

Schools Budget 2016-17

1. Introduction

The Dedicated Schools Grant (DSG) is a ring fenced grant of which the majority is used to fund individual school budgets. It also funds certain central services provided by the local authority such as Early Years (private and voluntary sector and maintained nurseries) and Special Educational Needs (SEN) including fees for out of borough pupils at independent special schools.

2. DSG settlement 2016-17

The 2016-17 DSG is based on the number of pupils on the October 2015 schools census for schools and currently the January 2015 early years census for early years. The total indicative DSG for 2016-17 is £190.739m. Table 1 shows the breakdown of the 2016-17 DSG across the three blocks. The sections following the table provide a detailed explanation for each funding block. As previously advised, the DSG is not ring-fenced to the specific blocks.

Table 1 – 2016-17 DSG allocation

Area	Per Pupil Funding £	Pupil Numbers	Total £
Schools Block	£4,914.62	31,373	£154,186,373
Early Years Block - 3&4 year olds	£4,320.96	2,327	£10,054,874
Early Years Block - 2 year olds	£5,253.50	314	£1,649,599
High Needs Block			£24,621,530
Sub Total			£190,512,376
Additional Amounts			
Induction for NQT			£45,447
Early Years Pupil Premium Grant			£180,969
2016-17 DSG as at 17th December 2015			£190,738,792

The 2016-17 schools budget was presented to Schools Forum on 19th January 2016. The anticipated 2016-17 funding for each block is detailed in Table 2.

Table 2 – 2016-17 DSG Blocks

Category	2016-17 Budget
Schools Block - delegated	£148,319,004
Schools Block - centrally retained	£1,314,433
Early Years Block	£11,412,400
High Needs Block	£29,692,955
Total 2016-17	£190,738,792

3. Schools block – delegated budget allocated to schools

The 2016-17 school budgets are being prepared using the updated funding formula which has been consulted with Schools in the autumn 2015 and approved by Cabinet in December 2015.

The outcome of the consultation proposed to reduce the formula factor values in 2016-17 by 1.5% although the final factor values would be calculated once the October 2015 census data was available. This was in order to claw back funding to partially mitigate the formula deficit of £1.6m set in 2015-16 which is funded from brought forward cash balances.

IDACI is an indicator of deprivation, which uses location (postcode) as the basis of assessing a pupil's level of deprivation. Band 6 is deemed most deprived with Band 0 having no deprivation. A major national review of re-categorisation of wards has taken place and a new data set released in September 2015. The effect of this is that wards have been re-evaluated and the impact for London generally has been that most wards have been re-categorised with lower deprivation than the previous position.

The impact of these changes is significant to the funding formula and to Harrow Schools. Due to the change in the IDACI data, over £4.4m funding would no longer be distributed through that factor as the number of eligible pupils has reduced from 21,065 to 10,570 (52% primary reduction, 45% secondary reduction). In addition over £900k is no longer distributed through Free School Meals (FSM) as the number of eligible pupils has reduced from 3,703 to 3,128.

Schools are protected annually by the Minimum Funding Guarantee (MFG) from *per pupil* losses capped at -1.5% of the per pupil budget from the previous financial year. This means that schools cannot lose more than -1.5% of their previous years' per pupil budget.

The changes in IDACI have had a significant impact on school budgets as it has reduced the per pupil funding and so the £5.3m above which is no longer distributed through the deprivation factors, instead increases the amount of funding to be distributed via the Minimum Funding Guarantee. This change has a negative impact on nearly all schools but disproportionately so on those schools who receive a higher proportion of funding through deprivation factors. Those schools which are already at MFG will see no change in the proposed budget, but puts them more heavily reliant on MFG funding.

In 2015-16 IDACI and FSM funding (deprivation factors) made up significant proportions of some school budgets. Over 25% of schools received more than 10% of their budgets through the deprivation factors with two high schools receiving more than 15% of funding. Therefore, the fact that there are less eligible children has had a significant impact disproportionately on these schools. In order to take steps to address this and fund schools through the deprivation factor rather than through MFG there is a proposed change to the factor values.

In 2015-16 the primary/secondary funding ratio is 1:1.34 – for every £1 spent in primary schools, £1.34 is spent in secondary schools. At its meeting in November 2015, Schools Forum agreed that the primary/secondary funding ratio be realigned back to the ratio set in 2013-14 of 1:1.32.

4. Closing the gap

In order to reduce part of the shortfall and address the primary/secondary funding ratio, the following changes have been applied to the 2016-17 formula:

- Reduce secondary AWPU by 2% - this addresses the primary/secondary funding ratio and realigns it to 1:1.32
- Maintain the 2015-16 cap on schools who gain through MFG at 0.8%
- Adjust the IDACI rates to distribute a similar overall level of funding through deprivation
- Reduce the following factor values by 1.5% across both primary and secondary
 - * EAL
 - * Mobility
 - * Prior attainment

These both claw back some of the formula deficit and reduce it to £2.9m. The deficit can be reduced further to £1.9m by applied £1m of Early Years funding to the schools block – this is a combination of anticipated additional funding for growth in pupil numbers and a reduction in the overall DSG funding required for early years.

The 2016-17 proposed formula factor funding values are shown at Table 3 along with the 2015-16 current formula factor values for comparison.

Table 3 – 2015-16 and 2016-17 School Funding Formula Factor Values

Factor	Primary	Secondary		Primary	Secondary	
	All	KS3	KS4		All	KS3
Year	2016-17			2015-16		
Basic Entitlement (AWPU)	£3,268.00	£3,886.85	£4,741.95	£3,268.00	£3,966.17	£4,838.72
Free School Meals	£1,389.05	£2,644.98		£1,111.24	£2,115.98	
IDACI Band 1	£200.00	£433.50		£90.00	£211.83	
IDACI Band 2	£280.00	£606.90		£134.00	£295.94	
IDACI Band 3	£558.75	£1,058.39		£160.00	£346.80	
IDACI Band 4	£810.00	£1,395.39		£447.00	£846.71	
IDACI Band 5	£1,139.00	£1,694.14		£810.00	£1,395.39	
IDACI Band 6	£1,139.00	£1,694.14		£1,139.00	£1,694.14	
Looked After Children	£1,973.90	£1,973.90		£1,973.90	£1,973.90	
English as an Additional Language	£216.15	£2,961.81		£218.33	£3,022.25	
Mobility	£2,705.19	£2,421.97		£2,746.39	£2,458.85	
Prior Attainment	£617.53	£1,391.63		£626.93	£1,412.82	

Whilst the MFG is a mandatory factor in the formula there is limited scope to further claw back any further funding through the formula. A combination of the above actions results in 32/52 schools being at MFG compared with 19 schools in 2015-16 and 12 schools being capped compared with 19 schools in 2015-16.

The IDACI changes have put 8/10 secondary schools (compared with 3/10 secondary schools in 2015-16) at MFG and the ability to increase these schools above MFG would mean AWPU would need to be increased but this would impact on the primary/secondary funding ratio and cause a further deficit on the formula.

It is also not just a case of clawing back funding from schools who gain because there is no correlation between these schools and therefore no one change can be made that reduces funding to those schools which does not negatively impact on those schools already experiencing losses.

5. Early Years Block

This is based on a GUF of £4,320.96 per pupil which has remained the same value as in 2015-16. The January 2015 Early Years Census has been used to produce a provisional allocation. This will be updated during 2016-17 and calculated based on 5/12ths of the January 2016 census and 7/12ths of the January 2017 census.

A further £181k has been transferred to local authorities to fund the Early Years Pupil Premium Grant. This remains at the same value as 2016-17. The grant will be paid to providers at a rate of £0.53 per hour per child upon evidencing that children in their settings meet the eligibility criteria.

From 2015-16 the funding for 2 year olds is based on participation. As with 3 & 4 year old nursery funding, the calculation will be based on 5/12ths of the January 2016 census and 7/12ths of the January 2017 census. In the meantime, the January 2015 census has been used and calculates a budget of £1.65m.

6. High Needs Block

Unlike 2015-16, there was no opportunity to bid for growth for High Needs funding. Instead, a place review was carried out which allowed place funding to be moved from one institution to another but where the number of places was proposed to increase, the increase in funding would have to be met within local authorities existing allocations.

On 17th December 2015 the EFA announced a further £92.5m of funding to be added to local authority High Needs Blocks to fund demographic growth. Harrow received £0.446m additional funding.

7. Pupil Premium

Schools also receive the Pupil Premium in respect of pupils who have ever been eligible for Free School Meals (FSM) in the last 6 years plus Children Looked After continuously for more than 6 months. The rates for pupil premium will remain the same as 2015-16 and are shown at Table 4.

Table 4 - Pupil Premium rates agreed for 2016-17, per pupil

Area	2016-17
FSM - Primary School Pupils	£1,320
FSM - Secondary School Pupils	£935
Service children	£300
Children Looked After	£1,900
Adopted children	£1,900

Allocations per school will be available once the data from the January 2016 census has been collated.