Understanding school and academy funding

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Pre-16 funding to 2021

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Overview of how local authorities budget allocations are set

ESFA set local authority DSG allocations by using the national funding formula and the blocks within the formula.

Local authorities continue to have autonomy over budgets and continue to set local formulae which will determine individual schools’ and academies’ budgets as in 2018 to 2019. We have confirmed that this will continue in 2019 to 2020 and 2020 to 2021.

The local authorities must consult with the schools forum about how the DSG is allocated through their local formula.
Schools funding in England

LAs receive the dedicated schools grant (DSG) from DfE.

All schools, including academies, are funded from the DSG. Both academies and maintained schools are funded on the same basis.

LAs pay maintained schools directly and fund some central services from DSG.

DfE recoups the value of academies funding from LAs and pays general annual grant directly to academies.
The structure of the funding system

- In 2018 to 19 and 2019 to 20:
  - the dedicated schools grant for local authorities has been allocated in 4 blocks (schools, high needs, early years and central school services)
    - each has been calculated on the basis of a different national formula
  - the vast majority (99.5%) of the schools block has been ring-fenced and distributed through the local formula for schools
    - with agreement from their schools forum, local authorities were able to move up to 0.5% or a previously agreed level into other blocks eg high needs
  - The local authority must set their local formula, so actual school budgets often differ from the notional NFF school calculation:
    - different census data
    - no account of block movement (often from schools block to high needs block)
    - not all local authorities choose to apply the NFF yet
Where are we now?

Each local authority receives an allocation of dedicated schools grant (DSG) to fund its schools budget

This is split into 4 distinct blocks:

- schools (£34.501bn)
- high needs (£6.269bn)
- early years (£3.542bn)
- central school services (CSSB) (£0.467bn)
Where are we going?

- We are continuing to work on the development of some factors, particularly those funded on a historic basis.
- We have confirmed that local authorities will continue to set a local formula in 2020-21.
- We will consider the NFF design beyond 2019 to 2020 in the context of the spending review.
The schools national funding formula

The schools NFF comprises of 15 factors to generate local authority allocations

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| NB: Not to scale. Funding for factors in italics will be allocated to local authorities in 2019-20 on the basis of historic spend |
The schools national funding formula

- **Basic per-pupil funding** (£24.53bn, 73.1%; LA formulae assigned £25.1bn)
  - **Age Weighted Pupil Units** - this is the basic funding that all pupils attract; (£2,747 for primary; £3,863 for KS3; £4,386 for KS4).

- **Additional needs funding** (£5.92bn, 17.6%; LA formulae assigned £5.54bn)
  - **Deprivation funding** – deprivation factors include eligibility for free school meals (both current and 6 year position), and postcode-based deprivation (IDACI).
  - **Low Prior Attainment** – pupils who do not achieve the expected level on entry to primary school/at key stage 2 will attract additional funding through this factor.
  - **English as an additional language** – a pupil who speaks English as an additional language will attract funding if they have entered the state education system during the last three years.
  - **Mobility funding** - in 2018-19 we allocated funding to local authorities on a historic spend basis.
The schools national funding formula

- School-led funding (£2.93bn, 8.8%) (LA formulae assigned £3.21bn)
  - **Lump sum**- every school will attract a lump sum of £110,000 through the formula.
  - **Sparsity**- eligibility for sparsity funding depends on the distance the pupils in the school would have to travel to their next nearest school and the average number of pupils per year group.
  - **Premises**- premises-related funding will be allocated through four factor: rates, split-sites, private finance initiative (PFI) and exceptional circumstances. Premises related funding will be allocated on the basis of historic spend. PFI will be uprated annually in line with RPIx.
  - **Growth**- in 2018-19 the growth factor was allocated on the basis of what each LA planned to spend on growth in 2017-18. In 2019-20 this has been changed to reflect differences in census pupil numbers from the previous year.
The schools national funding formula

- Minimum per-pupil funding levels:
  - for secondary schools this will be £4,800 in 2019-20, £4,600 for 2018 to 2019; for primary schools this will be £3,500 in 2019 to 2020, £3,300 for 2018 to 2019

- Funding floor:
  - this is not a 1% gain per pupil on the actual 2017 to 2018 funding
  - it’s to ensure that all schools attract at least a 1% gain per pupil against their NFF 2017 to 2018 baselines, if their local authority choose to use the funding floor in their formulae

- Area cost adjustment:
  - a hybrid area cost adjustment which accounts for general labour market trends and salary variations specific in the teaching workforce; is applied to basic per-pupil, additional needs and school led funding
  - is included within the sub totals listed here
The figures mentioned throughout are at local authority level only

The local authority are free to set a local formula that does not give an increase of at least 0.5% per pupil.

The local authority can choose not to use the funding floor element

That funding is based on the October census but not all pupils are necessarily funded

- ‘Dual Subsidiary’ pupils are funded to their ‘Dual-Main’ provider
- Pupils under 4yo on 31\textsuperscript{st} August are not funded through this element
- Not all pupils listed as EAL attract EAL funding
The Minimum Funding Guarantee

• Protects funding on a per pupil rate for pupil led funding
  • Some factors (for example, lump sum, sparsity, rates) are excluded from the calculation

• Currently it ensures no school’s or academy’s funding drops by more than an LA agreed rate per pupil compared with the previous year
  • From 2018-9, local authorities have had the ability to set an MFG at local level between -1.5% and +0.5%. This enables local authorities to more closely reflect the funding allocated by the national funding formula.

• Allocations may still go down due to a drop in pupil numbers
Common funding streams not included in the GAG for academies only

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<th>PAID BY ESFA</th>
<th>PAID BY LA</th>
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<td>Falling rolls fund</td>
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<td>Teacher Pay grant</td>
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<td>Universal infant free school meals (UIFSM)</td>
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<td>Year 7 catch-up premium</td>
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3 top tips for schools, academies and free schools
Tip 1: Understand how your funding is calculated

- School funding can be complex with many different elements to it, depending on your type of school and the pupils you have.
- But basic principles are simple and schools converting in the 2018 to 2019 academic year will receive funding on the same basis as the local authority formulae, pro-rata’d for the remainder of the academic year.
  - You may be funded on the same formulae and pupil numbers for up to 17 months (Apr 19 to Aug 20).
Tip 1: Understand how your funding is calculated

- Understanding how your funding has been calculated means you can:
  - confirm for yourself that you’ve been funded correctly
  - reliably anticipate what your funding may be, before you get your formal budget allocation either from your LA or from the ESFA
  - plan your finances more effectively
Tip 1: Understand how your funding is calculated

- Lots of sources of information and guidance to help you:
  - video briefings and guidance documents on GOV.UK
    (tip: sign up for free daily email alerts about new DfE material)
  - weekly ESFA update
  - knowledge centre – via ESFA’s Information Exchange
  - speak to your schools forum’s academy/maintained reps
  - ask ESFA: [www.education.gov.uk/efa-enquiry-form](http://www.education.gov.uk/efa-enquiry-form)
Tip 2: Get your school census data right

- All schools must provide termly census data to DfE:
  - early October – data back by end-October
  - mid-January – data back by mid-February
  - Mid-May
- Impossible to overstate its importance to you – it is imperative you provide accurate data
- Give your staff the time to do it well
- For many, it drives your largest source of income, your revenue funding
  Returning accurate and timely data should be viewed as one of your school’s most important admin functions
Tip 2: Get your school census data right

- Ensure you have access to school census on COLLECT
- Read the census readiness bulletins
- Return your data as early as possible
- Check the reports available to you – these will help you check that your data is right
  - Pupil numbers by year group; Infant Free School meal report
- Lots of materials on GOV.UK to help you – census guide along with useful training videos
- No changes will be made to census data outside of the regular collection and validation windows
  - Remember not all pupils on the census will attract all funding
Tip 3: Get involved with your schools forum

- You can anticipate how your funding may change in future without waiting for ESFA to send your annual allocation pack
- Let your local authority know of any changes in circumstances
- Your local authority must consult with its schools forum about how the dedicated schools grant is allocated.
Tip 3: Get involved with your schools forum

- All educational establishments must be proportionally represented in the forum membership
- You don’t have to be a forum member to engage
- Find out who the academy reps are and make your views known
- Forum meetings are open to the public and papers are available on LAs’ websites
- Stay informed - attend meetings, monitor reports / minutes, keep in touch with your rep
- If you’re an academy rep, keep in touch with other academies in your area
Recap

Understand how your funding is calculated

Get your school census data right

Get involved with your school forum