



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 19 September 2024
Title of report:	School Funding Update
Type of report: Delete as required	For information and decision
Executive summary: Including reason for submission	This report provides an update on school funding and describes the detail of recent announcements on central government education funding policy and high-level implications for 2025-26. The paper describes the intention to consult schools and academies.
Budget / Risk implications:	Implications for school budgets for the 2025-26 financial year Implications for services and resources for schools funded by the Central Schools Services Block funding from April 2025
Recommendations:	The Schools Forum is asked: <ol style="list-style-type: none"> a. To note the update on school funding. b. To support the submission of a disapplication request to the DfE for the use, if required, of an exceptional circumstance funding formula allocation of £50,000 for very small sparse secondary schools for 2025-26. c. To support the submission of a disapplication request to the DfE for the continued use in the 2025-26 financial year of the exceptional circumstance funding formula factor to provide funding for those schools where property rental is essential for the delivery of statutory educational provision and where the rental cost is greater than 1% of the school's delegated budget. d. To note the intention to consult schools and academies on the potential formula implications for 2025-26 related to: <ul style="list-style-type: none"> • The level of the MFG for 2025-26 • The methodology to be used to deal with any under or overspend on the 2025-26 schools' block DSG (after any agreed block transfer), after the application of the NFF factor values and



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	<p>MFG funding protection in the North Yorkshire funding formula.</p> <ul style="list-style-type: none"> The proposed transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2025-26 financial year <p>The consultation results will be reported back to the Schools Forum at the November meeting.</p> <p>e. To approve utilisation of the balance of 2025/26 NFF Growth Funding after the contribution of £500k to the New Schools Growth Funding Reserve, if required, to fund any shortfall in the 2025/26 Schools Block DSG (adjusted for any agreed block transfer) after the calculation of 2025-26 schools budget based on National Funding Formula (NFF) values and providing a Minimum Funding Guarantee (MFG).</p> <p>f. To approve the request to utilise up to £500k of the Schools Block General Reserve to support, if required, any remaining funding shortfall on the Schools Block (adjusted for any agreed block transfer), after the utilisation of the 2025/26 NFF Pupil Growth funding.</p>
Voting requirements:	All Schools Forum members
Appendices:	None
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1.0 **PURPOSE OF THE REPORT**

1.1 This report provides:

- an overview of school funding issues related to the national funding formula (NFF) developments for the 2025/26 financial year
- details of changes to the Central Schools Services Block (CSSB) of DSG funding for the 2025/26 financial year.

2.0 **BACKGROUND**

2.1 In Autumn 2017, the Department for Education (DfE) announced national changes to the school funding formula that will eventually see all mainstream school budgets set using a national funding formula. The North Yorkshire Schools Forum has adopted an approach of calculating school budgets using the NFF principles as far as possible since the introduction of the formula in 2018-19. In 2022-23 the DfE consulted on the transition to the direct NFF through the “Implementing the Direct National Funding Formula” consultation. The Department’s response to this consultation confirmed that it will continue to move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula through a gradual approach to transition that seeks to avoid any unnecessary or unexpected disruption to schools. This transition towards the direct NFF continued in 2024-25 in respect of:

- a) Local authorities required to move their local formula factor values at least a further 10% closer to the NFF, except where local formulae are already “mirroring” the NFF.
- b) Local authorities required to use the new national formulaic approach to split sites funding, replacing the previous local authority-led approach.
- c) Local authorities required to 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.
- d) Local authorities required to follow the new NFF requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding was removed from 2024-25.

2.2 The local funding formula within North Yorkshire for the 2024-25 financial year included the following key points in terms of the calculation methodology used:

- A Minimum Funding Guarantee of +0.5%
- Funding formula factor values based on the DfE National Funding Formula (NFF) values.
- The application of the mandatory minimum per pupil level (MPPL) funding values of £4,610 for primary schools and £5,995 for secondary schools.
- The provision of an exceptional circumstance lump sum of £50,000 for very small sparse secondary schools that meet the following criteria:
 - pupils in years 10 and 11
 - 350 pupils or fewer
 - a sparsity distance of 5 miles or more

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- The provision of an exceptional circumstance funding formula factor to provide funding for those schools where property rental is essential for the delivery of statutory educational provision and where the rental cost is greater than 1% of the school's delegated budget.
- A funding transfer of 0.5% has been made from the Schools Block DSG to the High Needs Block DSG.
- Utilisation of the DfE Capping and Scaling methodology to ensure the overall affordability of school budgets within the 2024/25 Schools Block Dedicated Schools Grant (DSG). Funding gains have been capped at +1.7% and scaled at 100% i.e. any funding gain over +1.7% has been fully scaled back by 100% to zero. The use of Capping and Scaling does not impact on the MPPL funding levels.
- The application of a provision of £500k from the Schools Block DSG General Reserve to support 2024/25 school budgets.
- The implementation of an updated formula for the calculation of the Notional SEN Budget. The updated formula is deemed to:
 - better reflect the notional SEN budget funding requirements within North Yorkshire schools and academies,
 - align to the average notional SEN budget funding levels and funding formula factor weightings of other local authorities with similar characteristics to North Yorkshire,
 - reflect the operating context and diversity of schools and academies within North Yorkshire, and;
 - ensure compliance with the DfE validation check that a LA's total notional SEN budget provides schools with a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHC plan.

2.3 The local authority continues to lobby DfE and MPs for a better funding deal for children and young people in all North Yorkshire education settings (including maintained schools and academies). Previously stated concerns remain, with regard to school funding levels in relation to small secondary schools, secondary school sparsity funding, and the level of the high needs funding quantum.

3.0 EDUCATION FUNDING POLICY: 2025 TO 2026 SCHOOLS BLOCK

3.1 At the time of writing this report, the DfE have not yet announced the proposed school funding arrangements for the 205/26 financial year. At this stage, the date of the 2025/26 DfE school funding announcement is not known. A verbal update will be provided at the Schools' Forum meeting on the latest position.

3.2 The current DfE NFF guidance requires local authorities to keep under review the calculation of their schools' notional SEN budgets to ensure that they are both proportionate to the costs and prevalence of pupils on SEN Support and that they meet additional support costs up to £6,000 per pupil of those with more complex needs. The 2024-25 guidance recommended a review of the notional SEN budget calculation for 2024-25 to be undertaken and that an annual review is carried out subsequently. DfE may undertake a validation check as part of the authority proforma tool (APT) process and ask local authorities to review their calculations if it appears that their total notional SEN budget provides schools with less than a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHC plan.

- 3.3 In response to the 2024-25 DfE guidance on the notional SEN budget calculation, North Yorkshire Council undertook a significant review of the notional SEN budget calculation and consulted schools on a number of proposed changes. The resultant changes implemented sought to:
- better reflect the notional SEN budget funding requirements within North Yorkshire schools and academies,
 - align to the average notional SEN budget funding levels and funding formula factor weightings of other local authorities with similar characteristics to North Yorkshire,
 - reflect the operating context and diversity of schools and academies within North Yorkshire, and;
 - ensure compliance with the DfE validation check that a LA's total notional SEN budget provides schools with a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHC plan.

The changes to the notional SEN budget calculation resulted in the notional SEN budget funding quantum within school budgets increasing from £31.07m in 2023-24 to £47.70m for the 2024/25 financial year.

- 3.4 Analysis has been undertaken to consider the notional SEN budget funding requirement for the numbers of pupils within the SEN support category and the number of pupils attracting element 3 top-up funding to the school through an EHCP in North Yorkshire, based on the October 2023 census data against the 2024/25 notional SEN funding budget allocation. The analysis is based on the notional SEN budget funding requirement assumptions used by the DfE of the costs of special educational provision for a pupil on SEN support being, on average, £3,500 per annum and the cost of supporting a pupil with high needs is £6,000 per annum. The analysis is detailed in the table below:

North Yorkshire – Notional SEN Budget Funding Requirement Per Mainstream Pupil		
Total Number of Pupils on SEN Support	10,089	
SEN Support Funding Requirement Per SEN Support Pupil from the Notional SEN Budget	£3,500	
SEN Support Pupils - Total Funding Requirement from the Notional SEN Budget		£35,311,500
Total Number of Pupils with an EHCP	2,024	
EHCP Funding Requirement Per EHCP Pupil from the Notional SEN Budget	£6,000	
EHCP Pupils – Total Funding Requirement from the Notional SEN Budget		£12,144,000
Total Notional SEN Budget Funding Requirement for SEN Support Pupils and EHCP Pupils		£47,455,500
2024/25 Notional SEN Budget Funding Allocation		£47,686,361
Variance Notional SEN Budget Funding Allocation v Notional SEN Budget Funding Requirement		£230,861

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The analysis highlights that based on the latest 2023/24 pupil data, the 2024/25 notional SEN budget allocation broadly reflects the estimated notional SEN funding requirement within North Yorkshire, with a small surplus position of £231k. In this respect it is not considered necessary to review the notional SEN budget funding formula calculation for the 2025/26 financial. The funding formula calculation will be reviewed annually to ensure that it continues to reflect the levels of pupils with SEN requirements in mainstream schools with North Yorkshire.

- 3.5 Whilst the increased levels of sparsity funding over recent years is welcomed, the financial challenges faced by small rural secondary schools in North Yorkshire continues to be a significant concern. The DfE have provided no commitment as to when the sparsity funding levels within the NFF will be reviewed for these establishments. As a continued interim measure, the LA proposes to continue to provide the exceptional circumstance funding of £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable. Local authorities can only make an application for this where schools have:

- pupils in years 10 and 11
- 350 pupils or fewer
- a sparsity distance of 5 miles or more

Based on the 2024-25 data and current pupil number projections for October 2024, no schools are expected to meet the eligibility criteria to receive this funding in 2025-26. However, the local authority considers it appropriate to submit a disapplication request for exceptional circumstance funding for very small sparse secondary schools to ensure:

- The continued use of this exceptional circumstance funding factor to seek to ensure that the mechanism remains in place in case of future requirements.
- DfE awareness is maintained of the funding and financial pressures associated with the operations of small, rural secondary schools.

Given that no schools are anticipated to meet the eligibility criteria, there is no additional funding requirement associated with the exceptional circumstance disapplication request for the 2025/26 financial year.

- 3.6 North Yorkshire Council is intending to consult schools on a request to transfer 0.5% funding from the Schools Block to the High Needs budget for the 2025-26 financial year. This request is based on the continued and increasing cost pressures on the High Needs block in North Yorkshire; the High Needs cumulative budget deficit is forecast to be c.£20m by March 2025 and the deficit position is forecast to continue to escalate for future financial years if the present demand trend for high needs support continues, as detailed in agenda item 2.2. The transfer of 0.5% of the 2024-25 Schools Block funding is £2.2m; the proposed block transfer for the 2025/26 financial is expected to be a similar amount. The in-year deficit on the High Needs Block for 2025-26 is estimated to be c.£6.5m based on assumptions on the continued trend for an increase in the number of children and young people assessed as requiring a funded Education, Health and Care Plan (EHCP), inflationary pressures, the mix of placements across different types of education provision, and the likely increase in High Needs Block funding notified by the Department for Education. The estimated transfer amount represents less than 30% of the currently estimated in-year deficit for 2025-26.

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- 3.7 North Yorkshire Council is currently undertaking Free School Meals (FSM) Auto-Enrolment (opt-out) Project. The project aims to identify school children (aged 4-16 years) in North Yorkshire who are entitled to FSM but whose families have not applied, and automatically enrol them (unless they opt out). The FSM auto-enrolment checks will be undertaken in July 2024, allowing families to opt out in July/August 2024. The additional children that have been auto-enrolled for FSM will be recorded on the October 2024 school census. At this stage, the impact of the auto-enrolment project on FSM numbers is unknown. In respect of the 2025/26 Schools Block DSG, the funding is based on the pupil characteristics profile of the October 2023 school census data for North Yorkshire. The 2025/26 Schools Block DSG funding level will not reflect any increase in the levels of pupils eligible for FSM in the October 2024 pupil census; the funding associated with any increase is lagged and would be reflected in the 2026/27 Schools Block DSG. In this regard, any increased formula funding (FMS and FMS6) requirement in 2025/26 school budgets will present a cost pressure, in short term, on the 2025/26 due to the lagged funding arrangement. An increase of 1% in the number of pupils recorded as eligible for FSM equates to an additional funding requirement of c£1m.
- 3.8 The overall funding requirement for 2025-26 school budgets, and the associated affordability within the 2025-26 schools block DSG funding provision cannot be finalised until the actual 2025-26 schools block DSG allocation is received in December 2024. Over recent years the local authority has encountered both positions where there has been a surplus funding position with additional funding been required to be allocated to school budgets and there been funding shortfalls where the Schools Block General Reserve has been utilised to cover the shortfall.
- 3.9 In order to ensure that local school funding formulae are affordable the DfE allows local authorities to cap and scale the gains of individual schools. Capping and scaling must be applied on the same basis to all schools. Capping and scaling cannot take a school below the MPPL's and any gains cap must be set at least as high as the MFG threshold in order to ensure that all schools retain any gains up to the MFG threshold even where a cap is applied. Capping and scaling factors must not be applied to schools that have opened in the last 7 years and have not reached their full number of year groups. The general principles of the operation of capping and scaling are as follows:
- The cap sets the level of gain up to which a school retains 100% of any funding gain. The scaling factor determines the level of scaling back of any gain over the cap limit e.g. where a cap limit of 3% is set and a scaling back level of 25% is set, a school with a base 5% funding gain would receive a capped and scaled gain of 4.5% (100% of any gain up to 3% and 75% of any gain over 3% i.e. $(3\% + (2\% \times 75\%)) = 4.5\%$).
 - The funding levels of schools subject to MFG and MPPL funding levels are protected under a capping scaling arrangement.
 - A combined approach of the use of capping and scaling and the use of reserves funding can be utilised in addressing any funding shortfall on the schools' block DSG.
 - The impact of the capping and scaling methodology is generally as follows:
 - A lower funding gains cap requires a lower scaling back percentage to achieve the required funding reduction. This results in the reduction being shared across a wider number of schools and there is a lower level of funding gains reduction across the schools impacted.
 - A higher funding gains cap requires a higher scaling back percentage to achieve the required reduction. This results in the reduction being shared

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- across a lower number of schools (those schools with highest level of gain) and there is a higher level of gains reduction across the schools impacted.
- The use of capping and scaling is a local decision made by the local authority after consultation with schools and the schools forum.
 - 34 local authorities used capping and scaling in their local school funding formula in the 2023-24 financial year.
- 3.10 Within North Yorkshire, the DfE Capping and Scaling methodology was used in the 2024/25 financial year to ensure the overall affordability of school budgets within the 2024/25 Schools Block Dedicated Schools Grant (DSG). Funding gains were capped at +1.7% and scaled at 100% i.e. any funding gain over +1.7% was fully scaled back by 100% to zero.
- 3.11 In addition to the core school funding allocation, the DfE provide a Growth Funding allocation. The actual Growth Funding allocation for 2025-26 will not be known until December 2024. The 2024-25 Growth Funding Allocation was £2.284m. Growth Funding has previously been utilised to provide contingency Pupil Growth and Falling Rolls funds and to develop a reserve fund for the additional revenue costs associated with new schools built under the DfE free school presumption route (estimated to be £900k - £1m per school over the initial seven years of operation). In the 2024-25 financial year, the annual allocation of £500k to the Pupil Growth and Falling Rolls Contingency Fund was released to support the funding shortfall on the 2024-25 school budget. As detailed in paper 2.5, it is anticipated that funding from the New Schools Reserve Fund may be required for 5-6 new schools over the next five to seven-year period within North Yorkshire. The reserve balances as at 31 March 2025 are currently estimated to be £1.03m on the Pupil Growth & Falling Rolls Contingency Fund and £5.76m on the New Schools Reserve. The forecast level of the reserve balance at the end of the 2024-25 financial year is currently considered to be sufficient to meet the funding requirements for the 2025-26 financial year in respect of the Pupil Growth and Falling Rolls Contingency Fund. Whilst it is considered prudent to continue to build the funding reserve for New Schools, given the scheduled build timescales and the current reserve level, it is considered that the funding contribution for the 2025-26 financial year can be reduced to £500k. In this regard, the Schools Forum is requested to approve utilisation, if required, of any 2025-26 NFF Growth Funding available after a £500k contribution to the New Schools Reserve Fund, to fund any shortfall in the 2025-26 Schools Block DSG (adjusted for any agreed block transfer) after the calculation of 2025-26 schools budget based on National Funding Formula (NFF) values and providing a Minimum Funding Guarantee (MFG).
- 3.12 The Schools Block DSG General Reserve is forecast to be approximately £4.6m as at 31 March 2025. £500k from this reserve was used in the 2024-25 financial year to support school budgets, thus partially mitigating the impact of the agreed funding transfer from the Schools Block DSG to the High Needs Block DSG. The measured and prudent use of the Schools Block DSG General Reserve is again considered appropriate in supporting any shortfall in funding on the 2025-26 Schools Block DSG (adjusted for any agreed block transfer) after the calculation of 2025-26 schools budget based on National Funding Formula (NFF) values and providing a Minimum Funding Guarantee (MFG). In this regard, the Schools Forum is requested to provide approval to utilise reserve funding of up to £500k, if required, to fund any shortfall after the utilisation of the 2025-26 NFF Pupil Growth funding to support school budgets.

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- 3.13 Any funding shortfall on the 2025/26 school budget calculation after the utilisation of the 2025/26 NFF Pupil Growth Funding allocation and the utilisation of up to £500k from the Schools Block General Reserve would be recovered from school budgets through the use of capping and scaling.
- 3.14 Given the uncertainty of the final funding requirement for 2025-26 school budgets, the local authority intends to seek views from schools as to how any under or overspend on the schools' block DSG will be dealt with. School views will be requested as follows:
- In the event of an underspend on the Schools Block DSG (adjusted for any agreed block transfer) after the calculation of 2025-26 schools budget based on National Funding Formula (NFF) values and providing a Minimum Funding Guarantee (MFG) whether the surplus funding should be distributed by an addition to the lump sum or to the age weighted pupil unit (AWPU) value. Schools will be asked to provide an in-principle view on the allocation methodology to be used, if required.
 - In the event of an overspend on the Schools Block DSG (adjusted for any agreed block transfer) after the calculation of 2025-26 schools budget based on National Funding Formula (NFF) values and providing a Minimum Funding Guarantee (MFG), the use of capping and scaling in order to ensure the affordability of the 2025-26 schools' budget. Subject to Schools Forum approval of the use of any balance available from the 2025-26 NFF Growth Funding and Schools Block DSG Reserves funding up to the value of £500k, schools will be asked to provide a view on the use of capping and scaling for the recovery of any overspend in excess of this additional funding provision. Schools will be asked to provide an in-principle view on the capping and scaling methodology used, if required:
 - The use of a lower gains capping percentage and a lower scaling back of gains percentage which would result in the recovery of funding impacting on a higher number of schools, but the level of the reduction on funding gains being lower. This methodology shares the funding gains reduction over a wider number of schools, but with a smaller reduction on the level of gain.
 - The use of a higher gains capping percentage and a higher scaling back of gains percentage which would result in the recovery of funding impacting on a lower number of schools. This methodology shares the funding gains reduction over a smaller number of schools that have the highest levels of gain, but the level of funding reduction above the gains cap level is higher.
- 3.15 The Local Authority intends to consult schools and academies within North Yorkshire on the following for the 2025-26 financial year:
- i. The level of the MFG based on the minimum and maximum DfE thresholds (2024/25 0% - 0.5%)
 - ii. The methodology to be used for the allocation to school budgets of any funding surplus or shortfall on the Schools Block DSG (adjusted for any agreed block transfer) after the calculation of the school funding formula using NFF values and the agreed MFG funding protection. Views will be sought on an in-principle basis.
 - iii. The transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2025-26 financial year in response to the

continued increase in cost pressures, and associated deficit on the high needs budget.

Subject to the availability from the DfE of 2025-26 school funding information, detailed modelling of the consultation options/ proposals at individual school level, as appropriate, will be included in the consultation information for schools. In the event that this information is not available, the 2025-26 school funding consultation will be principles based.

4.0 EXCEPTIONS TO THE FORMULA

- 4.1 Local authorities are able to submit a request to the Secretary of State for exceptional circumstances where the 'normal' operation of the formula would not be appropriate or does not recognise a particular scenario. Requests for exceptions to the formula for 2025-26 usually need to be submitted to the DfE by either mid-October (first submission round) or mid-November (second submission round). Members of the Schools Forum are asked to agree the submission of exceptional circumstance disapplication requests to the DfE in relation to exceptional rent costs and very small, sparse secondary schools as detailed in 4.2 and 4.3 below.
- 4.2 The DfE have previously provided approval for a disapplication request for the use of an exceptional circumstance formula factor for schools where their rent costs are in excess of 1% of their delegated budget. This exception can only be requested where the number of schools affected equates to fewer than 5% of the schools and academies in the authority; less than 5% of schools within North Yorkshire have rent costs in excess of 1% of their delegated within North Yorkshire. It is proposed to request for this exceptional circumstance formula factor to be utilised again in the 2025/26 financial year for schools meeting the eligibility criteria.
- 4.3 As discussed in section 3.8 above, the LA proposes to submit a disapplication request to continue to provide, if necessary, the exceptional circumstance funding of £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable.

5.0 INTENTION TO CONSULT

- 5.1 The local authority intends to consult schools and academies within North Yorkshire on the following items:
- The level of the MFG for 2025-26
 - The methodology to be used to deal with any under or overspend on the 2025/26 schools' block DSG (after any agreed block transfer), after the application of the NFF factor values and MFG funding protection in the North Yorkshire funding formula.
 - The transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2025/26 financial year
- 5.2 The planned timescales for the consultation process are detailed in the table below:

Date	Process
02/07/2024	Approval obtained from CYPS Executive Members in conjunction with Corporate Director – CYPS to consult schools & academies
19/09/2024	School Funding Update report to Schools Forum including details of 2025-26 school funding consultation
20/09/2024 – 25/10/2024	Consultation with schools & academies on 2025-26 school funding arrangements
21/11/2024	Consultation feedback considered by Schools Forum
03/12/2024	Outcome of consultation considered by CYPS Executive Members in conjunction with Corporate Director – CYPS
11/12/2024	Communication of consultation outcome and associated proposed decisions to schools & academies
07/01/2025	Final Decision by Full Executive on Mainstream School and Academy Budgets 2025-26

6.0 Core Schools Budget Grant

- 6.1 The DfE have announced the provision of £1.1 billion to support schools with their overall costs in the 2024-25 financial year, in particular following confirmation of the 2024 teacher pay award. This funding is being split between mainstream schools, special schools and alternative provision (AP). The split reflects relative pupil and place numbers, and core funding amounts, across these different types of provision. The funding is being allocated through the Core Schools Budget Grant (CSBG) and covers the seven-month period from September 2024 to March 2025 for the 2024-25 financial year. The DfE have stated that the grant funding will be incorporated into core budget allocations for 2025-2026 for mainstream schools with the funding being rolled into the schools national funding formula (NFF) for 2025-26. The DfE will provide additional grant funding for academies, to cover the CSBG in the period April to August 2025, given their funding cycle follows the academic year. This payment will cover the period before the grant is moved into academies' core budget allocations through the national funding formula.
- 6.2 The CSBG funding for local authority maintained mainstream schools is paid by the DfE to local authorities, who are required to pay the funding to individual schools at the published rates. The DfE pay the grant funding directly to mainstream academies at the published rates.
- 6.3 The CSBG will fund the following mainstream school providers, for the 5- to 16-year-old age range:
- primary and secondary maintained schools
 - primary and secondary academies and free schools
 - all-through maintained schools
 - all-through academies
 - city technology colleges
- 6.4 The CSBG funding rates are based on the following factors:
- a basic per-pupil rate with different rates for primary, key stage 3, and key stage 4
 - a lump sum paid to all schools, regardless of pupil numbers

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- a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last 6 years (FSM6), with different rates for primary and secondary pupils

6.5 The base funding rates for 2024 to 2025 financial year are:

- a basic per-pupil rate of £76 for primary pupils, including pupils in reception
- a basic per-pupil rate of £108 for key stage 3 pupils
- a basic per-pupil rate of £122 for key stage 4 pupils
- a lump sum of £2,900
- a FSM6 per-pupil rate of £70 per eligible primary pupil
- a FSM6 per-pupil rate of £100 per eligible secondary pupil

Grant allocations will be calculated by multiplying the relevant funding rates by the pupil count, and FSM6 pupil count, using data from the October 2023 census. The allocations also include the lump sum amount.

7.0 SCHOOL COST PRESSURES

7.1 Given the current messaging from Government on the public sector funding pressures it is anticipated the financial pressures faced by schools will continue in respect of:

- September 2024 teachers pay award of 5.5%
- A National Employers offer of £1,290 on NJC salary points 2 to 43 and 2.50% increase for salary points 44 and above from 1st April 2024. This equates to a 5.7% increase for the lowest paid employees.
- Ongoing inflationary pressures
- Likely further pay award and cost increases forecast for 2025/26

The DfE have provided the CSBG support schools with additional cost pressures in 2024-25, as detailed in section 6 above.

7.2 It is recognised that the proposed 0.5% funding transfer from the Schools Block to the High Needs for the 2025/26 financial year presents a further cost pressure to school budgets. However, given the significance of the levels of concern, at both local authority level and national DfE level, in relation to the High Needs budget deficit position within North Yorkshire, the local authority feels that this option must be considered as part of the overall financial recovery plan strategy for the High Needs budget. The proposed mitigations in respect of use of any available balance from the 2025-26 NFF Growth Funding and up to £500k from the Schools Block DSG General Reserve is expected to partially alleviate the cost pressure on 2025-26 school budgets of the proposed funding transfer.

8.0 RECOMMENDATIONS

8.1 The Schools Forum is asked:

- a. To note the update on school funding.
- b. To support the submission of a disapplication request to the DfE for the use, if required, of an exceptional circumstance funding formula allocation of £50,000 for very small sparse secondary schools for 2025-26.

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- c. To support the submission of a disapplication request to the DfE for the continued use in the 2025-26 financial year of the exceptional circumstance funding formula factor to provide funding for those schools where property rental is essential for the delivery of statutory educational provision and where the rental cost is greater than 1% of the school's delegated budget.
- d. To note the intention to consult schools and academies on the potential formula implications for 2025-26 related to:
- The level of the MFG for 2025-26
 - The methodology to be used to deal with any under or overspend on the 2025-26 schools' block DSG (after any agreed block transfer), after the application of the NFF factor values and MFG funding protection in the North Yorkshire funding formula.
 - The transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2025-26 financial year
- The consultation results will be reported back to the Schools Forum at the November meeting.
- e. To approve utilisation, if required, of any 2025-26 NFF Growth Funding available after a £500k contribution to the New Schools Reserve Fund to fund any shortfall in the 2025-26 Schools Block DSG (adjusted for any agreed block transfer) after the calculation of 2025-26 schools budget based on National Funding Formula (NFF) values and providing a Minimum Funding Guarantee (MFG).
- f. To approve the request to utilise up to £500k of the Schools Block General Reserve to support, if required, to fund any remaining funding shortfall on the Schools Block (adjusted for any agreed block transfer), after the utilisation of the 2025/26 NFF Pupil Growth funding.

STUART CARLTON
Corporate Director – Children and Young People's Service