

Children & Young People's Overview & Scrutiny Committee 14 November 2022

School Funding Update



Dedicated Schools Grant (DSG)

- Main source of funding for schools
- Recoupment recovers amounts paid directly to academies by the Education and Skills Funding Agency (ESFA, part of the DfE)

	Gross £ million	Recoupment £ million	Net £ million
Schools Block	353.009	196.333	156.676
Central School Services Block	2.860	-	2.860
High Needs Block	80.427	3.958	76.470
Early Years Block	32.919	-	32.919
Total	469.215	200.290	268.925

- Limitations on transfers between blocks

Mainstream Schools

Most funding is through a local formula

Intention to replace local formulas with the National Funding Formula (NFF)

Local formulas are constrained by funding regulations

From next year those formulas that diverge from the NFF will have to start to align more closely to the NFF

Closer alignment is intended to reduce funding turbulence when local formulas are replaced

Durham already aligns formula with NFF

Mainstream Schools Funding Formula

- Funds 211 primary and 30 secondary schools and academies
- Most funding is allocated on the basis of pupil numbers and pupil needs
- Funding is sensitive to changes in pupil numbers
- Formula uses October school census data
- Funding is not updated for in-year changes
- Means that funding is lagged (affects academies more)

Pupil-led Factors

- Basic funding per pupil
- Additional pupil needs
 - Deprivation
 - English as an Additional Language
 - Mobility
 - Low Prior Attainment

Additional Pupil Needs

- Allocations are based on characteristics that are linked to educational attainment
- Pupils with these characteristics are more likely to need additional support to do well at school
- Allocations are a means of giving relatively more funding to schools with relatively more needs
- Funding should not be linked to individual pupils

Minimum per Pupil Funding

- Minimum amounts per pupil of pupil-led and school-led funding
- Statutory requirement to use this factor
- Favours schools with lower levels of additional pupil needs (because they get less additional needs funding)
- Favours larger schools (because school-led funding split over more pupils)

School-led Funding

- Lump sum, (£121,300 per school), to recognise that all schools have some fixed costs, (e.g., a headteacher)
 - These costs would use a greater proportion of pupil-led funding in smaller schools
- Sparsity funding, a lump sum to support smaller schools in sparsely populated areas
 - Eligibility is determined by average distance by road to alternative schools and the size of school
 - Average distance is for pupils who live nearest to a school, not distances between schools
 - 29 schools are eligible in 2022-23, average lump sum is £38,000

Premises-led Funding

- Mostly for rates
- Also allocations for:
 - Split-site schools
 - PFI schools in DCC contract
 - Joint-use leisure (ends after this year)

Minimum Funding Guarantee / Growth

- Minimum Funding Guarantee
 - Guarantees schools a minimum increase in funding per pupil
 - Guarantee is 2% this year, but will be 0.5% next year, if following NFF
 - Intended to protect schools from the effects of changes in formula, not falling rolls
 - Paid for by capping increases in funding per pupil for other schools
- Growth funding
 - Used for new schools that are adding new year groups each year and schools that are expanding to meet a shortage of places in their area (basic need)
 - These schools are adversely affected by lagged funding
 - No support (or clawback) for schools with rolls changing because of changing popularity with parents
 - Limited use in Durham

Future Developments

- Replacement of local formulas by direct NFF
- Target is 2027-28, but could be 2026-27
- Not likely to have significant effect in Durham
- Other changes will need to be made consequential to change to direct NFF

Other funding for mainstream schools

- Special Educational Needs and Disabilities
 - Top-up funding for pupils with High Needs
 - Targeted support
 - Specialist SEND units
- Post-16
 - Funding allocated by ESFA
- Other grants
 - Early Years for Nursery Units
 - Pupil Premium
 - PE & Sport, Universal Infant Free School Meals Grant, Recovery Premium