

West Northants Schools Forum: 18 October 2023
Agenda Item 7
Schools and High Needs National Funding Formula 2024-25

1 Background

- 1.1 This report sets out details of the National Funding Formula (NFF) 2024-25 policy publication for schools and high needs.
- 1.2 2024-25 is the final year of a three year increase of £7bn to the national core schools budget to £56.8bn (a further rise of £1.5bn from 2023-24).
- 1.3 The Autumn 2022 statement announced a further £2bn increase in funding in each 2023-24 and 2024-25 to respond directly to increasing costs faced by schools with the current year allocated through a separate grant outside of the NFF (Mainstream Schools Additional Funding Grant).
- 1.4 On 17 July 2023, the Department for Education (DfE) published an update on the policy paper of the NFF 2024-25 for schools and high needs.
- 1.5 On 6 October 2023, Susan Acland-Hood, Permanent Secretary for the DfE, wrote to Robin Walker MP, Chair of the Education Select Committee outlining a technical error in the NFF that was initially published in July.
- 1.6 The error related to the processing of forecast pupil numbers, which left unaddressed, would mean the cost of the core schools budget would be 0.62% greater than allocated in 2024-25. As the budget is due to be £59.6bn next year, an error of that size would equal around £370m.
- 1.7 The error does not impact the total planned spend on the core schools budget of £59.6bn for 2024-25 or the high needs NFF, and there are no cash adjustments to be made as the funding has not yet been allocated.
- 1.8 The DfE told schools in July that funding through the mainstream schools national funding formula "is increasing by 2.7% per pupil in 2024-25". The updated guidance states the rise will be just 1.9%.
- 1.9 The government's prediction for the minimum per-pupil funding for secondary schools has been revised down by £55. At primary level it's down £45. Based on these figures, the average secondary school would be £57,970 worse-off than predicted in July, and the average primary would be £12,420 worse-off.

1.10 The provisional announcement for WNC schools is that they will receive £6.9m (2.0%) of the national increase in 2024-25, down £3m on the amount announced in July.

Table 1 – 2024-25 Provisional Settlement by DSG Block £k

DSG Block	Schools	Early Years Provision	High Needs	Central Schools Services Block	TOTAL
2023-24 (updated July 2023)	343,470	27,916	66,957	3,939	442,282
Provisional 2024-25	353,436	27,916	69,091	3,670	454,113
Revised Provisional 2024-25 (updated October 2023)	350,385	27,916	69,091	3,670	451,062
Increase/ (decrease)	6,915	0	2,134	(269)	8,780
% increase/ decrease	2.0%	0.0%	3.2%	(6.8%)	1.99%

- *The early years block of the final settlement and the import/export adjustment of the high needs block are indicative; the final grant figures will be provided by the ESFA in July 2023.*
- *schools block growth funding is an estimate with final figures to announced in the December settlement.*

2 National Funding Formula for schools and high needs

2.1 The Government have changed a small number of existing features of the funding formula for 2024-25 school funding.

2.2 The basic per pupil funding factor, FSM6 and the lump sum factors have been increased to reflect the rolling in of the mainstream schools additional grant into the NFF, as described in the following section below. On top of these, the core factors in the NFF – the basic per pupil funding factor, additional needs factors and the school lump sum – will increase by 1.4%. The free school meals factor will increase by 1.6%.

2.3 The minimum per pupil levels in 2024-25 will be set at £4,610 per pupil for primary schools and £5,995 per pupil for secondary schools. This includes £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.

2.4 The 2024-25 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the mainstream schools additional grant.

2.5 With the exception of split sites funding, which is now formularised, premises funding will continue to be allocated at local authority level on the basis of the amount spent by local authorities on this factor in their 2023-24 local formulae – as recorded in the 2023-24 Authority Proforma Tool (APT). The PFI factor is increasing in line with the RPIX measure of inflation 10.4%, to reflect the use of RPIX in PFI contracts.

3 NFF for High Needs 2024-25

3.1 The department has confirmed the following aspects of the high needs NFF:

- 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)
- the gains cap 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 to 18 population

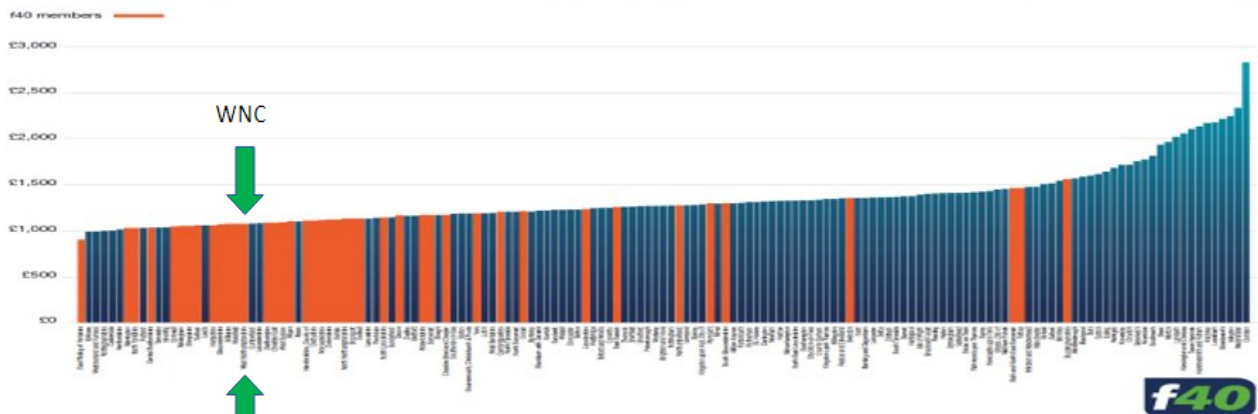
3.2 The provisional increase in the high needs block for WNC is £2.1m. However, the July 2023 DSG update for 2023-24 gave the latest update to the import/export adjustment which reduced this part of the grant by £156k and reduced the additional funding for special free schools by £1m from £1.67m to £0.67m.

3.3 Our budget modelling assumes that this is the level of funding we can expect and that the same additional funding for free schools and import/export levels which means the provisional total shown is likely to be 1.156m lower than that shown in the table above.

3.4 The actual growth in the budget is likely to be only £1m more than initially budgeted for 2023-24.

3.5 When looking at the published provisional increase of £2.1m, WNC is due to receive the minimum level of uplift in High Needs Block funding in percentage terms. The graph below indicates that WNC is in the bottom quartile in terms of the high needs block funding per pupil received, which means that it is becoming increasingly difficult to manage demand and price increases.

Variation of High Needs Block funding per pupil allocations 2023-24 by local authority



4 Central schools' services NFF 2024-25

4.1 The central services school block provides funding to local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises of two elements: ongoing responsibilities and historic commitments.

4.2 However, the historical funding part of the block is being unwound each year by a 20% reduction. The services funded by this have gradually had their costs "shunted" to the general fund and this has been built into the medium term revenue plan, however due to increasing pressures on the general fund due to rising demand in adults and Childrens social care, temporary accommodation and the impact of inflation this will have to be reviewed against the uncommitted CSSB balances held.

Table 2 – Ongoing and Historical Elements of the CSSB £k

CSSB	2023-24	2024-25	Change	Change %
Ongoing Responsibilities	2,193	2,273	80	3.6%
Historical Funding	1,746	1,396	(350)	(20.0%)
Total	3,939	3,670	(269)	(6.8%)

5 Notional school budgets 2024-25

5.1 Notional school budget allocations calculated by the Education Skills Funding Agency (ESFA) have been published and attached as Appendix A (for information) to demonstrate the NFF. It should be noted that the published allocation of school notional budgets for 2024-25 by the ESFA is for illustrative purposes and is not the actual funding a school will received through the formula for 2024-25. The actual baselines used for the NFF for individual schools differ to the published NFF by school as it does not take local factors and rates into account in the calculation.

5.2 WNC's School Funding Formulae has been a locally agreed formula working in collaboration with the Council and Schools Forum in accordance with the DfE statutory guidelines of implementation of the NFF within the timescales. WNC local formula factors and funding rates have mirrored the NFF factors for many years. The rates of those factors for 23-24 and 2024-25 mirror the NFF with the exception of the cap on budget increases. The cap has had to be set at 3.32% and 1.4% respectively in the indicative modelling to balance to the overall available funding for the Schools block after locally agreed high needs block funding move of 0.5%. As a result, the base position and protections within the calculations built into the Authority proforma Tool (APT) received by Local Authorities for calculating school and academy budgets will have a different prior year base as compared to the published NFF school budgets.

5.3. The local authority will first calculate provisional school budgets upon publication of the first APT. The first tool we receive is based on the current 2023-24 pupil data which allows LAs to model proposed changes to funding from the formula as if it were applied to the current year. We have used this to provide modelled budgets for schools to view alongside the options in the schools consultation.

5.4. Later in the Autumn term a final APT is provided to LAs which is updated to include the October 2023 school census data. The draft formula budgets for schools can then be modelled and brought to the Schools Forum in December alongside the results of the school consultation. The final DSG settlement is usually received after the December Schools Forum but we will only revisit the Schools Forum vote if the settlement is significantly different to that previously modelled and agreed in December. The APT tool is then submitted to Government mid-January 2024.

5.5 A comparison of local funding factor rates and NFF rates for 2024-25 is detailed as below and compared to 2023-24 rates as reported in December 2022, as part of the School Forum approval of WNC formulae:

Factor	2023 to 2024 (NFF)	2024-25 NFF	2024-25 Local WNC formula
Minimum per pupil funding - Primary	4,405	4,610	4,610.00
Minimum per pupil funding – Secondary KS3	5,503	5,771	5,771.00
Minimum per pupil funding – Secondary KS4	6,033	6,331	6,331.00
AWPU basic entitlement - Primary	3,405	3,562	3,574.15
AWPU basic entitlement – Secondary KS3	4,801	5,022	5,039.13
AWPU basic entitlement – Secondary KS4	5,411	5,661	5,680.30
Primary FSM	482	490	491.67
Secondary FSM	482	490	491.67
Primary FSM6	707	820	822.80
Secondary FSM6	1,033	1200	1,204.09
Primary IDACI F	231	235	235.80
Primary IDACI E	281	285	285.97
Primary IDACI D	441	445	446.52
Primary IDACI C	482	485	486.65
Primary IDACI B	512	515	516.76
Primary IDACI A	672	680	682.32
Secondary IDACI F	336	340	341.16
Secondary IDACI E	446	450	451.53
Secondary IDACI D	622	630	632.15
Secondary IDACI C	682	690	692.35
Secondary IDACI B	732	740	742.52
Secondary IDACI A	933	945	948.22
Primary EAL3	582	590	592.01
Secondary EAL3	1,570	1,585	1,590.41
Primary LPA	1,159	1,170	1,173.99
Secondary LPA	1,756	1,775	1781.05
Primary mobility	948	1,170	963.27
Secondary mobility	1,364	1,380	1,384.71
Primary lump sum	128,421	134,400	134,858.30
Secondary lump sum	128,421	134,400	134,858.30
Primary sparsity	56,485		57,294.71

Secondary sparsity	82,169		83,283.03
All-through sparsity	82,169		83,283.03

(all rates shown above include area cost adjustment ACA for WNC of 1.00329)

6 Recommendations for schools forum

6.1 This paper is for information – Schools Forum are recommended to note the information provided.

7 Next steps

7.1 The next steps are to consider the 2024-25 schools consultation proposals and high needs budget proposals.

8 Financial implications

8.1 This report is for information but details the likely increases schools can expect in their formula funding for 2024-25 individual schools budgets. It provides caution around the published NFF budgets and how they can differ to actual amounts received. It also details the high needs funding increases and likely inadequacy to cover forecast growth in that area and provides information on the central schools services block decrease but provides assurance that services will not be reduced as a result due to the costs being picked up by the general fund and/or uncommitted CSSB balances.

9 Legal implications

9.1 There are no legal implications.

10 Risks

10.1 The report highlights a number of risks, most significantly around the risk that the high needs block funding increase is not adequate to cover the growth and the risk that in future years, any further unwinding of the historical part of the CSSB will take it below the unavoidable pre-2013 teachers pension costs.

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