

NATIONAL SCHOOL FUNDING FORMULA 2024/25

CONSULTATION FOR HEREFORDSHIRE SCHOOLS SUBJECT to DFE BUDGET ERROR UPDATES

1.0 SUMMARY

- 1.1 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.
- 1.2 The government funding announcement announced in July 2023 sets out the key items nationally, which are as follows;
- 1.3 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.
- 1.4 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:
- 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.
 - 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%.
 - 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.
 - 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.
 - 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.
- 1.5 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.

1.6 Herefordshire's approach to school funding for 2024/25 will be as follows;

- Seek to fund schools at the National Funding Formula values
- To fund schools at the maximum permitted Minimum Funding Guarantee of 0.5%
- 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.
- 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
- 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
- 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.

1.7 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.

1.8 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 in 2021/22). However early indications suggest that not all this year's planned pupil growth has materialised as expected.

2.0 SCHOOLS BLOCK STRATEGY 2024/25

2.1 Estimated allocations for the schools block based on an estimated 22,430 pupils (primary 13,088 and secondary 9,342) as follows:

Estimated DSG schools funding allocation	£130,126,000
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National Funding Formula 2024/25	£130,126,000
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Available for allocation to SEN Protection scheme:

Funding available from 15% gains cap in NFF:	£353,000
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Additional Growth Funding estimated	£500,000
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To: secondary growth funding for Golden Valley	£200,000
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To: SEN Protection scheme	£300,000
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2.2 Final Dedicated Schools Grant allocations will not be available until mid-December and National Funding Formula allocations will be finalised with the BWG and School Forum in January 2024.

3.0 HIGH NEEDS BLOCK STRATEGY 2024/25

3.1 Provisional Dedicated Schools Grant (DSG) allocations for 2024/25 have been published by government and indicate an increase in Herefordshire's high needs allocation of £1.15m i.e. a gross allocation of £26.832m compared with a final allocation of £25.683m in 2023/24, although in-year adjustments for FE college placements make comparisons across years difficult.

3.2 The additional £1.15m is provisionally allocated as follows;

- £0.2m out-county independent schools and Complex Needs
- £0.2m inflation on tariffs A - F
- £0.5m full year effect for new autism places from September 2023
- £0.05m matched funding for behaviour support service
- £0.15m for SEN Protection scheme
- £0.06m Expansion of VI team to prevent out-county placements at £60kpa.

3.3 The SEN protection scheme was expanded to include secondary schools in 2020/21 and was supported by a transfer of £0.6m from the schools block in 2023/24. The cost of the scheme continues to grow each year and the scheme is hugely supported by schools. However the cost of the scheme is at the limit that Schools Forum can approve without reference to the Secretary of State and expenditure is forecast to grow further in 2024/25. Compromises on expenditure will inevitably be necessary

3.4 The Initial budget for 2024/25 suggests the National Funding Formula is affordable with a MFG at 0.5% and some capping of school gains could provide up to £200k which when taken together with a £150k contribution from the HNB and an expected surplus of £300k from the schools growth fund will provide a budget of around £650k for the SEN protection scheme such that significant reductions in spend may not necessary.

3.5

Further detailed work will be undertaken on the high needs budget during the autumn term, and an initial budget plan will be shared with the Budget Working Group in December 2023. The final high needs budget plan will be agreed with the Budget Working Group and Schools Forum in March 2024.

4.0 EARLY YEARS BLOCK

4.1 No information has been published by DfE for the early years block for 2024/25. Any inflationary increase for early years settings will be dependent on the final DSG settlement when published in December 2023.

5.0 CENTRAL SCHOOL SERVICES BLOCK

5.1 The central block is expected to increase slightly from £810k to £850k. Small inflationary increases are proposed as follows. In addition to the statutory retained duties formerly funded by Education Services Grant (£390k), funding allocations will be Schools Forum administration costs (£20k), school admission costs (£154k including an extra £13k to cover the costs of appeals), national licence costs (£157k), SACRE (£10k), SEN Casework (£28k) and a transfer to high needs (£90k).

6.0 NATIONAL FUNDING FORMULA – HEREFORDSHIRE PROPOSALS

6.1 Herefordshire's school funding proposals for 2024/25 are to adopt the national funding formula values in full as follows:

- a) Basic Entitlement per pupil (2023/24 NFF factor values for comparison):
 - i. Primary KS1/2 - £3,597 (£3,394)
 - ii. Secondary KS3 - £5,072 (£4,785)
 - iii. Secondary KS4 - £5,717 (£5,393)

- b) Low prior attainment (low cost, high incidence special education needs)
 - i. Primary funding per pupil £1,185 (£1,155)
 - ii. Secondary funding per pupil £1,790 (£1,750)

- c) Free School Meals per pupil
 - i. Primary £490 (£480)
 - ii. Secondary £490 (£480)

- d) Deprivation per Ever-6 Free Meal pupil
 - i. Primary £830 (£705)
 - ii. Secondary £1,210 (£1,030)

- e) Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)
 - Band A (2.5% LSOAs) primary £685 (£670) secondary £950 (£930)
 - Band B (5%) primary £520 (£510) secondary £750 (£730)
 - Band C (5%) primary £490 (£480) secondary £695 (£680)
 - Band D (5%) primary £450 (£440) secondary £635 (£620)
 - Band E (10%) primary £285 (£280) secondary £455 (£445)
 - Band F (10%) primary £235 (£230) secondary £345 (£335)
 - Band G (62.5%) primary £0 secondary £0

- f) English as Additional Language (EAL3) for all eligible pupils within last three years
 - i. Primary £595 (£580)
 - ii. Secondary £1,605 (£1,565)

- g) Lump sums – Primary and Secondary £135,700 (£128,000)

- g) Sparsity
 - i. Tapered lump sum of £57,700 (£56,300) for qualifying primary schools with an average year group size of 21.4
 - ii. Tapered lump sum of £83,900 (£81,900) for qualifying secondary schools with an average year group size of 120 pupil
- h) Business Rates – no change, funded at cost with a presumed 3% RPI increase. The council will continue to participate in the DfE’s scheme for business rates payments to be paid centrally by the DfE in Whitehall.
- i) Looked After Children – £0 as funding has been transferred to the pupil premium grant
- j) Mobility – Primary per pupil £970 (£945) Secondary per pupil £1,395 (£1,360) above a threshold of 6% pupil turnover
- k) Exceptional premises factor – increased by 2.4% inflation to £9,785 (£9,556) to meet rent costs for Eastnor Primary School subject to DfE approval
- l) PFI factor – increased by 5% to £353,992 (£336,808 to comply with PFI contract which uses the RPI(X) as at February 2024. Forecast RPIX at OECD CPI forecast + 1%.
- m) Minimum per pupil funding level – April 2024
 - (i) Secondary £6,050 per pupil (£5,715)
 - (ii) Primary £4,655 per pupil (£4,405)
- (n) The Minimum funding guarantee (MFG) can be set between 0.0% and 0.5%. Herefordshire will aim to set the MFG at the maximum 0.5%.
- (o) Split site factor – the new autism resource base at Hampton Dene Primary is expected to qualify for £81,400 under the DfE’s new national split site factor.

SEN Protection Scheme

6.2 Expenditure in 2024-25 is estimated at £800k allowing for some growth in EHCPs and the existing scheme cap of £175 x NOR i.e. payments only made above this value. There are three realistic options for the SEN protection scheme for 2024-25, e.g.

Option A: Transfer to high needs block of £400k

Reduce the NFF funding allocation to those schools not on the Minimum Funding Guarantee by 0.15%. This would reduce payments by 50% e.g. a large primary receiving £65k in 2023-24 would receive £55k in 2024-25. The advantage of this option is that the £400k comprises of the £250k growth fund surplus and the £150k cost of the MFG, which will reduce in the long-run. Although the implementation of the “Hard” NFF formula by DfE

will see any savings from the reducing MFG reverting to DfE and not Herefordshire schools.

Option B: transfer to high needs of the maximum permitted 0.5% i.e. £653k

This option would require a reduction to the NFF allocation of 0.4% to those schools not on the MFG. The addition of up to a further £150k from the high needs budget might be possible to avoid significant reductions to schools in SEN Protection payments and permit the cap to be set at around £180xNOR. This option provides for continued growth in top-up payments to schools and is consistent with previous decisions by Schools Forum to agree to the maximum transfer to high needs without seeking approval of the Secretary of State. The funding allocated from then high needs budget will be determined by Schools Forum at the March 2024 meeting. This is the council's preferred option.

De-delegation proposals

6.3 De-delegation and Education Management proposals for locally maintained schools by a small inflation allowance (2.4%) as follows;

- computer licences for the school budgeting software to increase to £430 from £420;
- Free school meals eligibility checking, primary to increase to £1.34 per pupil (from £1.31) and secondary to increase to £1.01 per pupil (from £0.99)
- Support for underperforming ethnic minority groups and bilingual learners to provide EAL services for initial assessments, YR observations and follow-up advisory and monitoring visits funded by de-delegation costs as follows;
 - Increase per pupil amount to £1.20 from £1.17
 - increase per Ever6 FSM pupil to £7.09 from £6.93
 - change to EAL 3 year factor at £37.38 per pupil from £36.50
- A small increase to Trade union facilities agreement by 5p to £2.70 per primary pupil to reflect expected cost pressures.
- Education Management – a small increase to £12.80 from £12.50 for local authority maintained schools.
- School Improvement Services at £6.15 per pupil (small increase from £6) to include
 - Headteacher support
 - Ofsted/School Improvement support
 - General education management advice and support
- Contingencies at £1.02 per pupil (increased from £1) to fund unexpected costs such as pupil census errors, unavoidable redundancies from small school closures and costs from Employment Tribunals

6.3 New de-delegation proposals

- Behaviour support services – a £1 increase on the current £4 per pupil for primary schools (with a corresponding SLA at £5/pupil for primary academies) and a matched budget increase of £12,500 from HNB subject to review by the BWG in December 2023 – required to fund a modest increase in behaviour support in primary schools to reduce demand/need for nurture groups, resource bases and ultimately out-county places

- The Health and Safety team in Herefordshire Council is proposing that all maintained schools are signed up to Membership of CLEAPSS (the Consortium of Local Education Authorities for the Provision of Science Services). The most cost effective way of doing this is to deduct the membership fee, currently 16p per pupil between the ages of 5 and 19, from delegated budgets and join the consortium as a Local Authority. Schools can also purchase membership of CLEAPSS directly for between 25-33p per pupil, but the discounted rate can only be given if all maintained schools in the LA agree to the deduction and are signed up through Herefordshire Council. Once the LA is a member of CLEAPSS, other schools in Herefordshire would also be able to sign up to CLEAPSS through the LA at a discounted rate.
- CLEAPSS provides a wide range of resources for Primary and Secondary schools covering Science, D&T and Art lessons. Resources include access to the CLEAPSS telephone and email helpline, model risk assessments, advice on equipment and facilities, Hazards and Recipe sheets, HSE recognised guidance and standards, and accredited CPD. CLEAPSS membership is recommended by both the HSE and DfE. The majority of Local Authorities in England, Wales and Northern Ireland are already members of CLEAPSS.

7.0 TIMESCALES

7.1 The budget process and expected timeline is:

- Consultation commences w/c 23 October after Schools Forum and closes 12 noon Friday 17 November 2023.
- Draft National Funding Formula allocations will be issued to schools based on forecast pupil numbers and a MFG at 0.5% with capping and scaling to provide sufficient funding for the SEN Protection scheme of £653k i.e. the maximum permitted schools block transfer to high needs without applying to the Secretary of State.
- Schools Forum meets on 19 January 2024 to consider the recommended funding values to be submitted to the Education Funding Agency by 26 January 2024.
- Final budgets issued to locally maintained schools by 28th February 2024
- Education Funding Agency to issue budgets to academies for academic year 2024/25.

8.0 CONSULTATION RESPONSES BY 17th November 2023

8.1 A separate consultation form is attached and must be returned to School.funding@herefordshire.gov.uk by 12 noon on 17th November 2023 in order that your views can be considered by the Budget Working Group on 1st December 2023 and Schools Forum at their meeting on 19th January 2024.

8.2 Please respond to this consultation as all views are important and do contribute towards the budget decision which aims to achieve the best possible schools budget for Herefordshire within the funding allocated by government.

9.0 FURTHER INFORMATION

9.1 If you have any questions regarding the detailed content of this consultation paper or the draft allocation for your school (distributed separately), please contact either Malcolm Green, Schools Finance Manager (malcolm.green@herefordshire.gov.uk) or any member of the Budget Working Group as follows;

Primary

Mr S Kendrick, Ashfield Park
Mrs K Weston, Our Lady's
Mr R Foster, Lugwardine

Secondary

Mr P Jennings, Fairfield (Chairman)
Mrs C Bryan, John Kyrle
Mr S Robertson, Aylestone
Mrs N Emmett, Fairfield

9.2 Others contributing to the development of these budget proposals included Mrs S Williams, Barrs Court representing special schools and Mrs R Lloyd, representing early years.