

## **CABINET**

### **14 DECEMBER 2023**

# **FAIR FUNDING FOR SCHOOLS 2024-25 – NATIONAL AND LOCAL FUNDING ARRANGEMENTS FOR SCHOOLS**

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#### **Relevant Cabinet Members**

Councillor Tracey Onslow

#### **Relevant Chief Officer**

Director of Children's Services

#### **Recommendation**

1. **The Cabinet Member with Responsibility for Education recommends that Cabinet:**

- (a) **notes the Department for Education policy for school and Local Authority funding for 2024-25 detailed in Appendix 1;**
- (b) **notes the involvement of the Worcestershire Schools Forum members and schools during the engagement process;**
- (c) **notes the views of the Worcestershire Schools Forum on the Local Schools Funding Formula issues for 2024-25 and other matters which are outlined in Appendix 2;**
- (d) **approves the Local Schools Funding Formula for Worcestershire mainstream schools from April 2024 to apply for 2024-25 and other matters as detailed in paragraphs 33 to 43, to include the DfE Minimum Funding Levels (MFL's) for Primary £4,665; Key Stage 3 £5,824; Key Stage 4 £6,389; Secondary £6,050 having regard to feedback from schools and the views of the Worcestershire Schools Forum in Appendix 2, to be based as far as is practicable and affordable upon the Department for Education (DfE) National Funding Formula (NFF) parameters; and**
- (e) **authorises the Director of Children's Services in consultation with the Cabinet Member with Responsibility for Education to make the required submission to the national executive body, the Education and Skills Funding Agency (ESFA) by 22 January 2024 for the approved Local Schools Funding Formula for 2024-25 taking account of any impact and change on the approved units of resource, Minimum Funding Guarantee and capping arrangements in paragraph 35 as a**

## **consequence of the October 2023 census and other 2023 data changes and the final 2024-25 Dedicated School Grant (DSG).**

### **Background**

2. The Council receives funding for schools and designated central services through the Dedicated School Grant (DSG). This is a ring-fenced grant and is allocated by the Department for Education (DfE) in 4 blocks – Schools, Central School Services, High Needs and Early Years. This is based on the DfE's National Funding Formula (NFF) arrangements.

3. The majority of the Schools Block DSG is delegated to mainstream schools – Local Authority (LA) maintained and Education and Skills Funding Agency (ESFA) academies – through Worcestershire's Local Schools Funding Formula (LSFF). The amount remaining not delegated is centrally retained to provide a Pupil Growth Fund to support the revenue costs of the County Council's basic needs requirements.

4. The Government made significant changes to the funding formula factors for schools from April 2013. The changes have had an impact both for the schools and designated central services. Cabinet has resolved each year between 2012 and 2023 to introduce a Local Schools Funding Formula (LSFF) for mainstream schools for 2013-14 through to 2023-24.

5. The Council is required to consult the Worcestershire Schools Forum (WSF) on any changes to the LSFF to comply with the national requirements for school and LA funding with the need to inform Governing Bodies of the consultation. However, the Council has always chosen to expand this requirement to consult with all schools, governing bodies and other interested parties to inform Cabinet's ultimate decision in recognition that changes could potentially impact upon the quality of education provision in schools.

6. From 2018-19 for the 6-year period 2018-19 to 2023-24, the Government introduced their National Funding Formula (NFF) arrangements for the DSG. Within this period Local Authorities (LA's) were still able to set a local LSFF or consider moving to the NFF parameters. Following a detailed consultation and correspondence with schools in the Autumn Terms 2017, 2019 and 2020, Cabinet on 14 December 2017, 20 December 2019, 10 December 2020, 9 December 2021, and 8 December 2022 approved the LSFF for this to be based as far as practicable and affordable upon the DfE NFF parameters.

7. It was anticipated that a fully DfE prescribed NFF i.e. a 'hard' formula for schools would be in place for 2024-25. However, the DfE has stated that 2023-24 was the first year of transition to the NFF with the end point being a system in which, as part of its consultation in 2022, 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. Given the previous approvals, the WSF agreed at its meeting on the 22 June 2023, endorsed and approved the continuation of the current funding arrangements for 2023-24 into 2024-25. Consequently, a further local consultation was not required for the LSFF and other matters. Schools were provided with the details of the DfE's policy for 2024-25 and that it was proposed to continue with the current arrangements for 2023-24 into 2024-25. As part of this schools were given the opportunity to comment on the proposals and there have been no contra indications received from schools on the continuation of the existing arrangements for a further year.

8. The government announced the provisional funding allocations for 2024-25 through the schools, high needs, and central school services national funding formulae (NFF). Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.8bn nationally in 2024-25 compared to the previous year.

9. High needs funding is increasing by a further £440m, or 4.3%, in 2024-25 – following the £2.6 billion increase over the last three years. This brings the total high needs budget to over £10.54bn nationally. All local authorities will receive at least a 3% increase per head of their 2-18 population, compared to their 2023-24 allocations, with Worcestershire seeing a gain of 4.3% or only £3.6m which will not meet the current pressures or even impact on our High Needs deficit.

10. Funding for mainstream schools through the schools NFF is increasing by c5.2% per pupil compared to 2023-24.

11. The 2023-24 schools additional supplementary grant has been rolled into the schools NFF. Adding the grant funding to the NFF ensures that this additional funding forms part of schools' core budgets and will continue to be provided.

12. In October the government announced a one-off grant to support Local Authority Maintained Schools in Financial Difficulty, only 35 areas in the county received additional funding on the basis that the deficit was over 1% above the funding. Worcestershire received £1.5m, the third highest in the Country recognising that we are a low funded authority.

## **DfE Policy Decisions for School Funding 2024-25**

13. On 7 June 2022, the Department for Education (DfE) issued a consultation detailing the next stages for implementing their National Funding Formula (NFF). The details are contained in the attached link: -

[Implementing the direct national funding formula - government consultation \(education.gov.uk\)](https://www.education.gov.uk/government/consultations/consultation-on-the-national-funding-formula)

14. Details of the 2024-25 arrangements are summarised in **Appendix 1**

15. A direct NFF will mean that the Department determines funding allocations for individual schools, without substantial local adjustment. The DfE, in the Schools White Paper, have also expressed their aim that that by 2030, all children will benefit from being taught in a family of schools, with their school in a strong multi-academy trust or with plans to join or form one. Currently multi-academy trusts' individual academies can be funded on a different basis if they are spread over more than one local authority area. The direct NFF will ensure that all academies, and all schools, are funded on a consistent basis, wherever they are in the country. This change requires legislative changes and is included within the Schools Bill, presented to Parliament in May 2022.

16. The consultation does not include a definitive final “end date” at which the direct NFF will be implemented. The DfE will be guided by the impact of the initial transition towards the direct NFF, before deciding on the further pace of change. However, they expect to have moved to the direct NFF within the next four years – that is, by the 2027-28 funding

year. The consultation states “*We hope that we may be able to move to the direct NFF sooner than this – but not later*”.

17. The Council in conjunction with all its key partners, particularly the F40 Group representing the lowest funded LAs, and the Society of County Treasurers, continues to lobby central Government for a fairer allocation of the total national allocation of funding as part of the continuing NFF process.

### **Consideration of Issues for 2024-25**

18. LA’s are required to consult (through the WSF) on their LSFF and proposals for centrally retained services, but given there is no local change proposed for 2024-25, it was agreed through the WSF in November 2023 to notify schools of this intention to continue with the existing arrangements.

19. As part of the provisional 2024-25 announcement, the DfE has continued its policy of making a significant change to the funding of the Central Services Schools Block (CSSB). Consequently, all LA’s have seen a further reduction of 20% in their allocations for Historic Commitments. For Worcestershire this element provides funding for the Early Help Service and this funding has reduced from £1.5m in to £0.492m in 2024-25. This will continue to result in significant operational and service delivery issues due to changes to the funding support arrangements given by the Early Help Service to schools. This will continue to be addressed through the budget process in 2024-25 to ensure any impact on services are fully understood and a longer-term sustainable solution is implemented.

### **Local Engagement with Schools for 2024-25**

20. At its meetings on 22 June, 21 September and via email on 9 November 2023, the Worcestershire Schools Forum (WSF) discussed in detail the DfE policy for 2024-25 and other funding issues impacting on Schools. The LSFF issues including any potential for change together with decisions required on de-delegated and centrally retained services. The WSF concluded that stability was in the best interest of schools, so the current LSFF based upon the NFF should continue together with the current arrangements for de-delegated and centrally retained services. By doing this the Council and schools will be able to move more readily into the DfE’s ‘hard’ NFF when it is fully implemented in the future.

21. As part of the national policy for 2024-25, the ESFA have confirmed that their NFF Age Weighted Pupil Unit (AWPU) are Primary £3,597, Key Stage 3 £5,072 and Key Stage 4 £5,717.

22. Also, the DfE have confirmed that although in 2024-25 LA’s are still able to continue to set their own LSFF, their parameters for the sector Minimum Funding Levels (MFL’s) for Primary £4,665, Key Stage 3 £5,824, Key Stage 4 £6,389 and Secondary £6,050 will continue to be compulsory in LA’s LSFF. The following table shows the required MFL’s since the introduction of the DfE’s NFF together with the amount of Schools Block DSG allocated:

**Table: DfE MFL's and Schools Block Funding**

<b>MFL Rate Per Pupil</b>	<b>2020-21</b>	<b>2021-22 Note 2</b>	<b>2022-23</b>	<b>2023-24 Note 3</b>	<b>2024-25 Note 4</b>	<b>% Increase on 2023-24</b>
Primary £	£3,750	£4,180	£4,265	£4,405	£4,665	5.9%
KS3 £	£4,800	£5,215	£5,321	£5,503	£5,824	5.8%
KS4 £	£5,300	£5,715	£5,831	£6,033	£6,389	5.9%
Secondary £	£5,000	£5,415	£5,525	£5,715	£6,050	5.9%
<b>Schools Block DSG Allocated Note 6</b>	£339.7m	£369.5m	£380.1m	£403.7m	£424.3 <b>Note 5</b>	5.1% <b>Note 7</b>

**Notes**

1. KS3 in Middle Schools; no separate rate for KS4.
  2. Includes effect of the mainstreaming of the former pay and pension grants – primary £180 per pupil; secondary £265 per pupil.
  3. Includes effect of the mainstreaming specific grant.
  4. Includes effect of the mainstreaming additional specific grant.
  5. Final allocation to be confirmed late December 2023.
  6. Excludes Pupil Growth Fund.
  7. Year-on-year funding comparisons include the funding from streamline grants.
23. For the LSFF key considerations include:
- The potential impact and affordability of the DfE NFF in terms of DSG and individual school allocations for LA's and schools.
  - The current policy of LSFF stability apart from annual data changes.
  - The Minimum Funding Guarantee (MFG) having to be set between +0.0% per pupil and +0.05% per pupil to be determined locally.
  - The continuing impact of budget and funding pressures for all schools.
  - The NFF policy from 2024-25 not yet being confirmed and how the NFF policy might or could change is unclear at this stage.
  - Although the NFF provides an increase in funding for the High Needs Block this area continues to be under significant pressure in terms of commissioned places, top up funding, post 16, post 19 and out County/Independent provision. To support this, the High Needs Block DSG will increase further in 2024-25 as part of the DfE's settlement and the DfE are continuing to allow LA's to consider transferring up to 0.5% of the Schools Block to High Needs (for the County Council approximately c£2.1m). A transfer of up to 0.5% requires WSF approval but if the WSF do not approve the transfer LA's can apply for a disapplication to Secretary of State for Education. This also applies if LA's want to transfer more than 0.5%.
24. Given all the above DfE requirements and issues and in line with the previous policy of LSFF stability, the Council, the WSF and schools are all supportive to continue for a further year with the NFF as far as is practicable and affordable as the Council LSFF in 2024-25, together with the existing arrangements for no transfer of Schools Block DSG, de-delegated and centrally retained services.

25. The final allocations for schools in 2024-25 for individual schools will be affected and differ from the existing 2023-24 allocations and the DfE 2024-25 exemplifications due to:

- Data not yet available from the October 2023 data sets that must be used for the 2024-25 formula allocations.
- Any MFG per pupil and associated capping calculation for 2024-25 having to be based upon this revised data.
- For some academies the ESFA will use a different 2023-24 baseline for the calculation of the MFG and capping.
- The final Schools Block DSG for 2024-25 will be based upon the October 2023 pupil numbers and NFF arrangements.
- The final Schools Block DSG quantum for 2024-25 which will not be notified by the DfE until late December 2023.

### **Recommendations for the Worcestershire Local Schools Funding Formula (LSFF) for Mainstream Schools and Other Statutory Matters for 2024-25**

26. The County Council recognises the diverse range of schools in the county and Cabinet has previously discussed the issues in endeavouring to have a LSFF that is appropriate for all schools. Having considered the issues, the views of the WSF in **Appendix 2** and Cabinet's strategic view, it is recommended that approval be given to continue as far as is practicable and affordable to use the DfE NFF parameters as the LSFF for 2024-25.

27. This approach will also continue to support the DfE intention to move to a prescribed 'hard' NFF in the future. The LSFF will then continue to be based as far as is practicable and affordable on the NFF parameters. In doing this it is recognised that applying all the NFF parameters will depend upon the amount of Schools Block DSG available in 2024-25, which will impact on how the NFF can be applied in the LSFF. The affordability or otherwise of the NFF will depend upon the impact of:

- The DfE mandatory sector mandatory Minimum Funding Levels (MFLs).
- The requirements for a minimum per pupil increase of up to 2.7%.
- The potential need to set a cap for gaining schools for affordability purposes.

28. Implementation of the NFF parameters as the LSFF may require a funding cap if the DSG quantum is not able to fund the full NFF in 2024-25. Consequently, the DfE have indicated LA's can apply a cap, not part of their NFF, which can continue to be higher than the cash amount required for the MFG for the LSFF to be contained within the Schools Block DSG available.

29. On the potential to transfer Schools Block funding to support High Needs, Cabinet is conscious of the previous significant feedback from schools on this extremely important issue. Notwithstanding the significant budgetary pressures for High Needs the issues previously raised by schools are key to Cabinet in making its decision on a potential Schools Block transfer. It is imperative that the County Council and schools are united in continuing to make the case for increased high needs funding as well as developing changes in practise and collaborative working as part of the high needs programme Delivering Better Value in SEND (DVB).

### **The Role of the Worcestershire Schools Forum (WSF)**

30. As required, the WSF continues to fulfil its statutory role as the principal consultation body for matters relating to school funding. There is a statutory requirement to consult them on these funding proposals.

31. The WSF has met on 22 June, 21 September, and via email on 9 November 2023. These meetings formally endorsed the formal recommendation for the LSFF for 2024-25 together with their approvals for the required statutory decisions on no transfer of Schools Block DSG, de-delegated and centrally retained services.

32. Details of these discussions and outcomes at the meetings are attached at **Appendix 2**.

### **Cabinet's Detailed Approvals**

33. Approve for 2024-25 the LSFF as supported by the WSF to continue to be based as far as is practicable and affordable on the DfE NFF parameters, with the **estimated** units of resource detailed below.

34. Approve the following as the factors for inclusion in the LSFF for Council mainstream schools – LA maintained and ESFA academies – to be based upon required DfE data sets from the October 2023 and other 2023 DfE data sources, including any in year or prior year changes and the final DSG for 2024-25 when this is confirmed.

35. Approve the model to contain from April 2024, the following formula factors and **estimated** units of resource using the prescribed DfE data sets from the October 2022 and other DfE 2023 data sources, including any in year or prior year data changes, and estimated data as required for schools changing their age range from September 2024:

Basic per pupil funding: [The same per pupil amount for the following age groups]

Primary £3,597; Key Stage 3 £5,072; Key Stage 4 £5,717

Sector Minimum Funding Levels (MFL's)

Primary £4,665; Key Stage 3 £5,824; Key Stage 4 £6,389; Secondary £6,050

Deprivation:

Free School Meals (FSM) Annual: Primary £490; Secondary £490

Free School Meals (FSM6): Primary £820; Secondary £1,200

Income Deprivation Affecting Children Index (IDACI) [6 bands A to F]:

Primary £680; £515; £485; £445; £285; £235

Secondary £945; £740; £690; £630; £450; £340

Low Cost/High Incidence Special Educational Need (SEN) – Low Prior

Attainment:

Primary £1,170

Secondary £1,775

English as an Additional Language (EAL) – maximum of 3 years:

Primary £590; Secondary £1,585

[Pupils with a first language other than English]

Mobility

Primary £960; Secondary £1,380

[Where more than 6% of a school's pupil are classified as mobile]

Lump Sum for Every School:

All School Phases £134,400

Sparsity based on a NFF or tapered approach:

Primary £57,100; Secondary £83,000

Split Site:

An individual school cash sum allocated via a formula driven factor based on NFF requirements.

Rates:

Actual Costs individual to each school to be directly funded by the ESFA direct to the relevant rating authority.

Private Finance Initiative (PFI):

Agreed Costs for those schools in the PFI contract.

Exceptional Premises Costs:

An individual school cash sum for those qualifying schools as approved by the ESFA.

Minimum Funding Guarantee (MFG):

+0.5% per pupil in each year on a formula as prescribed by the ESFA.

Capping:

At the required % level, if required, to scale back gains for some schools to fund the LSFF using the NFF parameters prescribed by the ESFA

[The final % rate, if required, is to be determined following the School Block DSG settlement for 2024-25 using a scaling factor of 100%].

36. Approve that the current **estimated** LSFF units of resource as detailed above and **estimated** MFG and capping % can be adjusted in January 2024, as required, to take account of the impact of the:

- October 2023 census and requirements including use of estimated data for changes in school age ranges if required.
- Other DfE prescribed 2023 data and changes including those from prior years.
- Final Schools Block DSG for 2024-25.
- Statutory requirements relating to the MFG/Capping and/or the School and Early Years Finance (England) Regulations.

37. Approve not to transfer Schools Block Funding to support High Needs.

38. Approve the initial delegation of the following centrally retained services for all mainstream schools in 2024-25 as in 2023-24:

<b>FACTOR</b>	<b>SERVICE</b>
Basic Per Pupil	School Specific Contingencies (not Early Years) Staff Costs Supply Cover
Deprivation (Free School Meals)	FSM Eligibility
EAL	Support for Minority Ethnic Pupils
Low Prior Attainment	Support for Underachieving Groups

39. Approve the decision of the WSF maintained mainstream school members to continue in 2024-25 the delegation and de-delegation (centrally retained) of the below services for LA maintained mainstream schools only. This is a continuation of existing arrangements from previous years. The table below lists the services and the phase (primary or secondary) as per the funding regulations:



<b>Phase/Service</b>	<b>Primary Delegation</b>	<b>Primary De-delegation</b>
School Specific Contingency	No	Yes
Support for Schools in Financial Difficulty	Yes	No
14-16 Practical Learning Options	N/A	N/A
Behaviour Support Services	N/A	N/A
Schools Insurance	Yes	No
Support for Minority Ethnic Pupils or Underachieving Groups – EAL	No	Yes
Support for Minority Ethnic Pupils or Underachieving Groups – Travellers Children	No	Yes
Free School Meal Eligibility	No	Yes
Staff Costs Supply Cover – Civic Duties	No	Yes
Staff Costs Supply Cover – Trade Union Duties	No	Yes
Staff Costs Supply Cover – HR Related Duties	No	Yes
School Improvement	No	No
Former General Duties ESG	N/A	No
<b>Phase/Service</b>	<b>Secondary Delegation</b>	<b>Secondary De-delegation</b>
School Specific Contingency	No	Yes
Support for Schools in Financial Difficulty	Yes	No
14-16 Practical Learning Options	Yes	No
Behaviour Support Services	Yes	No
Schools Insurance	Yes	No
Support for Minority Ethnic Pupils or Underachieving Groups – EAL	No	Yes
Support for Minority Ethnic Pupils or Underachieving Groups – Travellers Children	No	Yes
Free School Meal Eligibility	No	Yes
Staff Costs Supply Cover – Civic Duties	No	Yes
Staff Costs Supply Cover – Trade Union Duties	No	Yes
Staff Costs Supply Cover – HR Related Duties	No	Yes
School Improvement	No	No
Former General Duties ESG	N/A	No

40. Approve for those services subject to de-delegation using the formula factors by reducing the formula amounts in 2024-25 for LA maintained mainstream schools only on the basis detailed above.

41. Approve the decision of the WSF to the continued central retention in 2024-25 of the centrally retained services as detailed below either limited to the 2017-18 budget level or as prescribed by the DfE (indicative budgets are shown either limited to previous year levels or **estimated** with final funding subject to clarification and change) for:

- Copyright Licensing Agency (CLA) and Music Publishers Association (MPA) licences (subject to DfE prescription) – £0.903m **estimated**.
- Contributions to Combined Services – the Early Help service budget – £0.492m **actual** (reflecting the 2023-24 amount being reduced by a further 20% because of the DfE reduction to all LA's Central Services Schools Block DSG).
- Co-ordinated admissions scheme – £0.60m **estimated**.
- Servicing of the Schools Forum – £0.06m **estimated**.
- Services previously funded by the retained rate of the Education Services Grant – £1.26m **estimated**.

42. The final LSFF units of resource and capping for 2024-25 are subject to final confirmation with the ESFA and may change when the impact of the October 2023 and other 2023 DfE data and prior year data changes and the final Schools Block DSG for 2024-25 are confirmed.

43. As in previous years the LSFF for 2024-25 will **not** include factors for:

- Looked After Children (LAC) – not part of the DfE NFF and previous funded reflected in the previous increase in the separate LAC Pupil Premium Grant.
- Higher Teacher Costs – only applies to London fringe LA's.

## **Legal, Financial and HR Implications**

44. The Council is required to adhere to the DfE prescribed arrangements for school and Local Authority which set out in regulations. The School and Early Years Finance Regulations (England) Regulations will be updated and laid before Parliament in March 2024. These Regulations require the Council to determine budget shares for schools maintained by them and amounts to be allocated in respect of early years provision in their areas, in accordance with the appropriate formulae which the Council must determine. The Council must consult its schools forum and schools maintained by it about any proposed changes to the funding formulae, in relation to the factors and criteria taken into account, and the methods, principles and rules adopted. The same consultation obligation applies to proposed changes that will affect early years provider. The Education and Skills Funding Agency operational guidance 'Schools revenue funding 2024/25 (Updated August 2023) provides that any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies. Local authorities should communicate proposed formula changes to all bodies affected by the changes. The local authority is responsible for making the final decisions on the formula. Paragraph 20 refers to engagement with schools for 2024-25.

## **Joint Equality, Public Health, Data Protection and Sustainability Impact Assessments**

45. Not applicable in this case.

### **Risk Implications**

46. Given the recommendations in 2024-25 for the LSFF, Schools Block DSG and the arrangements for de-delegated and centrally retained services are made based upon the existing approved local policy for 2023-24 there are no such implications.

### **Equality and Diversity Implications**

47. Given the recommendations in 2024-25 for the LSFF, Schools Block DSG and the arrangements for de-delegated and centrally retained services are made based upon the existing approved local policy for 2023-24 there are no such implications.

### **Supporting Information (available electronically)**

- **Appendix 1** – DfE confirmed funding arrangements for 2024-25 – summary of issues.
- **Appendix 2** – Fair Funding Discussions 2024-25 Worcestershire Schools Forum Issues, Decisions and Recommendations 22 June 2023, 21 September 2023, and via email on 9 November 2023.

### **Contact Points**

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Specific Contact Points for this report  
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### **Background Papers**

In the opinion of the proper officer (in this case the Director of Children's Services) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meetings of the Cabinet held on 18 October 2012, 7 November 2013, 16 October 2014, 15 October 2015, 17 November 2016, 14 December 2017, 20 December 2019, 10 December 2020, 9 December 2021 and 8 December 2022 [Browse meetings - Cabinet - Worcestershire County Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)