

North Northamptonshire Schools Forum: 2nd November 2023

Agenda Item 9

2024-25 Mainstream Schools Funding Formula Proposal and Consultation

List of appendices

Appendix A – Illustrative 2024-25 APT Modelling compared with 2023-24 School Budgets

1. Purpose of this report

- 1.1 This report explores the issues that Schools Forum will need to address in the December meeting in making recommendations to Cabinet and Council about the mainstream funding formula for 2024-25.
- 1.2 A consultation will be set up to gather input and feedback on the proposed option under consideration.

2. Background

- 2.1 In July 23, the Department for Education (DfE) set out key figures and operational guidance for Schools Block National Funding Formula for 2024-25 to allow planning by Local Authorities, Schools and Schools Forum. However, in Oct 2023 the DfE notified all local authorities of significant errors affecting all local authorities' Provisional Schools Block NFF allocations and consequently all local authorities' Provisional Schools Block NFF allocations and the 2024-25 Operational Guidance for Schools Block National Funding Formula were revised.
- 2.2 Table 1 illustrates the impact this error had on North Northamptonshire's National Funding Formula (NFF) Schools Block Allocation.

Table 1 – Impact of October 2023 revision to the Provisional 2023-24 NFF Allocation

Impact of October 2023 revision on 2024-25 NFF Allocation	
July 2023 NNC's 2024-25 Schools Block NFF	£285,727,897
Oct 2023 NNC's 2024-25 Schools Block NFF	£283,129,371
Reduction in NNC's 2024-25 Schools Block NFF	£(2,598,525)
July 2023 NNC's 2024-25 Total NFF	£349,358,638
Oct 2023 NNC's 2024-25 Total NFF	£346,760,113
Reduction in NNC's 2024-25 Total NFF	£(2,598,525)

- 2.3 This report sets out this information and identifies how this affects North Northamptonshire, including any local issues which may need to be considered in developing the mainstream funding formula for 2024-25 and what decisions will be required. As in recent years, the mainstream schools' funding formula (known as the Authority Proforma Tool (APT)) must be submitted to Education and Skills Funding Agency (ESFA) in January 2024 subject to political sign off.
- 2.4 The final arrangements for the funding formula for schools are for Cabinet and Council to determine in February 2024, but the proposals they will consider are ones which Schools Forum will have agreed at the December 2023 and January 2024 Schools Forum meetings.
- 2.5 The DfE (Department for Education) requires the local authority to consult with all affected schools each year the basis of the funding formula to be used if changes are proposed.
- 2.6 Local authorities are required to move their local formulae factors 10% closer to the NFF (National Funding Formula) values, compared to where they were in 2023-24, unless they are already mirroring the NFF. As North Northamptonshire Council's mainstream funding formula has mirrored the National Funding Formula (NFF) since 2022-23, NNC is therefore already compliant with this requirement.

3. 2024-25 Estimated Schools Block Funding Summary

- 3.1 The October 2023 revised Provisional North Northamptonshire's Schools Block NFF funding for 2024-25 using the October 2022 census data suggests NNC's Schools Block DSG (Dedicated Schools Grant) total excluding growth is estimated at £283.129M.
- 3.2 The Mainstream Schools Additional Grant has been rolled into the 2024-25 School Budgets by the DfE. Indicative comparison shows that North Northamptonshire schools have gained £5.441M overall as illustrated by Table 2 below.

Table 2 - Comparison of 2023-24 Schools Block DSG with 2024-25 Provisional Schools Block NFF

Component	July 2023 Schools Block DSG 2023-24			Oct 2023 Provisional Schools Block NFF 2024-25			Difference		
	Pupil Nos	PUF / SUF*	Total 2023/24	Pupil Nos	PUF / SUF*	Total 2024/25	Pupil Nos	PUF / SUF*	Total Funding
		£	£		£	£		£	£
Primary NFF	29,554	4,735.55	139,954,445	29,554	5,007.20	147,982,730	0	271.65	8,028,285
Secondary NFF	20,494	6,190.29	126,860,708	20,494	6,491.89	133,041,476	0	301.60	6,180,768
Premises NFF			1,822,977			2,105,165			282,188
Primary & Secondary MSAG			9,050,422			0			(9,050,422)
Total Schools Block NFF Allocation			277,688,552			283,129,371			5,440,820

4. Consideration of issues in determining the use of the Schools Block for 2024-25

- 4.1 The operational guidance for school revenue funding for 2024-25 sets out the requirements for considering the use of the Schools Block funding and the timetable for decision making and reporting.
- 4.2 The steps Schools Forum will need to consider reaching the final recommendations to make to Cabinet about the use of the Schools Block in 2024-25 will be:
- a) What is the current health of NNC's DSG?
 - b) Should there be any transfers between the Schools Block and High Needs Block?
 - c) What percentage transfer should be used to help mitigate the High Needs Block overspend?
 - d) What budget must be set aside for the Growth Fund to accommodate new and growing schools opening in September 2024 as well as unforeseen in year bulge class requirements in NNC in 2024-25?
 - e) Do NNC wish to set up a Falling Pupil Roll Fund in accordance with the criteria set out by the DfE as the DfE will be funding the local authority for falling pupil roll for the first time in 2024-25?
 - f) Should there be a further de-delegation in addition to existing de-delegated services for:
 - Education Functions due to year on year 20% reduction in CSSB which contributes to combined services like School Effectiveness
 - Additional School Improvement Services due to loss of School Improvement Monitoring & Brokering Grant.
 - Schools Insurance Services.
 - g) Are there any decisions that require a disapplication request to be made to the Secretary of State for approval? If yes, is it within the timeline available?

5. Transfers between blocks

- 5.1 Local authorities can transfer up to 0.5% of their Schools Block funding into another block **with the approval of their school's forum**. Anything higher than 0.5% transfer will need the approval of the Secretary of State. As High Needs pressures continue to mount with each passing year, it is imperative for the school forum to thoroughly assess the potential ramifications that may arise should this transfer fail to receive approval. The DSG Budget outcome for 2024-25 is forecast as a deficit because of the overspend in High Needs Block. Taking proactive measures to address this deficit in 2024-25 is of paramount importance and facilitating a block transfer will be a highly significant step to achieve this.

6. 2024–25 Mainstream Schools Funding Formula - Proposals to be Considered

6.1 The LA intends to continue to mirror the National Funding Formula values for 2024-25. All factors are pre-determined by the DfE (Department for Education), the funding allocated to schools is determined by the level of the Minimum Funding Guarantee, the amount held centrally for the Growth Fund and any amount transferred bother Blocks of the DSG.

6.2 The recent opening of Stanton Cross Primary in September 2022 and Weldon Village Academy (new secondary academy) in September 2023 means the planned growth for 2024-25 is as follows:

- Stanton Cross Primary – 2 x Class of 30 pupils in Year R
- Weldon Village Academy – 5 x Class of 30 pupils in Year 7

These new classes as illustrated in Table 3 are estimated to cost NNC'S Schools Block £0.656M to fund this implicit growth which will need to be built into the 2024-25 APT.

Table 3 - Estimated Cost of New and Growing Schools

School Name	New ISB with Implicit Growth	New ISB without Growth	2024-25 Implicit Growth
	£	£	£
Stanton Cross	£670,899.63	£537,151.10	£133,748.53
Weldon Village Academy	£1,390,327.43	£868,065.59	£522,261.84
Total	£2,061,227.06	£1,405,216.69	£656,010.37

6.3 A further provision for explicit Growth Fund for bulge classes will also need to be set aside in addition to this implicit growth of planned expansions.

6.4 It is therefore proposed that for 2024-25 North Northamptonshire's Mainstream Schools Funding Formula:

- **The Minimum Funding Guarantee (MFG) is set at 0.25%, all increases are capped at 0.25% and scaled at 100%**
- **A transfer to the High Needs Block of 0.5% is made to address the current High Needs Block deficit.**
- **Allocate the remaining budget to Growth Fund to accommodate potential bulge classes in North Northamptonshire in 2024-25.**

7. Impact of the Proposals

7.1 The impact of the option on the schools funding for the consultation is based on pupil numbers from the October 22 census. An illustration of the effects at school level is attached as Appendix A.

7.2 In 2023-24 it was agreed by the school forum that a transfer would not be required to the High Needs Block due to there not being a deficit to be paid and a 100% of funding would be kept within the school's block. However, this will not be a viable option for 2024 -25 due to the persistent challenges encountered by NNC's High Needs Block. The continuing rise in new EHCP (Education, Health, and Care Plans) cases, escalating costs of external placements, and the effects of inflationary pressures leaves NNC no option but to request a 0.5% Transfer

from Schools Block to the High Needs Block in 2024-25.

8 Next Steps

- 8.1 A consultation with mainstream Primary and Secondary schools will be set up following the Schools Forum meeting. NNC encourages schools to participate as their valuable input and feedback will play a pivotal role in shaping the funding allocation for the upcoming year. By taking the time to complete this consultation, schools can ensure that their unique needs, challenges, and priorities are adequately considered in the allocation of resources.

9 Financial Implications

- 9.1 The figures in this report are estimated and will change following the release of the 2024-25 Authority Proforma Tool in December 2023 updated with the October 2023 census and the announcement of NNC's 2024-25 DSG Funding Settlement by the DfE which is expected in late December 2023.

10 Risks

- 10.1 There is the risk that if a wrong decision is made by Schools Forum, certain schools will be adversely affected. There is also the risk that decisions made could be ultra vires as School and Early Years Finance (England) Regulations 2023 govern the way in which local authorities should plan their management of DSG and report back to DfE.

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