

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr Paul May, Cabinet Member for Children's Services	
MEETING/ DECISION DATE:	On or after 4 th January 2024	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3498
TITLE:	Schools Funding Formula 2024-25	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Schools Consultation paper – Appendix 1 Schools Forum Paper – Appendix 2 Schools Consultation Responses – Appendix 3		

1 THE ISSUE

- 1.1 The Local Authority is responsible for deciding the structure and values of the schools funding formula, following guidance from the DFE on the regulations applicable to school funding. This decision is relating to the make up of the formula for 2024-25 and will provide the funding allocations for both maintained and academy mainstream schools.

2 RECOMMENDATION

The Cabinet member is asked to;

- 2.1 **Agree to follow the formula set out in the report, adopting the new methodology of the National Funding Formula (NFF) and to utilise the factor values provided by the DFE, providing the resources are available.**
- 2.2 **Agree that should resources not allow the funding of the formula factors in full that a proportionate reduction of all allowable factors is made to reduce the allocations to fit the resources available.**

3 THE REPORT

- 3.1 The government announced in July 2023 that overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.8bn in 2024-2025 compared to the previous year, on top of over £3.9 billion increase in 2023-2024. This takes the core schools budget to over £59.6 billion in 2024-25. This total includes the additional funding for teachers pay (TPAG) announced in July 2023. TPAG however will continue to be allocated outside of the NFF for 2024-25
- 3.2 Funding for mainstream schools through the schools NFF is increasing by 1.9% per pupil in 2024-25 compared with 2023-24 which includes the Mainstream Schools Additional Grant (MSAG) which will be incorporated into the NFF for 2024-25 but excludes the Teacher Pay Additional Grant (TPAG) which will continue to be funded outside the NFF for 2024-25. Combining the funding increases seen in 2023-24, means that funding through the schools NFF will be 7.6% higher per pupil in 2024-25, compared to 2022-23.
- 3.3 2023-24 was the first year of transition to the direct schools NFF with the end point being a system in which, to ensure fairness and consistency in funding, every mainstream school in England will be funded through the same national funding formula without adjustment through local funding formulae.
- 3.4 The DFE will continue the transition to a direct schools NFF 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. B&NES is deemed to be mirroring the NFF.
- 3.5 Local Authorities must continue to engage in open and transparent consultation with all mainstream schools in their area, as well as with the school's forum, about any changes to the local funding formula including the principles adopted and any movement of funds between blocks. The LA has conducted formal consultation with schools and the Schools Forum. The consultation and responses are attached as an appendix to this report.
- 3.6 **DFE Planned changes to the funding Formula include**
- 3.7 **Rolling the 2023-24 mainstream schools additional grant (MSAG) into the NFF in 2024-25 by:**
- Adding an amount representing what schools MSAG receive through the grant into schools NFF baseline calculation for 2023-24
 - Adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the MSAG onto the respective factors in the NFF
 - Uplifting the minimum per pupil values by the MSAG 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 MSAG.

The additional amounts that have been added to NFF factors for 2024-25 that correspond to the values used in the distribution of the grant in 2023-24 are as follows:

- Primary basic per-pupil £119
- Key stage 3 (KS3) basic per-pupil £168
- Key stage 4 (KS4) basic per-pupil £190
- Primary FSM6 per-pupil £104
- Secondary FSM6 per-pupil £152
- Lump sum £4,510

3.8 Increasing NFF factor values on top of the amounts added for the MSAG by:

- 1.6% to free school meals (FSM) factor value
- 1.4% to the factor values for basic entitlement, low prior attainment (LPA), free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, and sparsity factors and the lump sum.
- 0.5% to the funding floor
- 1.4% to the minimum per pupil levels (MPPL)
- 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Price Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which is formularised. (B&NES does not have any PFI schools).

3.9 **Business Rates** : Following consultation in 2021-22, the DFE centralised the business rates payment system for schools from 1st April 2022, so that the ESFA will pay billing authorities directly for rates on behalf of state funded schools. This simplifies the process and decreases administrative burdens for schools. B&NES became part of this initiative in FY2023-24, and this will continue for FY2024-25 onwards. Schools will receive a bill 'For Information Only' for FY2024-25 which they do not have to pay.

3.10 **Split Sites factor in the NFF**, following government consultation in 2022-23, the DFE are introducing in 2024-25 a national formulaic approach to split sites funding, which replaces the previous local authority led approach. The new split sites factor is compulsory for all local authorities, ensuring that split sites funding will be allocated consistently and fairly across the country.

The factor is made up of two parts, both of which are compulsory:

- basic eligibility funding: schools must be allocated a lump sum payment for each of their additional eligible sites.
- distance funding: additional funding must be paid out on top of the basic eligibility lump sum for schools whose eligible sites are separated by more than 100 metres (by road distance) from the main site.

The basic eligibility criteria for split sites funding requires additional sites to:

- be part of the main school, that is, to share the same unique reference number (URN) with the school's main site.
- be separated from the school's main site by a public road or railway have a building on them which is maintained by the school, and which is primarily used for the education of 5 to 16- year-old pupils in mainstream education. This excludes playing fields, 'ancillary buildings' and buildings leased out full time by the school to another entity.

Only one school qualifies for split site funding in the NFF for 2024-25 onwards. The other schools that received split site funding in 2023-24 will be protected by the MFG.

3.11 For the low prior attainment (LPA) factor in the NFF, following the cancellation or incompleteness of both the EYFSP and KS2 assessments in the summer of 2020 and Summer 2021 due to Covid 19, local authorities will not be able to use assessment data from these years in the LPA factor in the NFF. Instead, local authorities will use 2019 attainment data as a proxy for the missing assessments in 2021. (This is a change from 2023-24 when 2019 attainment data was used as a proxy for the missing assessments in both 2020 and 2021).
For Secondary schools, in 2024-25 the DFE has carried forward the weightings it used in 2023-24 for the year 7 to year 10 cohorts, so they will apply to year 8 to year 11 cohorts, respectively.

3.12 **The minimum per pupil funding levels (MPPLs) will remain mandatory at new NFF values** and the increase of 1.4% in the MPPL's plus the increase in additional values in relation to the rolling in of the MSAG will ensure that in 2024-25:

- every secondary school will receive £5,771 per KS3 pupil and £6,331 per KS4 pupil. This will ensure that standard secondary schools with five-year groups receive at least £5,995 per pupil.
- every primary school will receive £4,610 per pupil

Local Authorities will only be allowed to use NFF factors in their local formulae.

3.13 Local Authorities must use all the NFF factors including the new national formulaic approach to split sites – except for the locally determined exceptional circumstances premises factor which remains optional. This means that LA's will have to use all three deprivation factors (FSM, FSM6 and IDACI) as well as LPA, EAL, mobility, sparsity, the lump sum, and Split sites.

3.14 LA's must move their local formula factor values at least a further 10% closer to the NFF, except where local formulae are already mirroring the NFF. The criteria will not apply to locally determined factors – notably the exceptional premises factor.
For the purposes of tightening criteria, local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF. B&NES is deemed as mirroring the NFF.

3.15 **Local authorities will have the freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.0% and +0.5% per pupil.**

The DFE have set the 2023-24 NFF funding floor for 2024-25 at 0.5%. This means that every school should attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their funding floor baseline which will include funding representing the funding allocated through the 2023-24 MSAG in respect of their reception to year 11 pupils.

The LA are proposing an MFG of a +0.5% change in pupil funding in 2024-25 compared to the 2023-24 baseline (including the funding representing MSAG allocated in 2023-24) to mirror the DFE funding floor.

3.16 The DFE have not yet confirmed how much total funding the LA will receive and whether the total funding to be allocated will fully support the NFF methodology for 2024-25. The LA will have to anticipate that a **cap on gains** or a **scale back** of eligible factor values may need to be introduced to avoid any overspend in the school's block funding allocated to the LA. A cap on gains would restrict schools with the largest increases in funding however scaling back eligible factor values would restrict funding to all schools.

Following consultation with schools and the Schools Forum the response was an overwhelming agreement to scale back allocations of eligible factors if the resources were not sufficient.

The LA is therefore agreeing to adopt a scaling back approach to the funding allocations if the resources made available do meet the ability to fund the NFF factors in full.

4 STATUTORY CONSIDERATIONS

4.1 The decision to set the school funding formula factors forms part of the school funding regulations for 2023-24. These regulations require the LA to set its funding formula within the parameters of the guidance prescribed by the DFE.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The overall funding allocation of resources for schools is provided by a ring fenced element of the Dedicated Schools Grant (DSG) known as the Schools Block.

5.2 The Schools block funding allocation for 2024-25 will be provided by the DFE and will provide the funding allocation based on the NFF allocations of the schools in B&NES.

5.3 It is possible that the total funding allocation is insufficient to support the full allocation and this report explains how this will be dealt with to ensure that the schools allocations do not exceed the funding provided by the DFE.

5.4 The Local authority can request the Schools Forum to transfer resources from the ring fenced DSG schools block to support pressures on the remainder of education funding. For the past 5 years the Schools forum have agreed to a transfer to support the pressures on SEND provision. The schools and Schools Forum have again been asked to provide agreement to such a transfer and have agreed to ½% transfer of the schools block to the High Needs funding. This equates to approximately £663k in 2024-25.

5.5 The transfer of funding to the High Needs Block increases the possibility of there being insufficient resources to funding the NFF factors in full.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7 EQUALITIES

7.1 The National funding Formula has been developed in line with the DFE equalities impact assessment
<https://www.gov.uk/government/publications/schools-national-funding-formulae-equalities-impact-assessment>

8 CLIMATE CHANGE

8.1 This report allocates resources to schools and does not impact on climate change

9 OTHER OPTIONS CONSIDERED

9.1 Several options for the allocation of the resources to schools were considered prior to the consultation of schools on the proposals in this report. Several alternatives were set out the in the schools consultation paper.

10 CONSULTATION

10.1 Schools and schools forum have been consulted widely (responses forming part of the report)

10.2 The papers have been cleared by the council's Finance and Monitoring Officers.

Contact person	Richard Morgan – Education Business Manager Tel: 07368 456392
Background papers	DFE consultation on School funding.
Please contact the report author if you need to access this report in an alternative format	