

## **AGENDA ITEM 7**

### **REPORT TO SCHOOLS FORUM**

**12<sup>th</sup> NOVEMBER 2024**

## **Schools Funding Consultation Report 2025-26**

### **SUMMARY**

1. Dedicated School Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The Education and Skills Funding Agency (ESFA) uses the national funding formula to calculate the blocks within the DSG that are allocated to local authorities. Local authorities currently have some flexibility in how this funding is allocated to schools, within the framework and constraints set out by the ESFA.
2. This paper sets out the results of this recent local consultation with maintained schools and academies which covered a 0.5% transfer from the Schools to High Needs block for 2025/26. The Schools Forum should take into account the views of the schools responding before making their decision.

### **RECOMMENDATION**

3. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (higher of 0.5% or £900k) from the schools block to the high needs block in 2024/25 (Q4) noting that:-
  - All Schools Forum Members may vote on this proposal.
  - It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree, the DfE are able to decide if the local authority requests this via the disapplication route.

### **DETAIL**

4. The council recently held a consultation on school funding arrangements for 2025/26. This took place between 9<sup>th</sup> October and 6<sup>th</sup> November. A copy of the consultation document issued to schools is attached at **Appendix A** to this report.

### **Summary of the Consultation Responses**

5. Of the 78 schools consulted with, 44 responses were received (compared to 28 in the previous year). The responses include a block of 11 votes from one Academy Trust and a block of 5 votes from another.
6. The breakdown of the 44 responses (which is a 56% response rate) is shown in the table below:-

LA Primary	10
LA Secondary	1
Primary Academy	25
Secondary Academy	4
AP / Special Academy	4
<b>TOTAL</b>	<b>44</b>

7. Further detail on each of the proposals and consultation responses are provided below. A log of consultation response comments are set out in **Appendix B**.
8. The council consulted on a 0.5% (higher of 0.5% or £900k) transfer from the schools block to the High Needs block. Information was provided to schools on the background to the proposal as part of the consultation document attached at **Appendix A**.

### **Consultation Responses**

9. Of the 44 responses received **23 (52%) supported the proposal**, 20 (45%) did not and there was 1 response with No View. From the 23 that supported the proposal, 13 of the respondents were from Academy Trusts with the remaining 10 from Maintained Schools. From the 20 responses that did not support the proposal, 1 was from a maintained school and 19 were from Academy Trusts (including a group response of 11 replies from Bishops Hogarth and a group response of 5 from Prince Regent Street Trust).

**Please note that Bishop Hogarth response was provided after the 5pm deadline on the 6<sup>th</sup> November set for returns. I was also asked to include Oxbridge Primary as part of Prince Regent Street Trust response even though it has not yet converted.**

	Yes	No	No Views	Total
Academy	13	19		32
Maintained	10	1	1	12
	<b>23</b>	<b>20</b>	<b>1</b>	<b>44</b>

10. As noted above 11 of the responses were from the academy trust with the most schools under its umbrella within the borough. If this group response was excluded from the results above 23 (70%) of the respondents would have supported the proposal with 9 (27%) not supporting it.

<b>Excluding Bishops Hogarth</b>	Yes	No	No Views	Total
Academy	13	8		21
Maintained	10	1	1	12
	<b>23</b>	<b>9</b>	<b>1</b>	<b>33</b>

11. If the responses from academy trusts were only counted as 1 reply each then 23 (77%) of the respondents would have supported the proposal with 6 (20%) not supporting it.

Group Trusts 1 Reply	Yes	No	No Views	Total
Academy	13	5		18
Maintained	10	1	1	12
	<b>23</b>	<b>6</b>	<b>1</b>	<b>30</b>

12. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (higher of 0.5% or £900k) from the schools block to the high needs block in 2025/26 noting that:-
- All Schools Forum members may vote on this proposal.
  - It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree with the proposal, the DfE are able to decide if the local authority requests this via the disapplication route.

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## **School Funding 2025/26 - Consultation Document**

### **PURPOSE**

To seek views from maintained schools, academies and free schools on proposals in respect of Schools and High Needs Budgets for 2025/26. The results of this consultation will be presented at the School Forum Meeting on 12<sup>th</sup> November for relevant Forum Members to vote.

Schools forums have a range of responsibilities relating to local funding formulae for mainstream schools. For example, they must be consulted by their LA on changes to local funding formulae for schools and Schools Forums must decide on LAs' proposals to move up to 0.5% of the schools block to other funding blocks. This consultation fulfils the Forums responsibilities.

This consultation ends on **Wednesday 6<sup>th</sup> November 2024.**

### **HIGH NEEDS BUDGET**

The High Needs block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from age 0 to 25, and alternative provision (AP) for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.

As schools will be aware since the introduction of the new SEND code of practice in 2014, there has been a year on year increase in the demand placed on the High Needs Block due to increased numbers of children requiring SEN support and Education, Health and Care Plans (EHCPs).

At the end of the 2023/24 financial year the deficit against the Dedicated School Grant (DSG) was £3.798m.

Although we have not yet finalised the quarter 3 budget monitoring exercise it is apparent that the high needs budget is continuing to see increased demand for additional placements and higher levels of support. The main areas of pressure are as follows: -

Agency Placements – There are currently 158 placements which leaves £486k of growth funding available to support any further placements and fee increases this year. However, this only equates to approximately 7 new placements at an average of £65k each per annum.

Out of area placements – There are currently 121 placements in other LA schools which is currently expected to result in an overspend of £224k. This relates to 8 additional placements since the budget was set plus further 1:1 support costs.

SBC Top-ups - There has been a significant increase in the levels of funding requested by SBC Special Academies and also pressures resulting from the initial implementation of the Delivering Better Value

(DBV) mitigations from September 2024 to increase capacity in SBC mainstream schools. This prevents the need to place in more expensive Independent Special School and other LA placements.

Alternative Provision (AP) – Although the LA is looking at AP and the support available, as this is one of the mitigations in the DBV programme, the costs of support are continuing to increase. At present, the AP budget is expecting to be c£170k overspent.

The Council is currently working on all of the mitigating actions as notified to the Government as part of the Delivering Better Value Programme. The current DSG Management Plan which was also provided as part of the DBV Programme is showing a cumulative deficit of £35m. The authority is working on the mitigating actions to reduce this down to a balanced position but these actions will take time to develop and implement before savings can be made / increased costs offset.

For 2025/26 local authorities will continue to be able to transfer up to 0.5% of their schools block to the high needs block of the DSG, with Schools Forum approval. Last year the Forum supported a transfer of 0.5% (£0.837m) from the Schools Block to the High Needs Block. A disapplication will be required to the Secretary of State for transfers above 0.5%, or any amount without Schools Forum approval.

Due to the timing of the general election, the publication of the notional schools and high needs national funding formula (NFF) allocations for 2025 to 2026 has been delayed. ESFA aim to publish NFF allocations for schools and all supporting documents on the NFF (including the schools operational guide and NFF technical note), for 2025 to 2026 as soon as possible following the budget announcement on **30 October 2024**.

As a result of the above an accurate figure that equates to 0.5% cannot be calculated. Therefore it is proposed that the amount set for 2025/26 is limited to the higher of 0.5% or £900k for 2025/26.

The Council consider this proposal a fair balance where the transfer will be minimised to ensure schools receive the maximum possible increase in their budgets to reflect the on-going pressures that they have identified in recent years, whilst the DSG deficit and shortfall in the High Needs budget is addressed.

### **Consultation Question**

**Question 1 - Question 1 - Do you support the transfer of 0.5% (higher of 0.5% or £900k) from the Schools Block to High Needs Block in 2025/26?**

	Response	Comments
Yes		
No		
No views		

Please complete and certify this sheet and return electronically with your consultation to: [andy.bryson@stockton.gov.uk](mailto:andy.bryson@stockton.gov.uk) by 5pm on Wednesday 6<sup>th</sup> November 2024.

If you are unable to include electronic signatures could you please provide authorisation within the body of the email from both the Headteacher and Chair / Clerk to Governors.

**Name of School:** .....

.....	.....
<b>Chair or Clerk to Governors</b>	<b>Headteacher</b>
<b>(Please specify)</b>	

.....	.....
<b>Print Name</b>	<b>Print Name</b>

## Appendix B

### LOG OF CONSULTATION RESPONSES

#### **Question 1 - Do you support the transfer of 0.5% (higher of 0.5% or £900k) from the Schools Block to High Needs Block in 2025/26?**

<b><u>RESPONSE NO.</u></b>	<b><u>COMMENTS</u></b>
1	Constantly supporting the pot with additional funds is not the long-term solution to the High Needs Funding Crisis. This needs to be addressed separately, not supported by the Schools Block.
2	We support retaining the transfer of 0.5% from the Schools Block to High Needs block in 2025/26, however, we would like to highlight that National Funding Formula continues to only apply to mainstream settings and therefore, places additional financial pressures on special schools. Hence, why the local authority are probably feeling the pressure from special provisions who are having to seek additional funding via Top-ups.
3	Having access to specialist placements or good quality Alternative Provision is crucial for Stockton schools at the moment. Funding needs to be available to allow this to happen.
4	As a specialist provision, we agree with the transfer to support the high needs block. All schools have access to this and it gives financial capacity to enable effective support for most vulnerable young people in the borough. Given the increasing demand and pressures on the budget, along with the increase in numbers of young people with complex needs and the complexity of their needs, this is absolutely essential.
5	We feel it is paramount to take control of these budgets at school level.
6	We have previously supported the transfer but whilst we appreciate the pressures on high needs there are acute pressures on mainstream funding too. Transferring from the schools block both exacerbates the challenge with mainstream funding and masks the structural issues with high needs funding.
7	I consider this to be a fair transfer
8	We do not support a transfer of 0.5% (higher of 0.5% or £900k) from the Schools Block to High Needs Block in 2025/26. We are sympathetic to the pressures faced in the High Needs Block, but solutions should be ring-fenced within this block through continuing efficiencies to reduce costs and the lobbying of government to increase funding. Pressures on school budgets within the Schools Block remain intense and 100% of the funding allocated to this block by government should be spent on school budgets.
9	Already Pressures on the schools budget
10	Although it will be a 'drop in the ocean' in the current climate we feel it is a way to try to address the complexities and demands of the growing needs in our main stream schools; in the shorter term.