

Schools Forum

Date: 30 November 2023

Time: 8:30 a.m.

Venue: Via Microsoft
(MS) Teams

Paper

B

Public

School Funding Arrangements 2024-25

Responsible Officer Jo Jonese-mail: jo.jones@shropshire.gov.uk

Tel: 01743 254343

Summary

Details of the Government's recent funding announcements for 2024-25 for schools, including high needs and early years, were provided to Schools Forum in September 2023.

This report details specific local funding arrangements from April 2024 for consideration and agreement by Schools Forum in relation to:

- the potential transfer of funding between blocks, and
- the approach to be taken should the Schools Block allocation for 2024-25 not deliver sufficient funding to fully fund Shropshire schools through the local funding formula in line with the national funding formula.

Recommendation

Schools Forum is recommended to consider and agree the specific funding arrangements from April 2024 as detailed within this report.

REPORT

Background

1. In July 2017, the Government announced the introduction of a national funding formula (NFF) for allocating the Schools Block of the Dedicated Schools Grant (DSG) to local authorities from April 2018.
2. Local authorities, in consultation with their schools and Schools Forum, continue to have some local flexibility on the basis for distributing funding to schools through the National funding formula in 2024-25. It remains the Government's intention to fund all schools nationally via the NFF in the future.
3. Following consultation with Shropshire schools and Schools Forum, Shropshire's local formula for distributing the Schools Block to individual schools and academies has mirrored the NFF since 2018-19.



4. Schools Forum members are asked to consider and agree specific arrangements for 2024-25 as detailed within this report. Shropshire Council's Cabinet will make a final decision on the school funding arrangements for 2024-25 in February 2023.

Update to the schools NFF for 2024-2025

5. Further to the School Revenue Funding Update (Paper D) presented at the previous Schools Forum meeting on 14th September 2023, the DfE announced on 6th October that they had uncovered an error in the initial calculations of the NFF. Specifically, there was an error processing forecast pupil numbers, which means that the overall cost of the core schools budget would be 0.62% greater than allocated. The errors did not affect the other blocks of funding, only the NFF was affected. Within the LA all modelling work that had been actioned to this point was now incorrect and needed to be completed again with the updated factor values issued.
6. The revised unit values across the NFF factors are an average of just under -1% lower. The actual primary unit of funding (PUF) and secondary unit of funding (SUF) which will be used to calculate each local authority's schools block allocation has also been reduced by -0.93% and -0.96% respectively. The revised figures are £5,224 per pupil (previously £5,273) and £6,314 per pupil (previously £6,375), respectively. As a comparison, in 2023-24 Shropshire's PUF was £4,960 and SUF was £5,971.

Transfer of Funding between Blocks

7. The Schools Block remains ringfenced in 2024-25 but local authorities retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block with approval of Schools Forum. To transfer an amount above 0.5%, approval would need to be sought from the Secretary of State for Education
8. In previous financial years (apart from 2023-24 due to affordability), Shropshire Schools Forum approved a transfer up to 0.5% of the Schools Block to the High Needs Block to support the growing pressures on the high needs budget. Agreement was given to transfer remaining Schools Block budget (up to 0.5%) after fully funding schools in line with the NFF factors and values in each year, including transitional protections and caps. Balances of £784,000 (0.49%), £397,000 (0.25%), £842,000 (0.5%) and £876,218 (0.5%) and £949,077 were transferred to the High Needs Block in previous years.
9. For 2024-25 due to increased cost pressures within the High Needs funding it is our intention to transfer up to 0.5% of the Schools Block budget into the High Needs Block.



10. Until the October 2023 school census data is run through the NFF for 2024-25 for individual schools it is not possible to confirm if there will be any Schools Block balance remaining in next financial year. October 2023 census data will be made available to the local authority in mid-December and work will take place through January 2024 to calculate individual school budget shares for 2024-25 mirroring the NFF factor values.
11. Modelling work undertaken by the LA using October 22 census data shows there is a possibility of a £200k balance available to transfer to the high needs block. However, once we get the updated October 23 census data this could change due to the number of pupils who might be eligible for the different factors.
12. **Schools Forum is asked to agree the recommendation to transfer any remaining balance, up to 0.5% of the Schools Block, into the High Needs Block after fully funding individual schools in line with the NFF.**

Affordability of the Funding Formula

13. The Schools Block of the DSG is allocated to local authorities based on a primary unit of funding (PUF) and a secondary unit of funding (SUF). Shropshire's 2024-25 PUF is £5,224 and SUF is £6,314. These units of funding will be multiplied by the total October 2023 school census numbers on roll in Shropshire and added to Shropshire's historic spend on premises factors to give a total Shropshire Schools Block allocation for distribution to schools through the local funding formula.
14. Until the local formula is run for each individual school in Shropshire based on their October 2023 census data, it will not be known whether the overall cost will be affordable from within the 2024-25 Schools Block allocation. The LA have been modelling the affordability based on the October 22 census data and the new PUF/SUF rates. The modelling is showing that following the NFF should be affordable, and all schools will hopefully be funded in line with the latest NFF factors. However, once we have the October 2023 census data and the new characteristics across the funding factors this could change. For example, the October 23 data will reflect the high Year 6 to Year 7 transfer we saw in September 2023, who are funded at higher rates.
15. To ensure affordability, a reduction to the factor values may be required. Which factor values are reduced will have differing impacts on individual schools' allocations. A reduction to the Basic Entitlement (AWPU) factor value will affect individual schools on a proportional basis.
16. The minimum per pupil funding level (MPPL) formula factor is set at a mandatory level and cannot be amended. As in 2023-24 the minimum funding guarantee (MFG) for 2024-25 has a range of 0.0% to 0.5%. In the case of affordability, a reduction to the



MFG would still be possible but modelling figures show that Shropshire will only fund around £10k in MFG so this would have little effect.

17. Modelling on reducing the basic entitlement factor to free up £500k of funding shows we would need to reduce the amount by 0.4%, a reduction of £14.25 per pupil in Primary and £20.09 per pupil in KS3 and £22.64 pupil in KS4. This would see reductions in schools budgets from -£313 to -£28,395 (compared to fully funding NFF), with 21 schools seeing no reduction as they are topped up to the minimum per pupil funding levels. This reduction is proportionate across schools as it is a direct reduction to a per pupil factor that all schools are entitled to.
18. We have also been modelling the impact of using the cap and scale factors to ensure affordability. The cap is set at the same percentage as the MFG (0.5%) and then we can enter a scaling percentage that caps the gain on school budgets and frees up funding ensuring affordability. Capping and scaling cannot take a school below the minimum per pupil funding levels and cannot be applied to new and growing schools.
19. The modelling shows to free up £500k of funding, the capping and scaling would see reductions in budgets from -£133 to -£25,000 (compared to fully funding NFF), 21 schools would have no reduction as they are subject to MPPL. The schools that have gained under the new more generous split site factor in 2024-25 are some of the ones with the higher reduction amounts.
20. **To ensure a proportional impact on all schools, in the event that the Schools Block allocation for 2023-24 is not sufficient to fully fund the local formula in line with the NFF, Schools Forum is asked to discuss and agree whether to cap gains or reduce basic entitlement (AWPU) within allowable limits, to ensure affordability.**

