

Bath & North East Somerset Council

| | | |
|---|--|-----------------------------------|
| DECISION MAKER: | Cllr Paul May, Cabinet Member for Childrens Services | |
| DECISION DATE: | On or after 8th January 2025 | EXECUTIVE FORWARD PLAN REFERENCE: |
| | | E 3585 |
| TITLE: | Schools Funding Formula 2025-26 | |
| WARD: | All [or list specific wards] | |
| AN OPEN PUBLIC ITEM | | |
| List of attachments to this report: Annex 1 - Schools Consultation paper Annex 2 - Schools forum paper Annex 3 - Schools consultation responses DFE -National Funding Formula Operational Guide https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2025-to-2026/schools-operational-guide-2025-to-2026 | | |

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 2025-26 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, continuing to follow 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.
- 2.3 Agree to set the MFG at 0%per pupil.

3 THE REPORT

- 3.1 In 2025-26 local authorities will continue to receive Dedicated Schools Grant (DSG) funding through the national funding formulae (NFF) for schools for allocation to primary and secondary schools and academies. The Department for Education (DfE) have confirmed that they are still moving forward with their plans to implement a direct national funding formula (NFF), whereby funding will be allocated directly to schools based on a single national formula. Local authorities must move their local formula factor values at least 10% closer to the NFF, (building on the movement towards NFF made in 2024/25), except where local formulae are already 'mirroring' the NFF. The department expect all Councils to have moved to the direct NFF by the 2027-2028 funding year, if not sooner. Bath and North East Somerset already mirror the NFF, therefore there is limited scope for change in relation to the formula.
- 3.2 In November 2024, the DfE published arrangements for schools revenue funding for 2025-2026 financial year. The operational guidance includes details on the schools block allocation methodology along with indicative funding rates to allow local authorities to start to plan with schools and Schools Forum for next year. In 2025- 2026, the NFF will again set notional allocations for each school, which will be aggregated, and used to calculate the total schools block received by each local authority
- 3.3 The NFF announcement in November 2024 confirmed that there would be a higher level of funding in each local authority area in 2025-26 compared to 2024-25. The total core schools budget will total over £63.9 billion in 2025-26.
- 3.4 For Bath and North East Somerset, the provisional DSG allocations for 2025-26 are set out below

| Year | Schools Block | Central Services | High Needs | Early Years | Total |
|-------------------|----------------------|-------------------------|-------------------|--------------------|--------------|
| 2024-25 | £135.654m | £1.084m | £37.643m | £19.062 | £193.443m |
| 2025-26 | £146.040 | £1.153m | £40.200m | Not yet available | N/A |
| Difference | £10.386m | £0.069m | £2.557m | N/A | N/A |
| % change | 7.66% | 6.36% | 6.79% | N/A | N/A |

The Early years allocations are normally provided prior to the Christmas break, though the DFE have promised them earlier this year.

The DFE will confirm the data to be used to calculate school budgets during the next few weeks and we have to submit our formula details to the DFE by 22nd January 2025

- 3.5 The allocations reflect the following in 2025-2026.

- Through the minimum per pupil funding levels, every primary school will receive at least £4,995 per pupil, and every secondary school at least £6,465.
- The funding floor is cash flat at 0%.
- lump sum - every school attracts a lump sum through the NFF irrespective of its size or phase
- sparsity factor - eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest appropriate (for example, same phase) school, and the average number of pupils per year group. The value of this factor will vary depending on the phase of the school. The distance thresholds, year group size thresholds, and operation of the distance and year group size tapers will remain as they were for 2024 to 2025
- premises – the NFF in 2025 to 2026 will continue to allocate funding to reflect the costs associated with a school’s premises and overheads:
 - . rates - for local accounting purposes, rates funding allocations will continue to notionally feature in the NFF allocation publication for all schools, including schools in billing authority areas where rates are paid directly by the Department for Education (DfE). Actual allocations to schools in those areas will not include funding for rates
 - . split sites – this factor targets extra funding to schools which operate across more than one site. As in 2024 to 2025, schools can attract funding for up to a maximum of 3 additional eligible split sites. There will continue to be basic eligibility funding – that is, a lump sum that schools attract for each site (up to the maximum of 3 additional eligible sites) – as well as distance funding (through which up to 3 additional sites which are more than 100 metres from the main site, attract additional funding) o exceptional circumstances – this factor provides additional funding where local authorities have had approval from ESFA to direct additional funding to a small number of schools with significant additional and atypical costs.

3.6 The mainstream schools elements of Teacher Pay Additional Grant (TPAG), Teachers Pension Employer Contribution Grant (TPECG 2024) and Core Schools Budget Grant (CSBG) will be rolled into the schools NFF for 2025 to 2026. The funding for centrally employed teachers within the TPECG and CSBG are also being rolled into the CSSB NFF for 2025 to 2026.

3.7 For all 3 of the grants, the funding will be rolled in following a very similar approach to previous grants. That is: (i) Adding cash amounts to the primary, key stage 3 and key stage 4 per pupil funding factors in the schools NFF, to represent the equivalent amounts in the grants. (ii) Adding cash amounts to the primary and secondary FSM6 factors, and the lump sum, in the schools NFF, to represent the equivalent amounts in the grants. (iii) Adding cash amounts to the minimum per pupil funding levels (MPPLs) for primary, key stage 3 and key stage 4 respectively, to reflect the average per pupil amount of funding that schools attracted through the preceding grants. (iv) Adding an amount representing the total funding each school received through the

preceding grants on to its baseline, which is used to calculate funding protection for the schools through the funding floor.

- 3.8 Minimum Funding Guarantee Local Authorities can set an MFG between minus 0.5% and +0.0% per pupil compared to baseline. Previously Local Authorities were able to set an MFG up to +0.5% and B&NES MFG was +0.5%. As this option is no longer available it is proposed that an MFG of 0.0% is set.

4 STATUTORY CONSIDERATIONS

- 4.1 The decision to set the school funding formula factors forms part of the school funding regulations for 2025-26 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 2025-26 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 6 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 £700k in 2025-26.
- 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.
- 6.2 Key risks include:-
- 6.3 short time frame between DFE allocations and submission of data back to DFE to allow school budgets to be calculated. Preparation, and prior consultation with schools has allowed readiness for the process.

6.4 The setting of the Minimum Funding Guarantee (MFG) at 0% will limit any redistribution of the overall funding between schools. This approach has been utilised following consultation with the schools forum to avoid significant issues for individual schools affected by data changes.

6.5 new staff with limited background in the school funding. Training programme and close supervision being enacted to ensure accuracy

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 during this academic year and the recommendations of the schools forum have been followed in the decisions set out in this report.

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

| | |
|--|--|
| Contact person | <i>Richard morgan 07368456392</i> |
| Background papers | <i>DFE consultation on School funding.</i> |
| Please contact the report author if you need to access this report in an alternative format | |