

Meeting date: 12th October 2023

Report to: Solihull School Forum



Subject/report title: School Funding 2024-25 – government announcements 17 July 2023

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Schools affected:

☒ All Primary | ☒ All Secondary

Type of Report For Forum to express view to the Local authority

Forum Voting Whole of Forum

Public/private report: Public

1. Executive Summary:

- 1.1 On 17th July 2023 the government published a suite of documents relating to the dedicated schools grant (DSG) and schools funding relating to 2024-25. The publication was extensive, 24 documents stretching to over 300 pages.
- 1.2 This report sets out for Forum the key changes the government are making for 2024-25 and seeks Forum approval to endorse the approaches to be taken to preparing school budgets for 2024-25. The report also signals to schools the inflationary increases the government are applying to school funding for 2024-25.
- 1.3 The key points are to continue to emulate the national funding formula, implement statutory changes (e.g. split site factor and fully incorporate MSAG into the core funding formula) and use funding protection factors at the maximum level permitted.

2. Decision(s) recommended:

- 2.1 Solihull School Forum is asked to endorse:
- 2.2 the current strategy of emulating the national funding formula (NFF) as closely as possible. This will entail very little change to 2023-24, where Solihull achieved full emulation, (other than for AWPU which was used as a balancing figure). This will include adopting the new formulaic approach to split-site funding and will ensure the

mainstream additional grant (MSAG) is fully incorporated into school budgets.

- 2.3 Continuing using the AWPU (Age Weighted Pupil Unit) as a “balancing figure” if applying the NFF gives an under or over allocation of schools block dedicated schools grant.
- 2.4 Budget modelling uses MFG at the permitted maximum (as in previous recent years), which for 2024-25 is +0.5%.
- 2.5 That Solihull will only apply (carry forward) a schools block deficit against the 2023-24 schools block DSG, noting an accumulated deficit of £259,000 that must be the first call on 2024-25 schools block DSG.
- 2.6 The general expectation that Forum will support central expenditure approvals to the extent they fall within the limits set by government and are consistent with the approvals given in recent years.

3. Matters for Consideration:

- 3.1 A briefing note of the announcements is shown in Appendix 1.
- 3.2 Early years funding matters were released separately on 21 July and are reported in a separate report elsewhere on the agenda for this meeting.

3.3 Key changes to the schools NFF in 2024 to 2025:

- 3.3.1 Nationally, the government have announced funding through the mainstream schools national funding formula (NFF) is increasing by 2.75% per pupil in 2024-25, compared to 2023-24. Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 8.5% higher per pupil in 2024-25, compared to 2022-23. Solihull seems to be slightly higher at 2.84%.
- 3.3.2 Rolling the 2023 to 2024 mainstream schools additional grant (MSAG) into the NFF by:
 - (a) Adding an amount representing what schools receive through the grant into school baselines.
 - (b) 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.
 - (c) 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.
- 3.3.3 **Increasing NFF factor values** (on top of the amounts added for the mainstream schools additional grant) by:
 - (a) 2.4% to the following factors: 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, sparsity, and the lump sum.

- (b) 2.4% to the minimum per pupil levels (MPPL)
- (c) 0.5% to the funding floor
- (d) 1.6% to the free school meals (FSM) factor value with the gross domestic product (GDP) deflator forecast for 2024 to 2025.
- (e) 0% on the premises factors, except for: 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 split sites funding which has been formularised.

3.4 Implementing 2024-25 changes - local authorities must:

- (a) move their local formula factor values at least a further 10% closer to the NFF (building on the movement towards the NFF made in 2023 to 2024), except where local formulae are already mirroring the NFF. Note that Solihull met this requirement in 2023-24. The table of NFF factors and their values is shown in Appendix 1, together with the range of permitted values.
- (b) Use the new national formulaic approach to split sites.
- (c) Follow the new local formula requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
- (d) Follow the new requirements for falling rolls funding where the local authority has a falling rolls fund.

3.5 MFG: Local authorities have the freedom to set the MFG in their local formulae between +0.0% and +0.5% per pupil.

3.6 Notional SEN budgets: Local authorities are required to identify a notional budget for their mainstream schools which helps them comply with their duty to use their 'best endeavours' to meet the special educational needs (SEN) of their pupils. All local authorities should review this calculation each year alongside their local formula to make sure that their schools' notional SEN budget is a realistic amount for meeting the costs of additional SEN support up to £6,000 per pupil. Note this is a separate report elsewhere on this agenda.

3.7 Split site funding: Solihull has one school affected, Valley Primary school. From April 2024-25 the new factor is made up of 2 parts, both of which are compulsory:

- (a) A lump sum payment for each of their additional eligible sites, £54,300, plus area cost adjustment (ACA).
- (b) 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 (maximum £27,100 plus ACA)

- 3.7.1 **Falling rolls funding** - the government have Introduced, for the first time, a methodology for calculating and allocating funding for falling rolls. Solihull does not currently allocate funds to such a factor; however, we will keep this under review and return to Finance Group if we think the situation may need to change in the light of demographic forecasts.
- 3.8 **Growth funding** – there is a new requirement that as a minimum local authorities will have to provide funding to a level which is compliant with the following formula:
- primary growth factor value (£1,550) × number of pupils × ACA*
- 3.8.1 This is a minimum level. Solihull's current growth fund criteria remain valid and exceed this value. A further report on growth fund will be brought to Finance Group as requirements for 2024-25 are firmed up.
- 3.9 **Moving funding between blocks** (e.g. from Schools Block to High Needs Block) is still permitted and involves complex rules. Solihull became part of the "Delivering Better Value" DfE programme from September 2022. This is a programme is intended to move Solihull to a sustainable high needs block spending position. There are several considerations relating to the HNB deficit that may now require consideration of a schools block to high needs block transfer. Any such proposal would be a separate report to Finance and then Forum.
- 3.10 **Central expenditure** – the national framework and role of Forum is unchanged, and the local authority will be seeking continuity of long-standing arrangements.
- 3.11 **High needs funding** is increasing by a further £440 million, or 4.3%, in 2024-25, following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF means that every local authority receives at least a 3% increase per head of their ages 2-18 population, with most authorities seeing gains of more than 3%. Solihull will provisionally receive a 3.57% increase.
- 3.12 Alongside the continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. They will continue to focus support on those local authorities with the most significant Dedicated Schools Grant (DSG) deficits, and to work on the longer-term reforms set out in the Government's SEND and alternative provision improvement plan, published in March 2023.

4. Provisional dedicated schools grant 2024-25:

- 4.1 The government published provisional schools block, High Needs Block and Central Services Block allocations. These are based on 2023-24 base data so will change for October 2023 census data.

Announced
Allocations 2024-25 17-06-23
Based on October 2022 data

	Total 2023-24 baseline for the schools block (excluding growth factor, including school supp grant) (total cash)	Provisional funding in 2023-24 (excluding growth factor) [will be updated] (total cash)	Total 2023-24 baseline for the schools block (excluding growth factor) (£ per pupil)	Provisional funding in 2023-24 (excluding growth factor) [will be updated] (£ per pupil)	Provisional percentage change in 2023-24 over 2022-23 DSG baseline [will be updated] (per pupil)
Schools Block*	202,032,459	207,767,835	5,675	5,837	2.84%

* Growth fund allocation was £809,212 in 2023-24

	Total 2023-24 allocations £	Provisional NFF allocations for 2024-25 £	% Change
High Needs Block	41,377,695	42,856,350	3.57%
Central Services Block*	2,460,960	2,498,284	1.52%
Early Years Block	not published	not published	n/a

* Central services grant - assumed we will receive £223,000 additional funding for prudential borrowing commitment.

5. Implications and Considerations:

5.1 Impact on schools:

- 5.1.1 Solihull has sought to emulate the NFF for some years, so there should be little instability for Solihull schools from funding changes other than those arising from government policy.
- 5.1.2 The change in split site funding affects just one school, and represents a reduction in funding, but the reduction will be protected within the MFG.
- 5.1.3 Solihull must treat the current schools block overspend of £259,000 as a first call on 2024-25 funding.

5.2 Consultation and Scrutiny:

- 5.2.1 School Forum is a statutory consultee regarding developments to the local funding formula and the approval of centrally funded items.
- 5.2.2 The Finance work group considered these developments at their meeting of 12 September 2023 and endorsed the recommended approach.

5.3 Financial implications:

- 5.3.1 The local authority will use the principles recommended in paragraph 2 as a basis to calculate school budgets for 2024-25.

5.4 Legal implications:

- 5.4.1 The local authority must follow the statutory framework in setting a local funding formula for 2024-25. The formula is subject to formal evaluation and checking by the ESFA in January 2024.

5.5 Risk implications, including risk appetite:

- 5.5.1 No formal risk assessment has been undertaken – Solihull will not receive final grant allocations until December 2023, which will be based on October 2023 census data. At this stage, the biggest risk is difficulty to meet the NFF minimum factor levels due to ongoing impact of pupil growth on the growth fund.

5.6 Equality implications:

- 5.6.1 Solihull will rely on the EIA undertaken by the government to set the NFF and funding arrangements for 2024-25, as described in the technical note published by the government, on the basis Solihull intends to replicate the NFF as far as possible.

6. List of appendices referred to:

- 6.1 Appendix 1 – Key features of the 2024-25 school funding arrangements extract from the DfE technical note.

7. Background papers used to compile this report:

- 7.1 Guidance – growth and falling rolls 2024-25 (DfE)
- 7.2 Guidance – High needs operational guide 2024-25 (DfE)
- 7.3 Guidance – school operational guide 2024-25 (DfE)
- 7.4 The national funding formulae for schools and high needs 2024-25 (DfE)
- 7.5 2024-25 NFF, CSSB, Area cost adjustment, technical notes (DfE)
- 7.6 NFF grant summary tables (DfE)