

SCHOOLS BUDGETS SETTING 2016/17: ADDENDUM

To: Cambridgeshire Schools Forum

Date: 16th December 2015

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

1.0	INTRODUCTION																
1.1	Following receipt of the revised Authority Proforma Tool (APT) on 10 th December 2015, this paper provides additional information to support the Schools budget setting process.																
1.2	The APT contains prepopulated school-level data, based on the October 2015 census, which will be used in the allocation of the 2016/17 Schools Block.																
2.0	DEPRIVATION FUNDING																
2.1	The most significant change is in respect of the income deprivation affecting children index (IDACI). It is five years since the dataset was last updated, and as such there has been a significant degree of movement of pupils between bands at an individual school level. DfE advice is that <i>“LA’s using IDACI should review the unit values to ensure that the amounts allocated to individual schools and in total are in line with the authority’s intended use of this factor.”</i>																
2.2	IDACI is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure defined at the level of lower super output area (LSOA) and is based on the data published in September 2015. It is a score between 0 and 1, which can be interpreted as the proportion of families with children aged under 16 in the LSOA which are income deprived.																
2.3	<p>The IDACI score has been matched to pupil records where the pupil’s postcode is known, and this has been placed into six bands as shown below. Only pupils with an IDACI score above 0.2 can be assigned deprivation funding through this factor, meaning there are six bands which can be given different unit values each for primary and six for secondary phase pupils.</p> <table border="1"> <thead> <tr> <th>IDACI Score</th><th>IDACI Band</th></tr> </thead> <tbody> <tr> <td>$x < 0.2$</td><td>0</td></tr> <tr> <td>$0.2 \leq x < 0.25$</td><td>1</td></tr> <tr> <td>$0.25 \leq x < 0.3$</td><td>2</td></tr> <tr> <td>$0.3 \leq x < 0.4$</td><td>3</td></tr> <tr> <td>$0.4 \leq x < 0.5$</td><td>4</td></tr> <tr> <td>$0.5 \leq x < 0.6$</td><td>5</td></tr> <tr> <td>$0.6 \leq x \leq 1$</td><td>6</td></tr> </tbody> </table>	IDACI Score	IDACI Band	$x < 0.2$	0	$0.2 \leq x < 0.25$	1	$0.25 \leq x < 0.3$	2	$0.3 \leq x < 0.4$	3	$0.4 \leq x < 0.5$	4	$0.5 \leq x < 0.6$	5	$0.6 \leq x \leq 1$	6
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2.4	The bands have been selected so that each band above band 0 contains a broadly similar number of pupils across the country. For each of the bands, the proportion of pupils on the autumn 2015 census with valid IDACI scores has been aggregated to school level, with separate indicators for primary and secondary phase pupils.																

2.5	The deprivation section of Appendix B shows that the refresh of the IDACI data has resulted in a reduction of pupils in Bands 3 to 6, and a significant increase in the number of pupils in Bands 1 and 2. (The majority of Cambridgeshire pupils are in Band 0 and as such do not attract any funding.) Although there has been an increase of nearly 1,200 pupils qualifying for IDACI funding, due to the movement between bands there is a reduction of approximately £175k when compared to the 2015/16 allocations.
2.6	The impact at individual school level is significant with a number of schools who previously received funding for pupils in Bands 1 to 6 now receiving reduced funding as pupils have moved into lower funded bands, or in some cases moved into Band 0, thus attracting no funding at all. However there are also some postcodes which have moved pupils into higher bandings, including some schools in newer communities / developments which have been assessed for the first time. As a result where pupils have moved into higher bandings this has attracted additional funding when compared to 2015/16. Appendix C shows the changes in numbers in each band at individual school level.
2.7	Where schools will experience a reduction in funding through the change in IDACI data they are likely to be in receipt of Minimum Funding Guarantee (MFG) protection. This will add an additional estimated cost to the overall Schools Block of approximately £1m over 2015/16 levels. Please note: The final cost of the MFG will not be known until all other funding factors and the overall distribution totals have been calculated.
2.8	Due to the way in which the refreshed data has affected different postcodes and IDACI scores, there are limited options to lessen the impact for individual schools that will experience a reduction in funding. Increasing the unit values for the lower bands would provide some support for a relatively small number of schools, but not those where pupils were now in Band 0. However, initial modelling shows that changes in unit values would have little impact overall. Equally this would also increase the overall amount required to fund the IDACI factor as would be applied to all schools, and as such would reduce the per pupil funding allocated through the basic entitlement.
2.9	Alongside the changes in IDACI funding the overall number of pupils shown as being eligible for free school meals according to the autumn 2015 census has reduced. The overall proportion and number of eligible primary pupil has reduced by 1 percentage point from 10.7% in 2014 to 9.7% in 2015.
3.0	OTHER PUPIL LED FACTORS
3.1	Changes to other pupil led factors due to the refresh of to the datasets have resulted in minimal overall impact and as such will remain at 2015/16 levels.
3.2	The Basic Entitlement values will be calculated once final distribution totals and all other formula factors have been calculated. Final figures will be reported to Schools Forum in January.

4.0	ACTIONS
4.1	Members of Schools Forum are asked to note the information above and comment on the issue which has arisen from the change in IDACI data.
4.2	The final formula proposals will be presented to CYP Committee in January for formal approval.