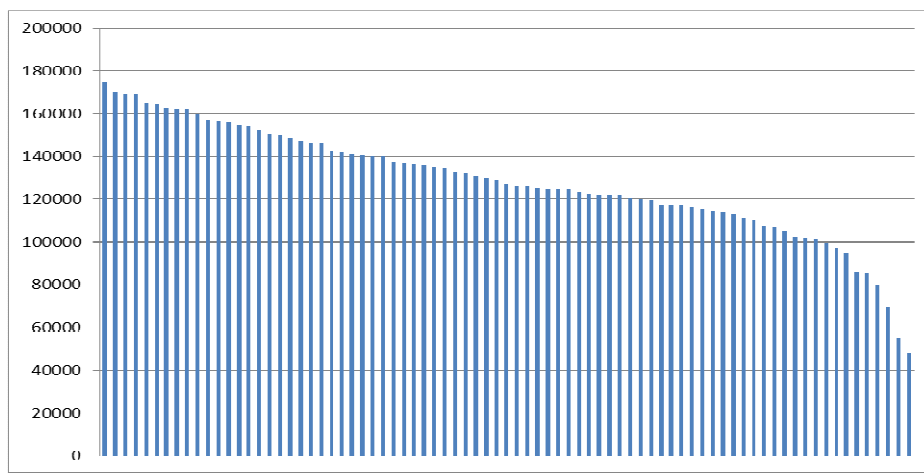
Factor	CCC	Mean	Statistical Neighbours
Pupil-led Funding	87.34%	90.17%	88.55%
Basic Entitlement	79.63%	76.36%	77.87%
Deprivation	3.55%	8.34%	5.88%
EAL	1.12%	1.04%	0.27%
Prior-Attainment	2.98%	4.50%	4.45%
LAC	0.06%	0.12%	0.05%
Mobility	0.00%	0.19%	0.03%
Sparsity	0.00%	0.22%	0.14%
Lump Sum	11.28%	7.91%	9.72%
Rates	1.28%	1.22%	1.21%
PFI	0.06%	0.86%	0.16%
Split-Site	0.02%	0.12%	0.06%
MFG	0.17%	0.38%	0.14%

- 3.4 **Basic Entitlement** – Cambridgeshire's basic entitlement is between £250 (for Primary) and £360 (for KS4) lower than the mean across all authorities, though a relatively higher proportion of total funding is distributed through the basic entitlement than average. This reflects the historical low levels of per pupil funding received by Cambridgeshire schools.
- 3.5 **Deprivation** – 117 authorities continue to use both the Income Deprivation Affecting Children Index (IDACI) and Free School Meals (FSM) for this factor, 29 use just FSM and 4 use just IDACI. Of those that use FSM, roughly half use each of the current FSM and Ever6 FSM options. The % of overall funding allocated to Cambridgeshire schools via the deprivation factors is lower than the national average and statistical neighbours, however it still targets over £11.2m to individual schools.
- 3.6 **Prior Attainment** - 142 local authorities apply the prior attainment factor for primary and 148 for secondary. The unit values applied within Cambridgeshire are towards the lower end when compared to the overall national picture, and as such results in less of the overall funding being allocated through this factor.
- 3.7 **Mobility and Sparsity** – 85 authorities do not use the mobility factor, whilst 130 do not use Sparsity. For those that do, relatively little funding (0.19% and 0.22%) is distributed on average. Previously, when we explored the potential use of these factors it was felt that the data and subsequent allocations did not provide the level of benefit to individual

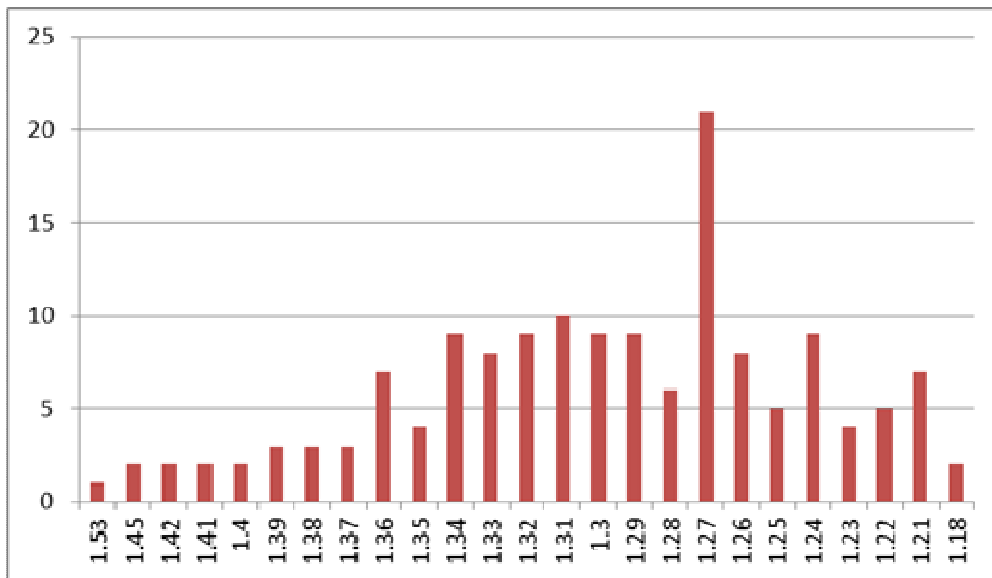
schools that warranted their use.

- 3.8 **Lump Sum** – There is a significant range of lump sums applied across the country, ranging from £48k to the maximum allowable level of £175k. This is not surprising as reflects the varied approaches to school organization across the country. The £150k applied within the Cambridgeshire formula reflect the number of small schools in both the primary and secondary sector, and result in a higher than average % of overall funding being allocated through the lump sum factor.

The range of lump sum values (the average of primary and secondary lumps) can be seen within the graph below:



- 3.9 **Rates** – In total, at a national level approximately £380m of funding is recycled back into the public finances through business rates. Cambridgeshire pays a larger proportion of its total funding through rates than average, and this looks to be increasing year-on-year due to ongoing revaluations of school premises and the removal of discretionary rates relief.
- 3.10 **Minimum Funding Guarantee** – Following the Fairer Funding allocations Cambridgeshire now funds a relatively small amount for Minimum Funding Guarantee (MFG). (£2.1m in 2014/15, reducing to £0.5m in 2015/16). The average for all authorities for MFG is skewed by a large number that have low amounts of MFG calculated in their formulae due to historical differences. 15 authorities pay over 1% of their total funding allocation in MFG.
- 3.11 **Primary/Secondary Ratio** – The collated data has been used to calculate the relative differences in per-pupil funding allocated to secondary pupils compared to primary pupils. The overall distribution of ratios can be seen on the following page:



Cambridgeshire's ratio is 1:1.26 compared to the national ratio of 1:1.28, very slightly higher than in 2013-14 and 2014-15 formulae when the figure was 1:1.27. The change in the national picture is due in part to the change in treatment of non-recoupment academies which now form part of individual local authority formulae.

These ratios, although interesting, need to be considered in the context of the school organisation within individual local authorities. Within Cambridgeshire for example the number of small primary schools skews the figures slightly in favour of the primary sector.

4.0 **RECOMMENDATION**

- 4.1 Members of Schools Forum are asked to note the contents of the report.

Appendix A
Local Authority Funding Reform Proforma

LA Name:

Cambridgeshire

LA Number:

873

Pupil Led Factors

	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£2,727.68		47,601.00		£129,840,427	£252,279,008	40.98%
	Key Stage 3 (Years 7-9)	£3,844.79		16,974.00		£65,261,394		20.60%
	Key Stage 4 (Years 10-11)	£4,998.22		11,439.50		£57,177,187		18.05%
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)
2) Deprivation	FSM % Primary	£600.00		5,079.89		£3,047,934	£11,239,830	3.55%
	FSM % Secondary		£600.00		2,689.94	£1,613,965		
	IDACI Band 1	£220.00	£220.00	2,740.15	1,396.54	£910,071		
	IDACI Band 2	£500.00	£500.00	2,941.55	1,576.80	£2,259,174		
	IDACI Band 3	£500.00	£500.00	2,890.27	1,605.21	£2,247,740		
	IDACI Band 4	£750.00	£750.00	775.23	436.07	£908,471		
	IDACI Band 5	£750.00	£750.00	228.87	105.75	£250,969		
	IDACI Band 6	£750.00	£750.00	2.01	0.00	£1,506		
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)
3) Looked After Children (LAC)	LAC X March 12	£750.00		248.91		£186,685	£3,725,382	0.06%
4) English as an Additional Language (EAL)	EAL 3 Primary	£750.00		4,101.54		£3,076,159		1.12%
	EAL 3 Secondary		£750.00		616.72	£462,539		

	Description	Weighting	Amount per pupil	Percentage of eligible Y1-2 and Y3-6 NOR respectively	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)
6) Prior attainment	Low Attainment % new EFSP	40.00%	£750.00	17.38%	8,828.56	£6,621,418	£9,456,028	2.98%
	Low Attainment % old FSP 78			19.23%				
	Secondary pupils not achieving (KS2 level 4 English or Maths)		£400.00		7,086.53	£2,834,611		

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)
7) Lump Sum	£150,000.00	£150,000.00			£35,725,000	11.28%
10) Split Sites					£50,000	0.02%
11) Rates					£4,054,596	1.28%
12) PFI funding					£192,352	0.06%
14) Exceptional circumstances (can only be used with prior agreement of EFA)						
Exceptional premises factor					£102,500	0.03%
Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)					£316,824,696	100.00%
MFG Net Total Funding (MFG + deduction from capping and scaling)					£522,786	0.16%
Growth fund (if applicable)					£1,750,000.00	
Total Funding For Schools Block Formula					£317,347,482	
% Distributed through Basic Entitlement					79.63%	
% Pupil Led Funding					87.34%	
Primary: Secondary Ratio					1 :	1.26