

**Title of report: Local and National Schools Funding Update**

**Meeting: Herefordshire Schools Forum**

**Meeting date: Friday 20 October 2023**

**Report by: Strategic Finance Manager**

**Classification**

Open

**Decision type**

This is not an executive decision

**Wards affected**

(All Wards);

**Purpose**

To seek the views of the forum on local and national school funding issues, including the recommendations of the budget working group (BWG) on the Herefordshire schools budget 2024/25 including schools consultation paper.

**Recommendation(s)**

**That:**

- a) **the initial budget proposals for 2024/25 for schools and high needs be approved for consultation with schools during the autumn term.**
- b) **Consideration be given to whether the consultation be revised following the October DfE school budget update.**

**Alternative options**

1. Alternative options will be fully considered by the BWG prior to formulating final budget recommendations for consideration by Schools Forum in January 2024. At this stage only a preliminary view has been sought in order to determine how the budget proposals can be developed further. The high needs budget will require further detailed work following the expected DfE funding announcement in mid-December 2023 and recommendations will be agreed by School Forum in March 2024 prior to a formal decision by the Cabinet member for Children's and Families.

## Key considerations

2. The DfE first published the 2024-25 NFF in July 2023. Following the discovery of a technical error made by officials during the initial calculations, an update was made to the schools NFF in October 2023. This paragraph reflects that update. The technical error was due to incorrect processing of pupil numbers in the initial calculations. This error meant that the overall cost of the schools NFF was underestimated, and incorrect factor values were published in July.

3. This update contains the new, correct, factor values ( note: only the FSM factor is unchanged at £490), as follows;

Primary basic entitlement	£3,562
KS3 basic entitlement	£5,022
KS4 basic entitlement	£5,661
Primary Minimum Per Pupil funding	£4,610
Secondary Minimum Per Pupil funding	£5,995
Primary and Secondary FSM	£490
Primary FSM6	£820
Secondary FSM6	£1,200
Low Prior Attainment Primary	£1,170
Low Prior Attainment Secondary	£1,775
English as Additional Language Primary	£590
English as Additional Language Secondary	£1,585
Mobility Primary Mobility	£960
Secondary Mobility	£1,380
Primary and Secondary Lump Sum	£134,400
Sparsity Primary sparsity	£57,100
Secondary sparsity	£83,000
Premises Split sites	£80,600
IDACI A Primary/Secondary	£680/£945
IDACI B Primary /Secondary	£515/£740
IDACI C Primary/Secondary	£485/£690
IDACI D Primary/Secondary	£445/£630
IDACI E Primary/Secondary	£285/£450
IDACI F Primary/Secondary	£235/£340

4. No other changes have been made to the structure of the NFF, or the rules governing the local formulae, since July. The total amount of funding in the core schools budget (which includes funding through the schools NFF, high needs NFF, and CSSB) will remain at £59.6 billion in 2024-25. The high needs NFF and CSSB are unaffected by this update.

5. Schools Week report that “the DfE told schools in July that funding through the mainstream schools national funding formula “is increasing by 2.7 per cent per pupil in 2024-25”. The updated guidance states the rise will be just 1.9 per cent. 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"

6. This consultation paper sets out the expected financial settlement for Herefordshire schools for 2024/25 and proposes to continue to implement the national funding values as set by government. There continues to be many unknowns e.g. inflation, energy prices and funding re pay awards which will make setting a balanced budget difficult for schools this year.
7. The government funding announcement announced in July 2023 sets out the key items nationally, which are as follows;
8. Funding through the mainstream schools national funding formula (NFF) is increasing by 2.7% 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.
9. The schools NFF continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main features in 2024/25 are:
  - i. introducing a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country.
  - ii. The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
  - iii. Through the minimum per pupil funding levels, every primary school will receive at least £4,655 per pupil, and every secondary school at least £6,050.
  - iv. The funding floor will ensure that every school will attract at least 0.5% more pupil-led funding per pupil, compared to its 2023/24 allocation.
  - v. Rolling the 2023/24 mainstream schools additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.
10. 2023/24 was the first year of transition to the direct schools NFF – with the end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. Following a successful first year of transition, DfE will continue with the same approach to tightening in 2024/25. As in 2023/24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF.
11. Herefordshire's approach to school funding for 2024/25 will be as follows;
  - i. Seek to fund schools at the National Funding Formula values
  - ii. To fund schools at the maximum permitted Minimum Funding Guarantee of 0.5%
  - iii. To use the school block transfer process to fund the SEN Protection Scheme within the maximum value of £653k which Schools Forum can agree without the Secretary of State's permission.
  - iv. To agree a realistic budget for the SEN Protection scheme with Schools Forum in March 2024 within the constraints of the 0.5% block transfer and an appropriate mix of

reduced spending and additional funding from the high needs block. This will require some compromises

- v. Within the high needs block, fund cost increases in independent schools, manageable increases for top-up tariffs particularly for special schools and in particular to provide the full year funding for the newly established autism resource bases
  - vi. To use the DfE high needs block funding allocation to set a balanced budget for high needs and avoid the DSG deficit escalating. Inevitably this will require some difficult compromises as the DfE funding allocation is unlikely to be sufficient to meet cost pressures.
12. Compared to most local authorities nationally Herefordshire has a small, but growing high needs deficit at £1m. DfE has provisionally allocated £26.8m for high needs in 2024/25, an increase of approx £1.15m, equivalent to an increase of +4.5%. The initial aim is to set a balanced high needs budget and provide for a comparable 2.7% per pupil increase in top-up tariffs and special school places. Further work on the high needs budget will be undertaken during the autumn and spring terms with the Budget Working Group.
13. National growth funding, is expected to be £0.5m and £0.2m has been reserved to fund basic need secondary school growth in the Golden Valley planning area (10 places at Fairfield and 30 places at Kingstone as originally agreed for September 2021/22). However early indications suggest that not all this year's planned pupil growth has materialised as expected.

### **Community impact**

14. Increasingly school and high needs funding is directed by government and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs. Schools, colleges and post-16 providers and potentially parents will need to be consulted on any changes to the high needs services.

### **Environmental Impact**

15. This is a consultation with Schools Forum on school and high needs funding and will have no direct environmental impacts. School governing bodies and trustees are responsible for deciding on expenditure and they will be encouraged to minimise waste and resource use in line with the Council's Environmental Policy.

### **Equality duty**

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

17. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. In relation to school finance it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users and further advice from legal services will be sought should this be necessary. However the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

### **Resource implications**

18. The schools budget is fully funded by Dedicated Schools Grant (DSG). At this stage the financial assessment is indicative only pending the final DSG announcement by government in mid-December 2023.

### **Legal implications**

19. The Schools Forum is a decision making and consultative body in relation to matters concerning schools' budgets as defined in the School and Early Years Finance Regulations (2018) and the School Forums (England) Regulations 2010
20. The School and Early Years Finance (England) Regulations 2018 determine those matters on which the council must or may consult Schools Forum and those in respect of which the Schools Forum can make decisions. These Regulations make provision for the financial arrangements of councils in relations to the funding of schools.
21. The proposals within this consultation are governed by the Schools Finance Regulations and are in accordance with the annual schools' budget setting process which form part of the overall Council's budget position. The proposals within the consultation complies with the legal requirements in this regard.

### **Risk management**

22. As the budget proposals are only indicative at this stage, the full risk analysis has not yet been undertaken.

### **Consultees**

23. No consultation has yet been undertaken with schools, early years providers or service users. Consultation with schools on the schools budget will follow after School Forum's views have been included in the consultation paper.
24. The BWG will be consulted on 13 October 2023 regarding the schools budget consultation and Schools Forum will be informed of all comments at the meeting.
25. BWG will consider the budget proposals further after the budget consultation with schools has been completed and the DfE have announced final DSG allocations in December 2023.

### **Background papers**

Appendix 1 – Herefordshire school budget consultation

**Glossary of terms, abbreviations and acronyms used in this report.**

BWG Budget Working Group (of Schools Forum)

CAMHS Children and Adolescent Mental Health Service

DSG Dedicated Schools Grant

DfE Department for Education

EHCP Education Health Care Plan

ESFA Education and Skills Funding Agency

PRU Pupil Referral Unit H3 Home and Hospital Teaching Team (Hub, Home, Hospital)

SEN Special Education Needs

SEND Special Education Needs and Disability