

AGENDA ITEM 7

REPORT TO SCHOOLS FORUM

14th NOVEMBER 2023

Schools Funding Consultation Report 2024-25

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. Following reports to Schools Forum on 10th October 2023 a consultation exercise was undertaken on proposals for next year's funding arrangements.
3. This paper sets out the results of this recent local consultation with maintained schools and academies which covered preferences for the schools funding formula and a 0.5% transfer from the Schools to High Needs block for 2024/25. The schools forum should take into account the views of the schools responding before making their decision.

RECOMMENDATION

4. Schools Forum is asked to support the proposals for the schools funding formula for 2024/25 (Q1-3) noting that:-
 - All Schools Forum members may vote on these proposals.
 - The local authority is required to consult with Schools Forum on the funding formula, however the local authority retains the final decision on the formula to be used.
5. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (c £0.833m) 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.

DETAIL

6. The council recently held a consultation on school funding arrangements for 2024/25. This took place between 11th October and 8th November. A copy of the consultation document issued to schools is attached at **Appendix A** to this report.
7. It should be noted that the options regarding the schools funding formula within the consultation have been calculated based on October 2022 pupil data, which was the basis for the indicative funding published by the ESFA for consultation purposes. The final local authority allocations are due to be confirmed in December 2023 taking into account October 2023 pupil data.
8. The proposals in this report regarding the Schools Funding formula may therefore be subject to change. A Schools Forum meeting has been arranged for 16th January 2024, where the full final proposals will be confirmed prior to submission to ESFA on 22nd January 2024.

Summary of the Consultation Responses

9. Of the 78 schools consulted with, 28 responses were received (compared to 35 in the previous year). The responses include a block of 11 votes from one Academy Trust and a block of 4 votes from another.
10. The breakdown of the 28 responses (which is a 36% response rate) is as shown in the table below:-

LA Primary	6
LA Secondary	0
Primary Academy	16
Secondary Academy	3
AP / Special Academy	3
TOTAL	28

11. 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**.
12. The first three questions related to the Schools Funding formula and are considered together.

Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? This includes the now mandatory split sites factor). This is an increase of 1.4% to the formula's core factors (plus lump sum), except for the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?

Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?

13. The council is required to apply a funding formula in order to allocate schools block funding to schools. The ESFA sets a range of factors we are able to use in the formula. Within each of these factors there are also certain restrictions that can apply; for example the application of minimum per pupil funding levels.

Consultation Responses

14. With the exception of 1 return, which had no views all remaining responses fully supported the proposals in Questions 1 to 3.

- Q1 - 28 Responded Yes
- Q2 - 28 Responded Yes,
- Q3 - 27 Responded Yes, 1 No Views

15. Schools Forum is asked to support the proposals for the schools funding formula for 2024/25 noting that:-

- a. All Schools Forum members may vote on this proposal.
- b. The local authority is required to consult with Schools Forum on the funding formula, however the local authority retains the final decision on the formula to be used.

Question 4 - Do you support the transfer of 0.5% (estimated at £833k) from the Schools Block to High Needs Block in 2024/25?

16. The council consulted on a 0.5% (£0.833m) 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.

17. The full consultation document is attached at Appendix A to this report, but in summary the key points are:

- a. The ESFA expects most movements from schools block will be due to pressures on high needs budgets.
- b. The High Needs block in Stockton, in common with many around the country, is under considerable pressure due to increasing demands.
- c. At the end of the 2022/23 financial year the deficit against the Dedicated School Grant (DSG) was £3.865m.
- d. The DfE have announced that the High Needs NFF for 2024/25 will also have the same factors as at present, with £440 million of additional funding nationally. However, the Government's High Needs budget announcements only refer to one year's funding for 2024/25 and look no further ahead.
- e. Deficits on High Needs can only be recovered from DSG grant without Secretary of State approval to fund from other sources.
- f. 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. A disapplication will be required to the Secretary of State for transfers above 0.5%, or any amount without schools forum approval.

- g. The requested transfer is the same level as that requested and approved for the current year 0.5% (2023/24 = £0.795m).

Consultation Responses

18. Of the 28 responses received **13 (46%) supported the proposal**, 15 (54%) did not. From the 13 that supported the proposal, 7 of the respondents were from Academy Trusts with the remainder from Maintained Schools. From the 15 responses that did not support the proposal. All 15 were from Academy Trusts (including a group response of 11 replies from Bishops Hogarth and a group response of 4 replies from Prince Regent Street Trust).

	Yes	No	Total
Academy	7	15	22
Maintained	6	0	6
	13	15	28

19. As noted above 11 of the responses were from the academy trust with the most schools within the borough. If this group response was not included within the results above 13 (76%) of the respondents would have supported the proposal with 4 (24%) not supporting it.

Excluding Bishops Hogarth	Yes	No	Total
Academy	7	4	11
Maintained	6	0	6
	13	4	17

20. If the responses from academy trusts were only counted as 1 reply each then 12 (86%) of the respondents would have supported the proposal with 2 (14%) not supporting it.

	Yes	No	Total
Academy	6	2	8
Maintained	6	0	6
	12	2	14

21. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (c£0.833m) from the schools block to the high needs block in 2024/25 noting that:-
- a. All Schools Forum members may vote on this proposal.
 - b. 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.

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School Funding 2024/25 - Consultation Document

PURPOSE

To seek views from maintained schools, academies and free schools on proposals in respect of Schools and High Needs Budgets for 2024/25. The results of this consultation will be presented at the School Forum Meeting on 14th November for relevant Forum Members to vote on each proposal.

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 8th November 2023**.

BACKGROUND

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.

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%.

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.

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.

The DfE will publish final dedicated schools grant allocations for LA's in December 2023.

SCHOOL BUDGET

The DFE have confirmed the following key elements of the schools National Funding Formula (NFF) in 2024/25:

- 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 1.6%. The free school meals factor will increase by 1.6%, in line with the GDP deflator forecast for 2024-25.
- b. DoE are rolling in the mainstream schools additional grant to 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. 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.
- e. 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.
- f. Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2024-25 must be between +0.0% and +0.5%.

Formula Factors Increase

As mentioned above, as part of the 2024-25 operational guidance for local authorities there is a proposed increase to the NFF core factors. It is proposed to increase the formula's core factors by 1.4%. 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 data in the 2023-24 APT. The PFI factor is increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Minimum Funding Guarantee

The MFG is set by the Council after taking account of the views of schools and the Schools Forum. In 2024/25 this can be set between +0.0% and +0.5%. The Minimum Funding Guarantee (MFG) is a way to protect schools funding on a per pupil rate. It is proposed to implement a +0.5% MFG (subject to affordability) so all mainstream schools see an increase at this level for pupil led factors.

Basic Per Pupil Entitlement

Otherwise referred to as AWPU (age weighted pupil unit) this is a compulsory formula factor that assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the previous October pupil census. These are not the minimum per-pupil funding levels referred to earlier. Stockton proposes that if there is any funding remaining after ensuring that all the formula factors and protections have been fulfilled that the balance will be allocated to all pupils through the basic entitlement (AWPU) factor.

Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? (This includes the now mandatory split sites factor). This is an increase of 1.4% to the formula's core factors (plus lump sum), except for the PFI factor which will increase in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?

Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?

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 2022/23 financial year the deficit against the Dedicated School Grant (DSG) was £3.87m. We continue to see an upward trajectory of spend.

The Council is currently working on a revised High Needs Medium Term Financial Plan which will be presented to the Schools Forum at the November 2023 meeting.

The DfE have announced that the High Needs NFF for 2024/25 will also have the same factors as at present, with £440 million of additional funding nationally. For Stockton this means an additional £1.581m is estimated. However, the Government's High Needs budget announcements only refer to one year's funding for 2024/25 and look no further ahead.

For 2024/25 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. A disapplication will be required to the Secretary of State for transfers above 0.5%, or any amount without Schools Forum approval.

Last year both schools and the Forum supported a transfer of 0.5% (£0.795m) from the Schools Block to the High Needs Block. It is proposed that this remains at 0.5% for 2024/25 (estimated at approximately £833k but subject to change based on the final formula).

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.

Question 4 - Do you support the transfer of 0.5% (estimated at £833k) from the Schools Block to High Needs Block in 2024/25?

TIMETABLE

The outputs from the consultation will be reported to the School Forum meeting on 14th November 2023. The table below summarises the next steps;

<u>Date</u>	<u>Process</u>
8 November 2023	Consultation closes
14 November 2023	Consultation outcomes to Schools Forum
17 November 2023	Deadline for Secretary of State Disapplication request to be submitted (if needed).
22 January 2024	Deadline for submission of final 2024 to 2025 APT to ESFA
29 February 2024	Deadline for confirmation of school's budget shares to mainstream maintained schools.

Consultation Questions

Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? This includes the now mandatory split sites factor). This is an increase of 1.4% to the formula's core factors (plus lump sum), except for the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

	Response	Comments
Yes		
No		
No views		

Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?

	Response	Comments
Yes		
No		
No views		

Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?

	Response	Comments
Yes		
No		
No views		

Question 4 - Do you support the transfer of 0.5% (estimated at £833k) from the Schools Block to High Needs Block in 2024/25?

	Response	Comments
Yes		
No		
No views		

Please complete and certify this sheet and return electronically with your consultation to: andy.bryson@stockton.gov.uk by 5pm on Wednesday 8th November 2023.

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:

.....
Chair or Clerk to Governors (Please specify) **Headteacher**

.....
Print Name

.....
Print Name

Appendix B

LOG OF CONSULTATION RESPONSES

Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? This includes the now mandatory split sites factor). This is an increase of 1.4% to the formula's core factors (plus lump sum), except for the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

<u>RESPONSE NO.</u>	<u>COMMENT</u>
1	I would also like to see how this compares to the proposed increase in funding (place and top up funding) to special schools and academies
2	
3	

Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?

<u>RESPONSE NO.</u>	<u>COMMENT</u>
1	
2	
3	

Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?

<u>RESPONSE NO.</u>	<u>COMMENT</u>
1	
2	

Question 4 - Do you support the transfer of 0.5% (estimated at £833k) from the Schools Block to High Needs Block in 2024/25?

<u>RESPONSE NO.</u>	<u>COMMENT</u>
1	Constantly supporting the pot with redirected funds is not the long term solution to the High Needs funding crisis. This needs to be addressed separately. (x4 responses)
2	Although this cannot go on indefinitely and savings need to be sought from the high needs pot.
3	We support retaining the transfer of 0.5% from the Schools Block to High Needs block in 2024/25, however the consultation and NFF continues to only affect mainstream settings. The consultation mentions the transfer of approximately £833k to the High Needs Block from the schools block, plus significant (one

	year) additional funding from the DfE for High Needs. Given the ongoing deficit and uncertainty of additional funding in the medium term by the DfE, is the HN MTP currently being prepared going to ensure special schools receive a fair increase in overall funding (base and top-ups) to ensure parity with mainstream settings? (x2)
4	The children serviced from the main Schools Block, should not have their funding decreased. The DfE and LA ought to find a better resolution around servicing the SEND historical deficit. (x11)
5	The HNB funding is accessible to mainstream schools/academies so the schools block should contribute. Given the growing pressures from increasing pupil needs and demand for places/additional support, it is essential that the high needs block is supported.