

# Understanding academy funding

**Steve Blackett – Academy Allocations Calculation  
Team Leader**



# Pre-16 funding for 2018 to 2019



# **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**

**LAs continue to have autonomy over budgets and continue to set local formulae which will determine individual schools' and academies' budgets for 2018 to 2019 and 2019 to 2020.**

**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.



# What's been announced?

- In July 2017, we confirmed that we would introduce national funding formulae for the 2018-19 allocations of schools and high needs funding to local authorities.
- At the same time we announced that introduction of the formula would be supported by additional investment of £1.3 billion across 2018-19 and 2019-20.
- We confirmed that the additional funding would be distributed in a way that would enable all schools and local areas to benefit.
- We have now issued local authority allocations using the national funding formulae.
- We have published notional budgets at school level showing what each school would attract through the national funding formula.



# The structure of the funding system

- **In 2018-19:**
  - The dedicated schools grant for LAs will be allocated in 4 blocks (schools, high needs, early years and central schools services). Each will be calculated on the basis of a different national formula.
  - The vast majority (99.5%) of the schools block will be ring-fenced and must be distributed through the local formula for schools. With agreement from their schools forum, LAs can move up to 0.5% into other blocks e.g. high needs.
  - The local authority still have to set their local formula, so actual school budgets may differ from the notional NFF school .



# The schools national funding formula

The schools NFF will comprise 14 factors

A	Basic per pupil funding	Age-weighted pupil unit				Minimum per pupil level				
		Deprivation		Low prior attainment		English as an additional language		Mobility		
B	Additional needs funding	Lump sum		Sparsity		<i>Premises</i>				Growth
						<i>Rates</i>		<i>PFI</i>		
C	School-led funding									
D	Geographic funding	Area Cost Adjustment								

NB: Not to scale. Funding for factors in *italics* will be allocated to local authorities on the basis of historic spend in 2018-19

# The schools national funding formula

- Basic per-pupil funding (£24.2bn, 72.9%)
  - **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).
  - **Minimum per-pupil funding levels**- for secondary schools this will be £4,800 in 2019-20 with a transitional amount of £4,600 in 2018-19; and for primary schools this will be £3,500 in 2019-20 with a transitional amount of £3,300 in 2018-19.
- Additional needs funding (£5.9bn, 17.8%)
  - **Deprivation funding**– deprivation factors include eligibility for free school meals (both current and historic), 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 will allocate funding to local authorities on a historic spend basis.



# The schools national funding formula

- School-led funding (£3.1bn, 9.3%)
  - **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 will be allocated on the basis of what each local authority plans to spend, in total, on growth in 2017-18.
- Area cost adjustment
  - we will apply a hybrid area cost adjustment which takes into account the general labour market trends and the particular salary variations in the teaching workforce. This is applied to basic per-pupil, additional needs and school led funding.



# The schools national funding formula

- **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 Minimum Funding Guarantee

- Protects funding on a per pupil rate
- Currently it ensures no school's or academy's funding drops by more than 1.5% per pupil compared with the previous year
- Budgets may still go down due to a drop in pupil numbers
- Some factors (for example, lump sum, sparsity, rates) are excluded from the calculation

## From 2018-2019

- Local authorities have the ability to set a variable MFG at local level between -1.5% to 0.5%. This enables local authorities to more closely reflect the funding allocated by the national funding formula.



# Common funding streams not included in the GAG

PAID BY ESFA	PAID BY LA
Rates (NNDR)	High needs top-up
Pupil premium grant	Early years
PE and sports premium	Basic need growth
Year 7 catch-up premium	Falling rolls
Universal infant free school meals (UIFSM)	
Capital	

# High Needs

- **The high needs funding system has 2 main components:**
  - **Core Funding (Place Funding)**
    - based on the total number of high needs places, irrespective of pupil residency.
    - If the place is unoccupied, funding is not withdrawn.
    - LAs decide how much to set aside in the high needs budget for the place.
    - Core funding is included in the LAs initial DSG allocation for academies and then deducted by ESFA to pay the academy directly.
  - **Top-up funding**
    - Funding required over and above the core funding
    - enables a pupil or student with high needs to participate in education and learning.
    - LA in which the child is resident or belongs to will allocate from their high needs budget.

# High Needs

- **If an academy is asked to take on more high needs children than they have places for, this should be funded from the LAs high needs budget.**
- **The LA should not automatically be charged the ‘core fund’ - the academy may be able to provide the support for additional child(ren) at marginal additional cost.**
- **If an aspect of high needs funding is not allocated through place funding, LAs may fund this from their high needs budget separately**
  - **Where these services are provided, the LA may provide funding from its high need budget to that academy through a service level agreement.**
- **LAs inform ESFA of high needs place changes each autumn for the following year**
  - **Import/Export adjustments allows for pupils in places commissioned from other LAs to be included**
- **New convertors should ensure that accurate data is held by ESFA via their project lead**

# Excluded Pupils

- **Most academies have provisions in their funding agreement that require adjustments to their budgets as follows:**
  - Funding should be deducted from the school's budget that has excluded the pupil.
  - Funding should be given to the provision that takes responsibility for the pupil via the LA in the first instance.
- **The funding should be the amount within the formula relating to the pupils age and personal circumstances**
  - (inc basic entitlement, pupil led factors and pupil premium)
- **pro-rata to the number of complete weeks remaining in the LAs financial year**
  - from the 'relevant date' (the 6<sup>th</sup> school day following the day of PEx).
  - **Exception** – if the exclusion takes place after 1 April and the pupil is due to leave at the end of the school year, the calculation is based solely on the number of weeks left until the end of the school year.

# 3 top tips for new 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 2017 to 2018 academic year will receive funding on the same basis as the local authority formulae, pro-rata'd for the remainder of the academic year**
- **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 a formal allocation pack from 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 E-Bulletin
  - knowledge centre – via ESFA’s Information Exchange
  - speak to your schools forum’s academy 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**
- **For many, it drives your single source of revenue – your funding from ESFA**
- **Returning accurate and timely data should be viewed as one of your school's most important admin functions**
- **Give your staff the time to do it well**



## Tip 2: Get your school census data right

- **Ensure you have access to school census on COLLECT**
- **Return your data as early as possible**
- **Check the reports available to you – these will help you check that your data is right**
- **Read the census readiness bulletins**
- **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**



## 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 including:

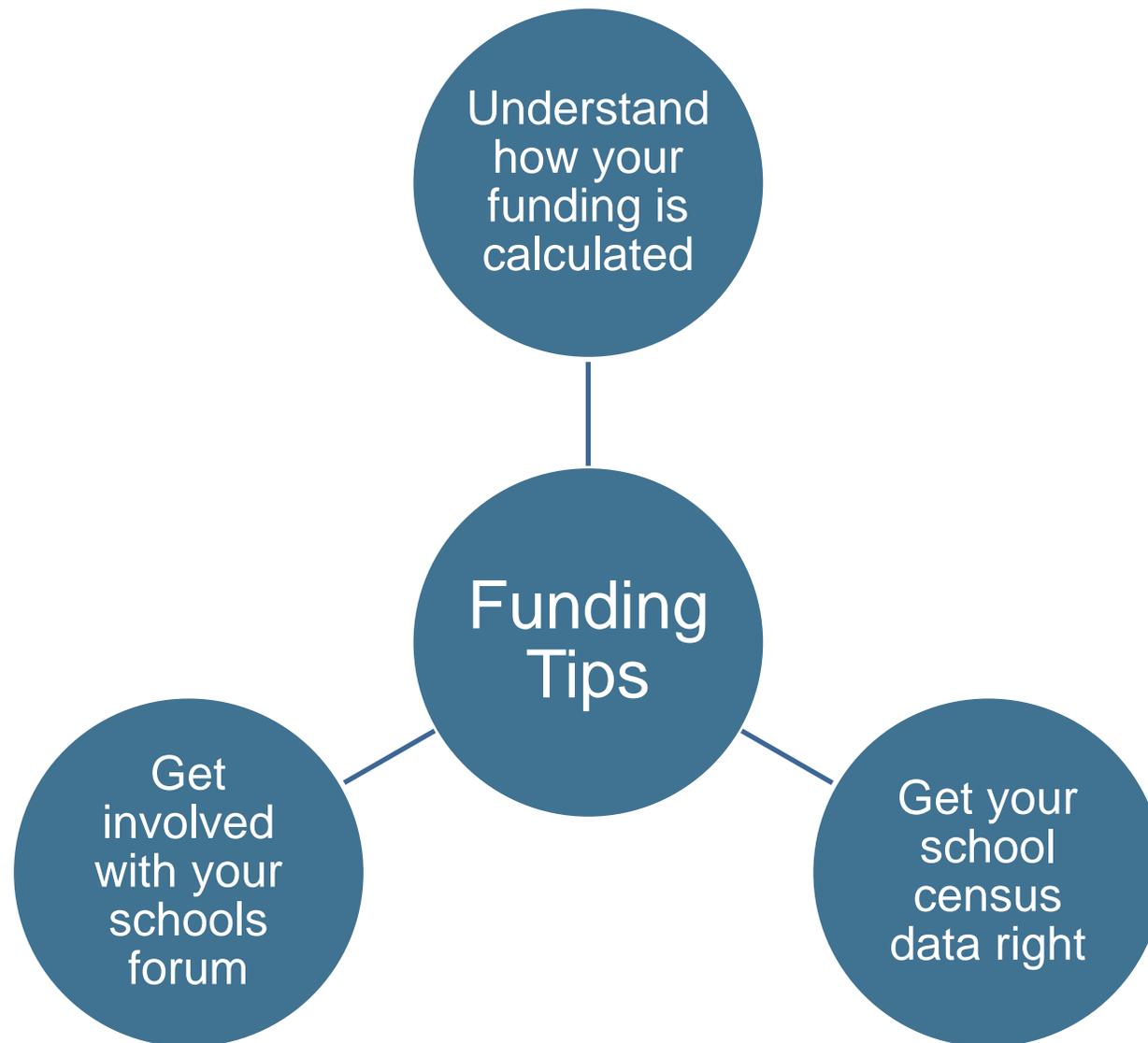


## Tip 3: Get involved with your schools forum

- **Academies 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



# Useful links

- [ESFA homepage](#)
- Further questions: get in touch via our [online form](#)
- Sign up to the [ESFA e-bulletin](#)
- [Understanding academy revenue funding](#)
- [Schools funding arrangements for 2017 to 2018](#) and [2018 to 2019](#)
- [High needs funding arrangements](#)
- [Funding education for 16 to 19 year olds](#)
- [Maths and English condition of funding guidance](#)

