

**Schools Forum**

**2 October 2023**

**School Funding 2024-25**

**This report is for decision**

**1. Recommendations:**

That Schools Forum members:

- 1.1 Note the changes to the National Funding Formula (NFF).
- 1.2 Approve the approach and modelling options to the 2024-25 Local Formula

**2. Purpose**

- 2.1 This is year 2 of a 5-year Government plan to implement a direct NFF whereby funding will be allocated directly to schools based on a single national formula with an expectation of full implementation by 2027-28.
- 2.2 To ensure a smooth transition towards the direct NFF Local Authorities will continue to be required to bring their own formulae closer to the schools NFF.

**3. Report Details**

***2024-25 Headlines***

- 3.1 As per the “National Funding Formulae for Schools and High Needs (July 2023)” publication the total core school’s budget will total over £59.6 billion in 2024-25 which is the highest ever level per pupil in real terms.
- 3.2 Funding through the mainstream schools NFF is increasing by 2.7% per pupil in 2024-25 compared to 2023-24 which means that funding through the NFF will be 8.5 % higher per pupil in 2024-25 compared to 2022-23.

- 3.3 In addition to the funding set out here the government announced additional funding for teachers pay. This will be allocated to mainstream schools through Teachers Pay Additional Grant (TPAG). Information and funding related to TPAG is NOT included here as TPAG will be allocated outside the NFF for 2024-25.
- 3.4 From 2024-25 Local authorities must once again move their local formula factor values a further 10% closer to the NFF, except where local formulae are already mirroring the NFF. Sandwell has been named as one of only 21 authorities whose formulae are substantially different to the NFF compared with 72 who now mirror the NFF and a further 24 who mirror the NFF in most factors in 2023-24.
- 3.5 Other headlines include:
- 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.
- 3.6 High Needs funding is increasing by a further £440m (4.3%) in 2024-25 following the £970m increase in 2023-24 and £1 billion increase in 2022-23. This is a total increase of over 60% since 2019-20.
- 3.7 The high needs NFF will ensure that every Local Authority receives at least 3% increase per head of their ages 2-18 population.

### ***Changes to the NFF in 2024-25***

- 3.8 The APT formula model calculates school allocations based on an updated funding formula for 2024 to 2025. The main changes this year relate to:

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- The introduction of a national formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country. This will affect one school in Sandwell.
  - A new worksheet has been added to allow LA's to provide details of eligibility criteria for growth and falling rolls funding (see point 3.11 below).
  - A validation check has been added to ensure sufficient funding is allocated to notional SEN.
  - An adjustment has been added to the MFG baselines to ensure that funding previously allocated through the mainstream school's additional grant is protected.
- 3.9 The 2023-24 Mainstream Schools Additional Grant (MSAG) is being rolled into the schools NFF from 2024-25 by
- Adding an amount representing what schools receive through the grant into their baselines
  - Adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 parts of the grant onto the respective factors in the NFF.
- 3.10 The Minimum Funding Guarantee will continue in 2024-25 between +0.0% and +0.5%.

***Growth Fund / Falling Rolls Fund***

- 3.11 As a reminder growth funding is provided within a Local Authorities schools block DSG allocation but unlike other factors in the NFF a provisional growth allocation is not published. This is because it is based on the October 2023 census which is not yet available.
- 3.12 New for 2024-25 and to support LA's to plan ahead for their growth fund allocation in the DSG settlement is a forecasting tool which will be supplied to LA's by the DFE. School Organisation colleagues will be able to input the October 2023 census data into this tool to give an estimate of the growth fund we could expect to receive in 2024-25.
- 3.13 It will be based on the observed differences between the primary and secondary number on roll between October 2022 and October

2023. The growth allocation for each LA will be £1,550 per new primary pupil and £2,320 per new secondary pupil plus a lump sum of £76,195 for each brand-new school

- 3.14 Falling Rolls fund is also provided within the NFF Schools block and the new forecasting tool can also be used to calculate an estimate of this funding.
- 3.15 Local Authorities with falling rolls funding must follow new requirements but as we introduce this for the first time in 2024-25 then the changes outlined do not apply. There is a separate Schools Forum report setting out the 2 options for falling rolls eligibility criteria.

### ***Modelling Options***

- 3.16 It is proposed that 3 modelling options are undertaken for the NFF schools block funding which can be presented to the November meeting:
- (1) Minimum Transition (using the maximum transition period)
  - (2) Accelerated Transition (using a 2-year transition period)
  - (3) National Funding Formula

## **4. Recommendations**

- 4.1 That Schools Forum note the changes to the local funding process for 2024-25.
- 4.2 That Schools Forum approve the approach to the modelling options.

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