

Report to:	SCHOOLS FORUM
Date:	28 November 2023
Reporting Officer:	Gemma McNamara – Interim Assistant Director, Finance Jane Sowerby – Assistant Director, Education
Subject:	SCHOOLS BLOCK FUNDING FORMULA 2024-25 CONSULTATION OUTCOME
Report Summary:	A report on the consultation to all schools regarding the allocation of Schools Block Funding for 2024-25.
Recommendations:	Members of the Schools Forum is requested to: <ol style="list-style-type: none"> 1. Note and support the contents of this report. 2. Support a transfer of 0.5% from the Schools Block to the High Needs Block.
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial and policy framework.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The Dedicated Schools Grant is a ring-fenced grant solely for the purposes of schools and pupil related expenditure. The provisional allocations for 2024-25 and proposals for allocating the schools block elements of the grant are outlined within the report. The financial implications are the subject of the report.
Legal Implications: (Authorised by the Borough Solicitor)	There are no legal issues arising from the report.
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
Access to Information:	NON-CONFIDENTIAL This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

1. INTRODUCTION

- 1.1 As reported to the Schools Forum in September 2023, the Department for Education (DfE) published the National Funding Formula (NFF) provisional allocations for schools, high needs and central school services for 2024-25 in July 2023. This report sets out the proposed funding formula for the Schools Block for 2024-25.
- 1.2 A consultation on the proposals set out in this report has been circulated to all schools and Chairs of Governors, which closed on 8 November 2023. The results of the consultation are included in Section 5 of the report.

2. PROVISIONAL ALLOCATION FOR 2024-25

- 2.1 On 6 October 2023, the DfE wrote to Local Authorities (LAs) and Schools to advise an error had been made by DfE officials during the initial calculations of the National Funding Formula (NFF). This correspondence is included at **Appendix 1** for your information. As a result, the high-level information and NFF rates presented to Schools Forum in September 2023 have been revised by DfE. The error only affected the Schools Block figure and Table 1 provides the updated information.

Table 1: Provisional DSG Updated Allocations Compared with 2023-24 Allocations

Funding Block	2023-24 £m	2024-25 £m	Increase £m
Schools Block (excluding growth)	207.081	211.929	4.848
High Needs Block	36.910	38.757	1.847
Central School Services Block (CSSB)	1.249	1.344	0.095
Total	245.240	252.030	6.791

- 2.2 These are indicative figures, the information released at this stage is based on the 2023-24 data set (October 2022 census data) and will change to take account of October 2023 census returns.
- 2.3 The provisional 2024-25 updated allocation for Tameside has increased by £6.791m, as opposed to £8.668m originally reported. This is after increasing the 2023-24 Schools Block allocation to take account to the mainstream schools additional grant (MSAG) funding that was allocated in 2023-24.
- 2.4 There are increases in funding across all blocks for Tameside MBC which is positive. However, the High Needs increase continues to be capped contributing to the High Needs deficit. Further information is provided in Section 4.

3. SCHOOLS BLOCK FUNDING PROPOSALS FOR 2024-25

- 3.1 The core factors in the updated schools NFF (such as basic entitlement and the lump sum) will increase by 1.4% and the funding floor will ensure that every school will attract at least 0.5% more pupil-led funding than 2023-24. A table of NFF rates is included at **Appendix 2**.
- 3.2 **Appendix 3** provides details of the 2024-25 modelled allocations for individual schools based on the updated provisional funding announcements. Also included is a comparison to the 2023-24 current schools block allocations. Schools should note that any figures provided will not be the actual figures received for the 2024-25 financial year. These figures are all indicative and subject to change. Once the LA has received the updated census data for October 2023 in December, final calculations will be produced.

- 3.3 The modelled allocations to schools are based on the NFF funding rates included at **Appendix 2**.
- 3.4 The modelled figures show schools are seeing an average increase of 4.92% across Tameside mainstream schools. This excludes premises factors (business rates and PFI) as these will be inflated for 2024-25 funding allocations but will have nil impact on schools' individual allocations.
- 3.5 Part of the average 4.92% increase is related to the 2023-24 MASG being rolled into the 2024-25 schools block baselines. To demonstrate the net increases excluding this element, column 10 of **Appendix 3** provides a further comparison to show the average increase excluding the MSAG. The average increases show 1.43% across Tameside mainstream schools and this relates to inflationary increase in comparison to 2023-24.
- 3.6 Once the NFF funding rates have been set an Area Cost Adjustment then inflates the allocation to reflect geographical variation in labour market costs across the country. In Tameside the ACA is 1.00567. However, 1.00000 is being used in the proposed funding formula for 2024-25. By setting the ACA at 1.00000 this allows some flexibility in parts of the funding formula that are not finalised, including growth allocations and also revisions to the datasets following the publishing of the October 23 census data.
- 3.7 Based on the modelled allocations to schools and the 2024-25 funding announcements it would be possible to:
- Set the MFG protection at the highest rate possible of 0.50%
 - Remove the Gains Cap so no school will see their formula allocation capped
 - Transfer 0.50% from the Schools Block to the High Needs Block.
- 3.8 A formulaic approach to allocating split site funding is being introduced in 2024-25 as part of the NFF. This will ensure split site funding is provided on a consistent basis across the country. This currently being reviewed for Tameside Mainstream Schools for 2024-25 and additional details provided as necessary.
- 3.9 Growth funding isn't included in the provisional figures provided. However, LAs must use the new NFF 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. The NFF growth allocations have been set at £1,550 per new primary pupil and £2,320 pre new secondary pupil plus a lump sum of £76,195 for each brand-new school. The rates used in the local formulae for Tameside are already above these rates. We do not plan to change the growth allocations for any pre-existing arrangements for 2024-25. We do however plan to review the existing growth policy in light of the updates to NFF.

4. HIGH NEEDS PRESSURE 2024-25

- 4.1 Nationally, High Needs funding is increasing by £440m or 4.3% in 2024-25 and funding allocated to Local Authorities is increasing by around 5% overall.
- 4.2 A funding floor has been set at 3% to ensure every LA receives at least a 3% increase on the relevant funding elements per head compared to 2023-24 baselines and a limit on gains will also apply so the maximum increase an LA can receive will be 5% compared to 2023-24 baselines.
- 4.3 Tameside has received the maximum increase possible, the capped allocation at 5%. However, without the cap Tameside would have received an additional £3.885m in 2024-25 and the impact of this on the in-year high needs budget position can be seen in Table 2.

Table 2: Capped High Needs Allocation and Impact on High Needs Deficit

	2023-24 Current £m	2024-25 Forecast £m	Cumulative over 2 Years £m
NFF Allocation before Cap (& Recoupment)	36.910	42.642	
Cap on Funding	(3.479)	(3.885)	
NFF Actual Allocation	33.431	38.757	

High Needs Deficit before any Block Transfer			
High Needs In Year Deficit (with Cap & without transfer from Schools Block)*	5.913	10.524	16.437
High Needs In Year Deficit (without Cap & without transfer from Schools Block)*	2.434	6.639	9.073

- 4.4 Despite the additional funding, the impact of the cap along with projected growth in number of EHCP's there continues to be an increasing in-year deficit on the high needs budget position. Table 3 shows the forecast budget position as well as the impact the proposed 0.50% Schools Block transfer would have on the deficit position.

Table 3: Schools Block Transfer Implications on High Needs Forecast

Schools Block Transfer	2023-24 Current £m	2024-25 Forecast £m	Cumulative over 2 Years £m
High Needs Funding (after Recoupment & Updated pupil Nos)	32.314	34.026	
Forecast Spend	38.226	44.550	
Annual Funding Gap In year Deficit	5.913	10.524	16.437
Transfer from Schools Block*	0.694	1.060	
Annual Funding Gap In year Deficit after Schools Block Transfer	5.219	9.465	14.684

* 0.345% Schools Block Transfer for 2023-24 as agreed; 0.500% Schools Block Transfer proposed for 2024-25

- 4.5 Notional SEN funding was also reviewed and compared to DfE examples. Tameside's notional SEN formula was in line with DfE modelling so the current model was unchanged.

5. OUTCOME OF SCHOOL FUNDING CONSULTATION

- 5.1 In line with funding regulation requirements consultation has been carried out with all schools and academies in Tameside with regards to the funding for 2024-25.
- 5.2 Consultation took place with all Schools and Academies between 18 October and 8 November. The consultation was carried out via survey monkey and shared with all schools. Governor Services also shared the consultation with Chairs of Governors.
- 5.3 The consultation advised the proposed school block funding allocation for 2024-25 would be based on the NFF rates, would have an MFG of 0.5% and there would be no cap on gains based on the provisional funding allocation for the LA. A 0.5% transfer from the Schools Block to the High Needs block is also affordable on this basis.

5.4 Schools were asked the following questions:

Question 1: Tameside is following NFF funding rates which shows based on the modelling data, all school will benefit from an increase in pupil led funding and this includes:

1. Applying a MFG of 0.50% and,
2. No cap on gains

Do you agree with this basis for the 2024-25 formula?

There were 16 responses received in total from 12 schools. 88% support the 2024-25 formula and 12% do not support the 2024-25 formula.

Question 2: Tameside is following NFF funding rates which shows based on the modelling data, all school will benefit from an increase in pupil led funding.

Do you support a 0.50% transfer to the High Needs Block?

There were 16 responses received in total from 12 schools. 75% support the 0.5% transfer and 25% do not support the 0.5% transfer.

Question 3: If there is a shortfall in the school funding formula, we propose to reduce the Schools Block transfer to the High Needs block to a level that is affordable, as in the 2023-24 formula.

Do you support this?

There were 16 responses received in total from 12 schools. 88% support the proposal to reduce the schools block transfer if required and 12% do not support the proposal to reduce the schools block transfer.

Question 4: If there is unallocated funding after the funding formula is applied, we propose to allocate this across all factors in the National Funding Formula.

Do you support this?

There were 16 responses received in total from 12 schools. 88% support the proposal to apply any unallocated funding across all NFF factors and 12% do not support the proposal to apply any unallocated funding across all NFF factors.

6. CONCLUSION

- 6.1 All mainstream schools are set to see an increase in their pupil-led funding for 2024-25 by at least 0.5%.
- 6.2 There is significant pressure on the High Needs Block which is being contributed to by the cap as demonstrated in Table 2.
- 6.3 As schools would still benefit from an increase in pupil-led funding, the LA are asking schools to support a minimum 0.5% transfer from the Schools Block to the High Needs Block.

7. RECOMMENDATIONS

- 7.1 As set out at the front of the report.