

SCHOOLS BUDGETS 2015/16: DEDICATED SCHOOLS GRANT (DSG) UPDATE

To: Cambridgeshire Schools Forum
 Date: 16th January 2015
 From: Martin Wade - Schools Finance Manager

1.0 INTRODUCTION

- 1.1 This report provides a summary update on the schools budget setting issues for consideration for 2015/16.
- 1.2 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>
- 1.3 The information below provides a summary of the main issues that will impact on the budget setting process.

2.0 DEDICATED SCHOOLS GRANT (DSG)

- 2.1 As in previous years the 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 Further Education (FE) Colleges.
- 2.2 The table below shows the current estimated level of DSG to be received in 2015-16:

Schools Block DSG	£320,510,802
2015-16 Non-Recoupment Academy (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 (HNB)</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 Newly Qualified Teachers (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.

3.0 SCHOOLS BLOCK AND EARLY YEARS BLOCK

- 3.1 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 Village College 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.

Change in Schools Block Pupil Numbers (2013/14 Funding Rates)	£3.3m
Minimum Funding Levels (MFL) Increase	£22.3m
Non-Recoupment Academies (NRA's)	£2.4m
Total Schools Block Increase	£28.6m

- 3.2 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.
- 3.3 As in 2014-15 the funding for NQT statutory induction of NQTs has moved into the DSG so that it can be delegated directly to all schools through local funding formulae. The total allocation nationally has remained at £10.2m and has been allocated to each local authority on a per pupil basis (using the pupil numbers used for the Schools Block).
- 3.4 The DfE has agreed with the following agencies to purchase a single national licence managed by the DfE for all state-funded schools in England:
- Christian Copyright Licensing International (CCLI) (new for 2015 to 2016);
 - Copyright Licensing Agency (CLA);
 - Education Recording Agency (ERA);
 - Filmbank Distributors Ltd. (for the PVSL);
 - Mechanical Copyright Protection Society (MCPS) (new for 2015 to 2016);
 - Motion Picture Licensing Company (MPLC);
 - Newspaper Licensing Authority (NLA);
 - Performing Rights Society (PRS) (new for 2015 to 2016);
 - Phonographic Performance Limited (PPL) (new for 2015 to 2016); and
 - Schools Printed Music Licence (SPML)

This means that local authorities and schools will no longer need to negotiate individual licences. These arrangements will cover recoupment Academies as well as maintained schools, and as in 2014-15, local authorities will be allowed to hold this money centrally, rather than include it in school budgets. The DfE will be sending local authorities details of the charge separately in January (because the figures are Commercial in Confidence) and will use the same process as in 2014-2015 to deduct the charge and issue each local authority with a Value Added Tax (VAT) invoice. This is still a cost to the DSG, and dependent on the total cost will impact on the final basic entitlement values. Further information will be circulated to all schools in due course.

4.0 HIGH NEEDS BLOCK

- 4.1 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.

- 4.2 As previously identified there are a number of pressures across the HNB budgets due to increasing levels of population and need. It is proposed to use £245k of this additional funding to contribute towards these pressures, with the remainder being managed from within the High Needs Block. As a result of this approach there is no proposed transfer from the Schools Block to the High Needs Block in 2015/16, however Top-Up rates to be paid to mainstream schools and academies will not be increased above current 2014/15 funding levels.
- 4.3 However, should a year end deficit arise in the central expenditure budgets, the expectation is that this will be the first call on the future years DSG. Assuming no changes in Schools Forum powers and responsibilities voting members would be required to approve this for 2016/17 if required.
- 4.4 To reflect the rise in pupil numbers within the Special sector, it is proposed that the remaining £150k of the additional HNB 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.

5.0 FUNDING ALLOCATIONS

- 5.1 At the Children and Young People (CYP) Committee meeting on 13th January 2015 members will be asked to endorse the following approach to the allocation of additional Dedicated Schools Grant (DSG) funding to be received in 2015/16:
- 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 to 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 Private Finance Initiative (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.
- 5.2 Following receipt of the initial DSG allocations as detailed in section 2.2 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 still subject to changes until the final submission has been made to the EFA on 20th January.

Appendix A shows the estimated distribution totals for budget setting purposes.
Appendix B shows the full list of formula factors and values to be applied in 2015/16.

6.0 NEXT STEPS

6.1 Subject to any last minute changes as a result of revised data from the DfE in respect of copyright licences, or updated rates information, the amounts shown in **Appendix B** will be submitted to the Education Funding Agency (EFA) on the 20th January and used to calculate individual Primary and Secondary schools budgets shares (SBS).

6.2 Primary and Secondary School Budgets

The intention is to publish draft/illustrative budgets in early February once any 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.

- Confirmation of national copyright licence charge required from DfE.
- Latest rates information to be updated on receipt of data from the relevant billing authorities.
- High Needs Pupils Top-Up funding to be recalculated based on updated pupil data.
- De-delegations and Pooled Arrangements to be recalculated for maintained primary schools.

Schools potentially eligible to access growth funding identified and funding agreed. (This is outside of the main funding formula and in some cases may not be possible to finalise until more certainty around admissions numbers.)

6.3 Early Years Funding

- Separate paper on Early Years Funding update.

6.4 Special School Budgets

- Awaiting confirmation from EFA on revised place numbers (including Post 16)
- Draft budgets to be published in mid-February on receipt of revised pupil data from Statutory Assessment and Resources Team (START).

6.5 Other High Needs Block Budgets

Special Units and Resource Centres – Schools with Special Units will be notified of their funding levels once information has been finalised.

6.6 The table below 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 pro-forma.
Early February 2015	Draft/Illustrative Primary and Secondary budgets to be published.
Mid February 2015	Draft Special budgets to be published.
28 February 2015	Local authorities confirm budgets for maintained schools
February-March 2015	EFA confirms Academy budgets.
18 March 2015	Schools Forum
March 2015	DfE/EFA confirms High Needs Block DSG funding to Local authorities.
31 st March 2015	S251 Budget Statement submission deadline.

Appendix A

2015/16 Estimated Distribution Totals - Dedicated Schools Grant - as at 6th January 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	
	£	£	£	£	£	£	
2014-15 Dedicated Schools Grant	26,800,647	22,117,950	25,584,225	289,056,837	20,015,341	383,575,000	Pre-Recoupment for Post 16 Places in Special Schools
In Year Demographic Adjustments to DSG		313,264	777,834			1,091,098	Based on published changes by DfE
Revised 2014-15 Dedicated Schools Grant Baseline	26,800,647	22,431,214	26,362,059	289,056,837	20,015,341	384,666,098	Pre-Recoupment for Post 16 Places in Special Schools
Inflation	-351,000	351,000				0	Central Inflation
High Needs Block Increase	245,735				150,000	395,735	Additional High Needs Block funding to be received in 15/16
Early Years Pupil Premium (EYPP)			353,939			353,939	EYPP indicative allocation - to be adjusted in year
2 Year Old Funding (Adjustment)			-5,349,393			-5,349,393	Change to participation funding for 2 Year Olds - Allocation to be allocated in June 2015
Early Years Block Pressure			500,000			500,000	Agreed Funding of EY Structural Pressure
Transfer of Function	-1,100,000	1,100,000				0	Transfer to support High Needs Block functions
Special School Equipment	-200,000	200,000				0	Creation of Special School Equipment Budget
Carbon Reduction Commitment			2,085	519,847	18,296	540,228	Adjustment to reflect change in treatment of CRC
Minimum Funding Levels Dedicated Schools Grant				28,114,393		28,114,393	Allocation of remaining DSG funding received due to Minimum Funding Levels (MFL)
	-1,405,265	1,651,000	-4,493,369	28,634,240	168,296	24,554,902	
Estimated DSG Funded Budget Allocation Pre-Adjustments	25,395,382	24,082,214	21,868,690	317,691,077	20,183,637	409,221,000	
Growth Fund (Adjustment)	250,000	0	0	-250,000	0	0	Increase of Growth Fund to £1.75m - approved by Schools Forum - December 2014
Copyright Licensing (Adjustment)	11,317	0	0	-11,317	0	0	Changes to national copyright licence agreement - awaiting final DfE figures.
Total Estimated DSG Budget	25,656,699	24,082,214	21,868,690	317,429,760	20,183,637	409,221,000	

Appendix B

Schools Block - Allowable 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 - AWPU)	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 5.2 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
Reception Uplift	Recognition of potential change in Reception numbers between Oct and Jan.	Not to use as change was minimal and data is from previous year	n/a	n/a
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
Free School Meal (FSM) Ever 6	Number of pupils recorded as eligible for FSM as at Jan Census in each of the last 6 years	Not to be used. See factor above.	n/a	n/a
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
Sparsity	A fixed or variable amount may be applied to small schools with average year groups of less than 21.4 (primary), 69.2 (middle) and 120 (secondary) where the average distance to pupils' second nearest school is more than 2 miles (primary & middle) or 3 miles (secondary).	Not to use. Minimal number of qualifying schools	n/a	n/a
Mobility	Pupils starting outside of normal admission times	Not to use. Concerns over data quality and immaterial impact	n/a	n/a
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: Highlighted Factors are not used within the Cambridgeshire Local Funding Formula.