
Consultation 2024/25: Schools Funding Formula and Scheme for Financing Schools

Report being considered by: Schools Forum on 16th October 2023

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Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the requirements and changes for setting the primary and secondary school funding formula for 2024/25 and to approve West Berkshire Council's funding proposals to go out to consultation with all schools.
- 1.2 To approve the proposed consultation on the updated Scheme for Financing Schools to go to Schools Forum.

2. Recommendation(s)

- 2.1 1.1 Recommend to Schools Forum the consultation to be undertaken with all schools on:
 - (1) West Berkshire Council's proposed school funding formula for 2024/25.
 - (2) A transfer from the Schools Block to the High Needs Block.
 - (3) The criteria to be used to allocate additional funds.
 - (4) The proposed services to be de-delegated.
 - (5) The Scheme for Financing Schools.
- 2.2 The proposed areas of consultation will be decided by Schools Forum at its meeting of 16 October 2023. The consultation will be open for three weeks from 18 October 2023 to 8 November 2023. The principle consulted on and adopted in previous years, is to mirror as closely as possible to the NFF.

Is the Schools' Forum required to make a decision as part of this report or subsequent versions due to be considered later in the meeting cycle?

Yes:

No:

3. Implications and Impact Assessment

Equalities Impact:	Positive	No Impact	Negative	Commentary
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Data Impact:		x		
Consultation and Engagement:	Michelle Sancho - Head of Education, Joseph Holmes – Executive Director Resources (S151 officer), Schools Accountancy officers Heads Funding Group 4.10.23			

4. Introduction

- 4.1 2024/25 is the second year of transition to the direct schools National Funding Formula (NFF). Each Local Authority (LA) will continue to have some discretion over their schools funding formulae, in consultation with local schools.
- 4.2 The LA will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. Political ratification must be obtained before the 22 January 2024 deadline for submission.

5. National Funding Formula

- 5.1 2024/25 is the second year of transition to the direct schools NFF. Local authorities:

- (1) Must use all NFF factors.
 - (2) Will only be allowed to use NFF factors in their local formulae.
 - (3) Must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already 'mirroring' the NFF.
 - (4) Will continue to set a minimum funding guarantee in local formulae, which in 2024/25 must be between +0.0% and +0.5%.
 - (5) Will again be able to transfer up to 0.5% of their total schools block allocations to other blocks of the DSG, with Schools Forum agreement. Without Schools Forum agreement, or where they wish to transfer more than 0.5% of their schools block funding into one or more other blocks, local authorities must submit a disapplication request to the Secretary of State.
- 5.2 School funding through the NFF is increasing by 2.7% per pupil in 2024/25. The main features for 2024/25 are covered in the consultation document, but it should be noted that the 2023/24 mainstream schools additional grant (MSAG) has been rolled into the schools NFF for 2024/25.
- 5.3 For the first time in 2024/25, the DfE is allocating funding based on both growth and falling rolls. Growth funding is distributed on the observed differences between the number on roll in each authority between the October 2022 and October 2023 school censuses. Falling rolls funding will be distributed on the basis of the reduction in pupil numbers that local authorities experience for each year. Both are measured at the middle layer super output area (MSOA) within each local authority, to capture growth and falling rolls in small geographical areas.
- 5.4 High needs funding is increasing by £440m, or 4.3%, in 2024/25. The high needs NFF will ensure that every local authority receives an increase of at least 3% per head of population, and up to 5% before gains are capped.
- 5.5 The DfE recognises that some authorities still cannot afford to pay off the historic deficit from the DSG over the next few years. The DfE now runs three programmes offering direct support to ensure effectiveness and sustainability of local authorities' high needs systems. West Berkshire is in group 2, DBV.
- (1) Safety valve
 - (2) Delivering better value in SEND (DBV)
 - (3) ESFA support programme.
- 5.6 Central schools services funding in 2024/25 is £304m (2023/24 £292m) to fund the ongoing responsibilities that LAs deliver for all pupils. LAs continue to be protected so that the maximum per pupil year-on-year reduction in funding is 2.5%. Additional funding has also been provided to cover the exceptional increase in copyright licence costs in 2023/24.

6. Schools funding allocation

- 6.1 Based on the October 2022 census data, our provisional funding available to allocate is £136m which is an increase of £8.6m on 2023/24 (NB the increase includes the MSAG, paid as a separate grant of £4.3m in 2023/24, which has been rolled into the schools NFF 2024/25). This excludes the growth fund which is allocated separately. The amount of funding we receive will change with the October 2023 census pupil numbers. (Note that the funding will not change as a result of pupil characteristics).

7. Local Formula

- 7.1 All schools and the Schools Forum will be consulted on the formula but it remains a Local Authority decision on how the funding is allocated to schools through the formula factors. There is no requirement to stick to the NFF rates, or to use all the factors other than the mandatory minimum per pupil funding factor, basic entitlement and deprivation factors.

8. Block Transfers

- 8.1 Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with Schools Forum approval. If approved, this would enable a transfer of up to £680k, leaving £135.3m to be allocated to schools. These figures are estimates based on indicative NFF funding (October 2022 census pupil data).
- 8.2 Without Schools Forum agreement, or where they wish to transfer more than 0.5% of their schools block funding, local authorities must submit a disapplication request to the Secretary of State by 17th November 2023. Evidence of Schools Forum discussion and voting would need to be provided.
- 8.3 Block transfers need to be approved annually. Transfers have previously been approved in 2020/21 0.25% (£263k), 2021/22 0.5% (£549k) and 2022/23 0.25% (£300k) to support the High Needs Block. A transfer was not approved for 2023/24.
- 8.4 Setting a balanced budget on the High Needs Block continues to be a significant challenge. The year-end position at the end of 2022/23 was an overspend of £5.1m and the forecast overspend on this block is set to reach £8.2m by the end of 2023/24. Consideration should therefore be given as to whether to support a block transfer for 2024/25. Modelling of block transfers have been included in Appendix Ai.
- 8.5 There are also pressures on both the Early Years Block and the Central Schools Services Block which could potentially be supported by a block transfer.

9. Additional funds outside the School Formula

- 9.1 School funding regulations allow a few exceptional circumstances to be funded outside the formula and be top sliced from the DSG. The funds are:
- (a) Growth funding.
 - (b) Funding for schools in financial difficulty (WBC discontinued).

- (c) Funding from the high needs block to allocate to schools which have a disproportionate number of high needs pupils.
- (d) A falling rolls fund (WBC discontinued).

Criteria for allocating these need to be agreed and are included in the consultation document at Appendix B and C.

10. De-delegations, Education Functions and Health & Safety Service (maintained schools)

- 10.1 De-delegated services are for maintained schools only. Funding for these services must be allocated through the formula but can be passed back, or 'de-delegated' for maintained primary and secondary schools with Schools Forum approval.
- 10.2 Education responsibilities held by local authorities for all schools are funded from the Central Schools Services Block of the DSG. Education responsibilities held by local authorities for maintained schools only, are funded from maintained schools budgets, with agreement of the maintained schools members of schools forums.
- 10.3 In order to meet the requirements of the employer under the Health and Safety at Work etc. Act 1974 and the Management of Health and Safety at Work Regulations and other related legislation, a full schools health and safety service will be provided to all maintained schools. All maintained schools will need to agree to be part of this collective agreement to equitably fund the service.

11. Scheme for Financing Schools

- 11.1 Local authorities are required to publish schemes for financing schools which set out the financial relationship between the local authority and the schools they maintain.
- 11.2 The Department for Education (DfE) issues statutory guidance for local authorities on schemes for financing schools. The DfE guidance lists the provisions which a local authority must, should or may include. Local schemes need not follow the exact format used in the DfE guidance, except for the text of directed revisions. The DfE guidance is updated annually. Issue 15 was published on 31 March and can be found at [Schemes for financing local authority maintained schools 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/schemes-for-financing-local-authority-maintained-schools-2023-to-2024)
- 11.3 In making any changes to the scheme, a local authority must consult all maintained schools in their area and receive the approval of the members of their schools forum representing maintained schools. The local authority has reviewed the current scheme to ensure that all sections are still appropriate. Heads Funding Group have recommended introducing a clawback mechanism for those schools with balances of greater than 10% of their budget share. Details are included within the consultation document.
- 11.4 The proposed Scheme for Financing Schools (2022) is attached to this document at Appendix D. This does not yet include the clawback mechanism, as this is subject to consultation.

12. Proposals

- 12.1 To approve the attached consultation to go out to all schools. The consultation will last for 3 weeks from 18 October 2023 to 8 November 2023.

13. Conclusion

- 13.1 Since the government intends to move towards a “hard” NFF formula it is logical for West Berkshire to continue to replicate these rates as far as possible.
- 13.2 When the actual allocation is received in December the formula will be allocated according to the principles above with political ratification being made in January 2024.

14. Appendices

- Appendix A: Briefing and Consultation document for schools.
Appendix B: Criteria for awarding Growth Funding
Appendix C: Criteria for allocating the Additional High Needs Fund
Appendix D: Scheme for Financing Schools