

AGENDA ITEM 6

**REPORT TO
SCHOOLS
FORUM**

**10th OCTOBER
2023**

SCHOOLS FUNDING ARRANGEMENTS 2024/25

SUMMARY

1. This paper is intended to inform the Schools Forum of the latest information regarding the 2024/25 national funding formula (NFF) for schools and High Needs which was published by the DfE in July 2023 but updated in October 2023 after a technical error was discovered.
2. The technical error was due to incorrect processing of pupil numbers in the initial calculations. This error meant that the overall cost of the schools NFF was underestimated, and incorrect factor values were published in July.

RECOMMENDATION

3. That the Schools Forum note the report.

National Increases

4. The total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS). This total includes the additional funding for teachers' pay announced in July 2023; the Teachers Pay Additional Grant (TPAG) provides an additional £482.5m in 2023-24, and £827.5m for 2024-25 for mainstream, special and alternative provision schools.
5. Funding through the mainstream schools national funding formula (NFF) is increasing by 1.9% per pupil in 2024-25, compared to 2023-24. Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 7.6% higher per pupil in 2024-25, compared to 2022-23.
6. The schools national funding formula (NFF) continues to distribute this based on the needs of schools and their pupil cohorts. The main features in 2024-25 are:
 - DfE are introducing a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country.

- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
 - Through the minimum per pupil funding levels, every primary school will receive at least £4,610 per pupil, and every secondary school at least £5,995.
 - The funding floor will ensure that all schools attract at least 0.5% more pupil led funding per pupil compared to its 2023-24 NFF allocation.
 - Rolling the 2023-24 mainstream schools additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.
7. 2023-24 was the first year of transition to the direct schools NFF – with the end point being a system in which every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. DoE will continue with the same approach to tightening in 2024-25. As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF.
 8. High needs funding is increasing by a further £440 million, or 4.3%, in 2024-25, following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF will ensure that every local authority receives at least a 3% increase per head of their ages 2-18 population, with the majority of authorities seeing gains of more than 3%.
 9. Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14. The total provisional funding for these responsibilities is £304 million in 2024-25. In line with the process introduced for 2020-21 to withdraw the funding for historic commitments over time, this element of funding will decrease by 20%.
 10. Final allocations of mainstream schools and central schools services funding for 2024-25 will be calculated by DfE in December 2023, based on the latest pupil data at that point, when they announce local authorities' DSG allocations. Local authorities will continue to use that funding to determine final allocations for all local mainstream schools. The December DSG allocations will also include updated high needs funding allocations, based on the latest pupil data, but these are not final as there will be a further adjustment in 2024. As normal, local authorities will use

the December allocations to finalise their schools' and high needs budgets.

The National Funding Formula for Schools

11. The basic structure of the schools national funding formula (NFF) is not changing for 2024-25. However, DfE are changing some existing features of the formula as detailed below:
 - a. The basic per pupil funding factor, FSM6 and the lump sum factors have been increased to reflect the rolling in of the mainstream schools additional grant into the NFF. On top of these the core factors in the NFF – the basic per pupil funding factor, additional needs factors and the school lump sum – will increase by 1.4%. The free school meals factor will increase by 1.6%, in line with the GDP deflator forecast for 2024-25.
 - b. DfE are rolling the mainstream schools additional grant (MSAG) into the schools NFF in such a way that the additional NFF funding schools and local authorities receive is as similar as possible to the funding they would receive if the grant was not rolled in.
 - c. The minimum per pupil levels in 2024-25 will be set at £4,610 per pupil for primary schools and £5,995 per pupil for secondary schools. This includes £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.
 - d. In 2024-25, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum.
 - e. The 2023-24 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the mainstream schools additional grant.
 - f. With the exception of split sites funding, which is now formularised, premises funding will continue to be allocated at local authority level on the basis of the amount spent by local authorities on this factor in their 2023-24 local formulae – as recorded in the 2023-24 Authority Proforma Tool (APT). The PFI factor is increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.
 - g. Local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which in 2024-25 must be between +0.0% and +0.5%.

- h. Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will be required for transfers above 0.5%, or for any amount without schools forum approval.
- 12. As in previous years it is Stockton intention to consult with schools on the transfer of up to 0.5% of the schools block into the high needs block. The consultation documents on this and other aspects of the formula we are required to consult on will be distributed to schools following the meeting.
- 13. For Stockton the indicative Schools Block allocation for 2024/25 (excluding growth factor) is £166.607m (2023/24 £157.332m).
- 14. Until the DfE publishes much more detailed information it is difficult to gauge precisely the implications locally.

The National Funding Formula for High Needs

- 15. The basic structure of the High Needs NFF for 2024-25 is not changing and it is anticipated that Stockton's share of the national increase as noted in paragraph 8 will be £1.581m for 2024/25.
- 16. The funding floor ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2024-25 the funding floor will be set at 3.0%, having adjusted the baseline to include the additional high needs funding that was allocated to local authorities in December 2022, following the 2022 autumn statement.
- 17. The limit on gains will be 5.0% per head of population compared to the baseline, so that authorities due to gain under the formula see an increase of up to 5.0% before their gains are capped, (again, compared to a baseline that takes account of the additional high needs funding allocated in December 2022).

National Funding Formula for Early Years

- 18. At the date of the meeting the guidance for 2024-25 is due to be published in the autumn, following the outcome of the DfE consultation. The schools Forum will be updated on any changes once the information is published.
- 19. At the June meeting a report on DfE Commitments to Early Years was presented to the Forum. The purpose of this paper was to provide an update to Schools Forum on the Government commitment to the Early Years Sector as outlined in the Spring Budget 2023.
- 20. The report noted that there will be capacity issues for the team to manage these new initiatives. The team is small (2.81FTE) and increasing the

number of funded children creates more work for the headcount process, where payments are made to providers for funded children.

21. An additional post is being created which will be funded by the increased central allocation (5% of total early years funding) to help implement these changes. Total 2024/25 early years central spend will be presented in the budget report to the Forum in January 2024.

The National Funding Formula for Central Schools Services

22. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments. For 2024-25 the formula for allocating this funding follows the same approach as in 2023-24.
23. The ongoing responsibilities element of the CSSB is calculated using a simple per-pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per-pupil factor, and 10% of funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools.
24. Local authorities will continue to be protected so that the maximum per pupil year-on-year reduction in funding for ongoing responsibilities is at -2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate, of 5.51%.
25. DoE have provided an additional £5 million to cover the exceptional increase in copyright licence costs in 2023-24, as licences were updated following the increased use of digital technology. This will be distributed in line with the increase in each local authority's charge for copyright licences in 2023-24.
26. In 2024-25, the historic commitments element will continue to reduce by 20% on 2023-24 allocations, the same rate as the reduction in previous years.
27. For Stockton the indicative allocation for 2024/25 is £1.07m (2023/24 £1m)

Other Updates

28. Pupil Premium will continue in 2023-24 and will be based on the October 2023 school census.

Consultation

29. Schools forums have a range of responsibilities relating to local funding formulae for mainstream schools and High Needs budgets and a consultation is required to fulfil the Forums responsibilities.

30. This consultation will commence following this meeting and ends on **Wednesday 8th November 2023**. The results of this consultation will be presented at the School Forum Meeting on the 14th of November for relevant Forum Members to vote on each proposal.

Timeframes

31. An extract of the DfE's timetable as published in the Schools revenue funding 2024/25 operational guide is attached as an Appendix A.

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Appendix A

Local Authority Activity - Timetable

05 October 2023

- School census day.

10 October 2023

- Deadline for submitting disapplication requests (for response by December) for:
 - MFG exclusions
 - exceptional circumstances
 - sparsity factors
 - lump sum variations for amalgamating schools
 - pupil number reductions
 - growth funding

27 October 2023

- First deadline for local authorities to provide evidence of the total value of their ongoing prudential borrowing and termination of employment costs, in order for this funding to be protected in the December DSG allocations.

Mid-November 2023

- Closing date for submission of the 2024 to 2025 high needs place change workbooks.

17 November 2023

- Deadline for submitting disapplication requests (for response by the APT deadline) for:
 - MFG exclusions
 - exceptional circumstances
 - sparsity factors
 - growth funding
 - lump sum variations for amalgamating schools
 - pupil number reductions
- Deadline for submitting disapplication requests if the local authority wishes to move more than 0.5% of the schools block.
- A request must also be submitted if the schools forum has turned down a proposal from the local authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer. The department aims to issue decisions before the APT deadline.
- Deadline for providing details of any changes to the list of split sites given in the modelling version of the APT.

November 2023

- school census database closed.
- check and validate school census.
- block movement requests from safety valve local authorities - the process for safety valve local authorities is separate and all safety valve local authorities have been sent a letter outlining the process.

Mid-January 2024

- Schools forum consultation and political approval required for final 2024 to 2025 funding formula.
- 12 January schools block disapplication submission amendment date.

22 January 2024

- Deadline for submission of final 2024 to 2025 APT to the department.

2 February 2024

- Second deadline for local authorities to provide evidence of the total value of their ongoing prudential borrowing and termination of employment costs, for this funding to be protected in the March DSG allocations.

29 February 2024

- confirmation of schools budget shares to mainstream maintained schools

March 2024

- final allocations to mainstream maintained schools (includes de-delegation)