



Report to Schools Forum

Date: 10th October 2023

Title: National Funding Formula and Operational Guidance 2024-25

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Recommendations:

- a. To note the information contained in this report.
- b. To agree the principles to be applied for the 2024-25 local funding formula.
- c. To agree any consultation to take place over the autumn term for the potential to move funding between Blocks.
- d. To note that the local funding formula for 2024-25 will be brought back to Schools Forum for consideration in December.

1. Purpose of Report

- 1.1. The purpose of this report is to update Schools Forum on Department for Education’s (DfE) Operational Guidance on schools’ revenue funding for the 2024-25 financial year and to agree principles for the local funding formula in 2024-25.

2. Background

- 2.1. In August 2023, the DfE updated the published, the Schools Revenue Funding 2024 to 2025 Operational Guide. This guide is provided to help local authorities, and their schools forums, to plan the local implementation of the funding system for the 2024 to 2025 financial year.
- 2.2. The guidance confirms that in 2024 to 2025, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools.
- 2.3. In July 2021, the DfE also published a consultation on proposals for completing the reforms of the funding system, whereby individual school’s budgets would be set directly through one single national formula, rather than local funding formulae. The DfE is taking a gradual approach to transition to the single, national formula. For 224-25, each local authority will continue to set a local schools funding formula, in consultation with local schools, with local authorities expected to continue to be required to bring their own formulae closer to the schools NFF. These proposals do not apply to Buckinghamshire because it already mirrors the NFF.

3. Schools Block – key changes for 2024-25

3.1. Key changes in the operational guidance are:

- a) introducing a new formulaic approach to allocating split sites funding in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor.
- b) rolling the 2023 to 2024 mainstream schools additional grant (MSAG) into the NFF by:
 - adding an amount representing what schools receive through the grant into their baselines,
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - uplifting the minimum per pupil values by the mainstream schools additional grant's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants
- c) increasing NFF factor values (on top of the amounts we have added for the mainstream schools additional grant) by:
 - 2.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum
 - 2.4% to the minimum per pupil levels (MPPL)
 - 0.5% to the funding floor
 - 1.6% to the free school meals (FSM) factor value with the gross domestic product (GDP) deflator forecast for 2024 to 2025
 - 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formularised
- d) introducing, for the first time, a methodology for calculating and allocating funding for falling rolls.

3.2. The department has confirmed the following aspects of the high needs NFF for 2024 to 2025:

- a) the funding floor is set at 3% so each local authority will see an increase of at least 3% per head of their 2 to 18 population (as estimated by the Office for National Statistics (ONS))
- b) the gains limit is set at 5%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 – 18 population.

3.3. There will be a separate pay grant for teachers' pay made to cover pay increases in 2023 to 2024 and 2024 to 2025. Further details on the TPAG can be found at teachers' pay additional grant: 2023 to 2024.

- a) Minimum per pupil levels (MPPLs) will remain mandatory, at the new NFF values.
- b) Local authorities have the freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.0% and +0.5% per pupil.
- c) 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. A disapplication is required for transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if the minister agreed an amount in previous years.

4. Schools Block - Principles to be applied to the local funding formula in 2024-25

4.1. Last year Schools Forum agreed the following principles to be adopted for 2023-24 within the over-arching principle that the local funding formula reflects the NFF:

- a) Adopt the National Funding Formula factors.
- b) Adopt the Minimum Per Pupil funding levels at the values defined in the NFF and prorate (scale) of all other factors in the formula to match the available allocation of funding from the DfE. (In 2021-22 Buckinghamshire formula factor rates are in line with the published NFF values.)
- c) Set a Minimum Funding Guarantee (MFG) at +0.5%.
- d) Use capping of gains per pupil to pay for the cost of protecting schools where the formula reduces their budget by more than the MFG of 0.5%.

4.2. Schools Forum is asked to confirm the principles for the local funding formula.

4.3. Schools Forum is asked to confirm any consultation that needs to take place during the autumn term. A consultation would need to take place for:

- Any proposal to move funding between DSG blocks – no proposal to move funding between blocks has been brought forward to this meeting.
- Proposals for De-delegation – a separate report on this agenda includes a proposal to consult with the Maintained Schools Sub-Committee on de-delegation for 2024-25.

5. High Needs Block – key changes for 2024-25

- 5.1. The operational aspects of high needs funding and the process for finalising local authority allocations of high needs funding and institutions' allocations of place funding remain largely unchanged from 2023 to 2024.
- 5.2. The funding floor factor in the high needs national funding formula for 2024 to 2025 provides for every local authority to receive an underlying increase of at least 8.5% per pupil. The provisional high needs allocation for Buckinghamshire in 2023-24 was £114.73 million, an increase of £7.4 million compared to the previous year.
- 5.3. The minimum funding guarantee for special schools remains at 0% in 2024-25 and therefore a disapplication request will be required if funding for any special school falls below the guaranteed level. The approved disapplication for 2021-22 was only for one year however, this has been rolled forward and therefore a further request will be required to support the agreed transitional arrangements for the implementation of banded funding across our special schools. The financial modelling to support this will be brought to the next meeting.

6. Central Schools Services Block (CSSB)

- 6.1. The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:
 - ongoing responsibilities
 - historic commitments
- 6.2. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 6.45%.
- 6.3. In 2022-23 historic commitments funding was reduced by 20%. The indicative impact on the historic commitment allocation for Buckinghamshire Council was a reduction of approximately £631k and savings proposals will be brought to Schools Forum in December and January as part of the budget setting process to ascertain the impact of any additional reductions announced for 2024-25, and consequential savings required.

7. DSG Deficit Balances

- 7.1. Starting in 2020 to 2021, DfE extended the rules under the DSG conditions of grant, they now provide, that any local authority with an overall deficit on its DSG account at the end of the 2020 to 2021 financial year, or whose DSG surplus has substantially reduced during the year, must cooperate with the department in handling that situation by:

- providing information as and when requested by the department about its plans for managing its DSG account in the 2021 to 2022 financial year and subsequently.
- providing information as and when requested by the department about pressures and potential savings on its high needs budget.
- meeting with officials of the department as and when they request to discuss the local authority's plans and financial situation.
- keeping the schools' forum updated regularly about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings.
- the guidance in relation to managing DSG deficits remains in place.

7.2. DSG management plans should be discussed with the school's forum on a regular basis and should set out the local authority's plans for bringing the DSG spend back into balance. The DfE expects the DSG management plan to be co-produced. Relevant leads in the finance and special education needs (SEN) areas should sign off each version, (with sign off to be at least at assistant director level). Buckinghamshire's participation in the DBV SEN Programme is part of the authority's strategy to help manage the DSG deficit reserve balance, which is experiencing pressures in its High Needs Block.