



DERBY CITY COUNCIL

**CHILDREN AND YOUNG PEOPLE  
COMMISSION  
14 SEPTEMBER 2010**

**ITEM 7**

Report of the Strategic Director of Resources

**Schools Funding**

**SUMMARY**

- 1.1 To inform the Commission of the mechanism for schools' funding in Derby.

**RECOMMENDATIONS**

- 2.1 To note and comment on the mechanisms for schools' funding in Derby.
- 2.2 To note the consultation period for future changes to the formula.

**SUPPORTING INFORMATION**

- 3.1 The Schools Budget is funded from a ring fenced grant called the Dedicated Schools Grant (DSG) and is separate from the rest of local authority spending. The DSG is based on historical spending with top ups for ministerial priorities. It is a fixed per pupil amount and in 2010/11 Derby's allocation was 83rd out of 151 authorities. The actual amounts allocated to the Council are based on pupil numbers in January each year.
- 3.2 The total amount of DSG for Derby is £154 million of which £140m is delegated to schools through the Schools Fair Funding Formula with spending decisions determined by the governing bodies. The remaining amount is used for non delegated schools functions. There is a central expenditure limit which prevents central expenditure rising faster than delegated schools budgets without Schools Forum approval. The central services include:
- The Pupil Referral Unit (£3.9m)
  - Independent Special School Fees (£2.9m)
  - Special Educational Needs Provision (£1 million)
  - Capital Expenditure funded from revenue (£1.4 million)
  - Insurance (£0.6m) where schools choose not to request delegation
  - Education out of School (£0.8m)
  - Support for inclusion (£1m)
  - Central staff cover (£0.6 m), maternity and trade union costs in schools
  - Admissions (£0.3m)
  - Contingencies (£0.3m)
  - Support to Schools in Financial Difficulties (£0.1m)

- Licences and Subscriptions (£0.9m)
- Recoupment (-£0.3m)
- Contribution to combined budgets (£1.0m)

3.3 The non-schools budget includes home to school transport, education welfare and psychology service, school improvement, asset management, youth service, family support, children's social care and statutory functions of the service.

#### 4 **School Funding Formula**

4.1 The majority of funding delegated through the formula depends on pupil numbers. This was £84 m in 2011/12 and is based on the January pupil count (January count is used for the following financial year). There are no recalculations in year for pupil changes, for example September intakes, except in nursery classes where the Easter intake is taken into consideration.

4.2 There is a separate amount for each key stage. The current amounts are:

- Nursery (funded through a separate early years formula)
- Reception £2,525
- Key Stage One £2,076
- Key Stage Two £2,194
- Key Stage Three £2,787
- Key Stage Four £3,241
- Post 16 is funded through a national formula

4.3 There are other factors within the formula that determine the differentials between schools.

#### Additional Educational Needs (AEN)

- *Weighted Teaching Assistant Hours Budget* – Additional teaching assistant support for pupils with special needs. Funding is given for pupils where the special needs service have identified that they require additional teaching assistance in excess of 15 hours per week per pupil. This is based on actual pupils at the school at the time of the January pupil count, pro rata for 5 months (April – August), and an estimate of Teaching Assistant hours needed for January the following year, Pro Rata for 7 months (September – March). This funding is only for the extra hours above the threshold of 15hrs. As an estimate is used for the period September – March this part of the funding may be subject to an adjustment in the following year's budget.
- *Teaching Assistant Hours for out of catchment pupils* – Additional teaching assistant support for pupils with special needs who are living outside of Derby City normal catchment areas. Funding is given for pupils where the special needs service have identified that they require additional teaching assistance. These hours are not subject to threshold of 15 hrs and are not subject to retrospective adjustments.
- *Pupil Turnover(Pupil Mobility)* – As it is recognised that pupil turnover can cause additional pressures in schools, this factor looks at the arrival of new pupils in January.

- *Special Educational Needs (SEN)/English as an Additional Language (EAL) Mobility* - This factor takes into account the number of new arrival EAL & SEN pupils from the latest January pupil count. 20% of growth above inflation is divided by the total of all schools new SEN/EAL arrivals and multiplied by each individual school's new EAL/SEN arrival pupil count.
- *Additional Funding for Pupils with Free School Meals* – Additional funding is given to schools based on the last three year average percentage of pupils eligible for free school meals.
- *English as an additional language* – An amount of funding is given for each pupil whose first language is not English. The pupil numbers are taken from the latest January pupil count.
- *English as an additional language – Underachieving Groups* – An amount of funding is given for each pupil whose ethnicity is identified as one of the underachieving groups. The pupil numbers are taken from the latest January pupil count. The current list of underachieving groups provided by the Department for Education are Bangladeshi, Pakistani, Black African, Black Caribbean, any other Black background, White & Black African, White & Black Caribbean, Gypsy/Roma.
- *Index of Multiple Deprivation* - 80% of growth above inflation is allocated through this factor. We use the number of pupils in the IMD 40% most deprived areas, plus a triple weighting for those in the 20% most deprived areas.
- *Vulnerable children* – An amount of funding is given for each pupil who is included on a list of cases notified to us by Children's Social Care Team in January each year.

#### 4.4 **Site Specific Funding**

- *Maintenance/ Health & Safety – Pupil Density Count* – The number of pupils per square metre, multiplied by the total number of pupils in the school. This is a measure to take into account that a school that is more crowded may potentially need more maintenance than a less crowded school.
- *Maintenance/ Health & Safety – Assessed Need Count* – The condition factor for the building provided by the property services team (1 being the best condition and 5 being the worst) is multiplied by the floor area of the building and divided by 100. This is a measure to take into account that buildings that are in a poorer condition may need more maintenance than a building in good condition.
- *Split Site Factor* – It is recognised that having schools with split sites can cause additional pressures in schools. A base amount is given to each school whose split sites are separated more than 500 metres.
- *Floor Area* – An amount of funding for each square metre of the floor area of

the building. The property services team at Derby City Council provides the floor area figure and schools are asked to check this figure in January of each year.

- *Rates* – Actual figure provided by the rates section.

*Insurance Premises* – where schools have opted to take out their own premises insurance policy they are given an amount of funding based on the reinstatement value of their building, confirmed by schools in January each year.

#### 4.5 **School Specific Funding**

- *Base* – A basic amount is given to each school plus an extra amount for schools with less than 200 pupils.
- *Catering Budget - Base* – A base amount for the catering service for the provision of school meals. This element of funding forms part of the overall charge for schools buying into the catering package.
- *Catering Budget - Transport* – An amount given to schools that transport their food from another site. This element of funding forms part of the overall charge for schools buying into the catering package.
- *Catering Energy* – An amount given to schools that prepare food for another site. This is in recognition of the fact that schools may get higher energy bills if their school kitchen is being used to prepare meals that are then transported to other schools.
- *PFI Factor* – Where schools have been rebuilt as part of a Private Finance Initiative (PFI) these schools are allocated an amount to cover the part of the cost of payments made to the PFI contractor. This amount does not cover the cost of PFI operational services and PFI Interim service charges.
- *PFI Utility Factor* – A factor to reflect actual utility costs.
- *Admissions* – If a school has chosen to administer its own admissions policy an amount is given to the school based on the total number of pupils at the school.
- *Protected Salary* – Only given to specific schools where they have staff on a protected salary. The amount given covers the protected element of the salary costs.
- *Teachers Pay Grant* – An amount is given as a contribution towards the cost of each teacher at the school who is receiving additional performance pay.
- *Small School Curriculum* – An amount is paid to a school with less than 160 pupils.

*Prior Attainment Weighted Pupil Numbers(secondary only)* – the percentage of pupils from feeder schools who attained KS2 level three or below based on a five

year average.

#### 4.6 Other Pupil Led Funding

- *Insurance Pupil Numbers* – Some schools have opted to take out their own insurance policy rather than being covered by Derby City Council's own policy. Where schools have opted to do this they are given an amount of funding per pupil.
- *Pupil Number Allocation* – An amount of funding paid to schools based solely on the total number of pupils as stated on the January count.
- *Catering Budget – Free Meals* – This figure is the average of the number of free school meals taken on a November count date and on a January count date. This element of funding forms part of the overall charge for schools buying into the catering package.
- *Catering Budget – Paid Meals* – This figure is the average of the number of paid meals taken on a November count date and on a January count date. This element of funding forms part of the overall charge for schools buying into the catering package.
- *KS1 Class Organisation Factor* – Additional funds are given to help ensure that class sizes for key stage 1 children do not exceed 30. The figure we use is based on the year one admission limit for the school, divided by 30. This represents the potential maximum number of year one classes for the school.

#### 4.7 Special Schools (£7.5m)

These are mainly funded on place factors as is enhanced resource provision.

#### 5 Any changes to the formula have to be made within the following constraints;

##### 5.1 Minimum Funding Guarantee

Each year the Government stipulates the minimum increase for schools budgets taking into account changes in pupil numbers. If pupil numbers are changing in a school this will have an effect on the level of protection each school receives. If the budget is initially below the minimum increase (before any retrospective adjustments) then the minimum-funding guarantee is used to adjust the budget, up to the level set by the Government.

This means that where we want to make changes to the formula that will affect individual school allocations the school losing is protected by the MFG. Therefore changes can only be made within the 'headroom' available.

## 5.2 Multi Year Budgets

The funding regulations state that schools should be issued multi year budgets and generally these mirror the Comprehensive Spending Review cycle. Major changes to the formula can not be made outside of this cycle. Budgets for the following years in the multi budgets are only indicative as data will change.

## 5.3 Deprivation Targets

The previous government was keen to ensure that amounts allocated nationally to Council's for deprivation through the DSG allocations was employed for that purpose at a local level. They set as a target that by 2012 100% of the funding would be allocated through deprivation factors. In Derby we were well below the targets for passporting these funds (52%) and this was the reason that three years ago we allocated all schools growth through an index of multiple deprivation. The current percentages are 73%

6.1 Each year consultation is carried out on any proposed changes to the formula. This is carried out in the autumn to inform the following year's formula.

6.2 Provisional school budgets are issued the week after the February half term with final budgets by the 31<sup>st</sup> March together with the Section 251 statement (formerly the Section 52 statement).

6.3 Schools are challenged where their revenue balances exceed 5% in secondary schools and 8% in nursery, primary and special schools. Recently an automatic claw back mechanism has been introduced at 3% above these levels.

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<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1:Implications

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 As outlined in the report.

**Legal**

- 2.1 Schools funding is governed by the Schools Funding Regulations.

**Personnel**

- 3.1 None

**Equalities Impact**

- 4.1 None

**Corporate objectives and priorities for change**

- 5.1 This accords with the Council's objective of "To build ambition, aspiration and achievement."

