



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 21 November 2024
Title of report:	2025-26 School Funding Consultation Results
Type of report: Delete as required	For decision
Executive summary: Including reason for submission	<p>This report provides the results of the 2025-26 School Funding Consultation that ran from 20 September 2024 to 25 October 2024. The report requests the Schools Forum consider:</p> <ul style="list-style-type: none"> • The consultation option to be endorsed in relation to the level of the Minimum Funding Guarantee. • The methodology to be endorsed for use in the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values. • The capping and scaling methodology to be endorsed for use in the recovery of any funding shortfall, in excess of the value of the mitigating support measures, on the Schools Block DSG after the calculation of the school funding formula using NFF values. • Approval of the Local Authority request to transfer 0.5% of the Schools Block DSG to the High Needs Block.
Budget / Risk implications:	Individual school budget levels for the 2025-26 financial year and the 2025/26 High Needs budget position.
Recommendations:	<p>As detailed in Section 4, following the consultation with all mainstream schools and academies in North Yorkshire, the Schools Forum is asked to:</p> <p>a. Consider the consultation options to be endorsed by the Schools Forum in respect of:</p> <ul style="list-style-type: none"> • The level of the minimum funding guarantee (MFG) protection for the 2025-26 financial year. • The methodology to be used to deal with any funding surplus or funding shortfall on the 2025-26 schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets.



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	b. Approve the local authority proposal to transfer 0.5% of funding from the Schools Block DSG to the High Needs Block for the 2025-26 financial year.
Voting requirements:	All Schools Forum members
Appendices:	Appendix 1 - DfE 2025-26 Provisional NFF Factor Values Appendix 2 – Additional comments provided in school / academy Consultation responses.
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1.0 PURPOSE OF THE REPORT

- 1.1 This report provides an overview of the results and responses received from schools and academies to the 2025-26 School Funding Consultation.
- 1.2 The Schools Forum is asked to consider:
- i. The results of the Consultation and the responses received.
 - ii. Which of the options consulted on should be endorsed in relation to:
 - the Minimum Funding Guarantee (MFG),
 - the methodology to be endorsed for use in the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values.
 - the capping and scaling methodology to be endorsed for use in the recovery of any funding shortfall, after the use of funding support mitigations, on the Schools Block DSG after the calculation of the school funding formula using NFF values.
 - iii. Approval of the Local Authority request to transfer 0.5% of the Schools Block DSG to the High Needs Block.

2.0 BACKGROUND

- 2.1 At the time of writing this report, the Department for Education (DfE) have provided limited detail on the school funding arrangements for the 2025-26 financial year. The DfE have indicated that school and local authority level NFF allocations will be published as soon as possible following the budget (30 October 2024). They have stated that to allow sufficient time to quality assure the accuracy of the allocations, they expect that the allocations will be published in late November (after the deadline for the submission of dis-applications of 18 November 2024). The 2025-26 Dedicated Schools Grant (DSG) allocations will then be published in December 2024. A verbal update will be provided at the Schools Forum meeting on the latest position.
- 2.2 The Government's 30 October 2024 Budget announced total core school funding is increasing by £2.3 billion in 2025 to 2026. This includes funding through the schools NFF, high needs funding, CSSB of the DSG, and pupil premium. Of the £2.3 billion increase in total schools funding, £1.3 billion will cover:
- the remaining costs of the 2024 teachers' pay award in mainstream schools, so that the full 12 months of salary costs are fully funded at a national level;
 - an increase to the mainstream schools NFF; and,
 - increases to the pupil premium and other elements of core funding.
- 2.3 Almost £1 billion of the additional £2.3bn core school funding will be added to the overall high needs budget. In respect of this high needs funding allocation, the DfE are setting aside £480m for allocation through a 2025 to 2026 CSBG for special schools and AP, which will combine the high needs elements of the 2024 to 2025 TPAG, TPECG and full-year equivalent of the CSBG. In addition, the DfE have stated that they will also hold back a further £145m for allocations of high needs funding that are not calculated through the high needs NFF, and later NFF funding adjustments e.g. the impact of the October 2024 school census special school numbers used for the

basic entitlement factor of the NFF, which is updated through the DSG allocations published in December 2024

2.4 The DfE have published a summary policy note on the 2025-26 School NFF. The policy note confirms:

- The 2025-26 schools NFF will use the same factors as the 2024-25 NFF.
- The individual NFF factors for 2025-26 will operate in the same way as in 2024-25 except for some changes to the PFI factor.
- The NFF in 2025-26 will continue to provide funding protections:
 - Minimum per pupil levels (MPPLs) - in 2025-26, MPPL values will remain compulsory in local authority funding formulae.
 - The funding floor - for 2025-26, split sites funding will sit outside the calculation of the funding floor. This means that split sites funding will properly reflect any changes in the organisation of schools' sites.
- The only structural changes being made to the NFF for 2025-26 are in relation to the PFI factor. The changes are:
 - providing pro-rata funding when a PFI contract is coming to an end in the financial year (such that funding is only provided for the part of the year when the contract is still in place), and
 - setting conditions that local authorities would need to meet to receive above-inflation increases in PFI funding (with the expectation that these would be the exception). The default expectation will be that previous years' PFI funding through the NFF will be increased by the Retail Prices Index excluding mortgage interest payments (RPIX) measure of inflation. If local authorities want to request that the funding is increased by a higher amount, then they will need to submit an affordability model to DfE.
- Rolling in previous grants:
 - The teachers' pay additional grant (TPAG) and the teachers' pension employer contribution grant (TPECG) 2024 will be rolled into the NFF for 2025 to 2026. The recently announced core schools budget grant (CSBG) will also be rolled into the schools NFF for 2025-26. For all three of the grants, the funding will be rolled in following a very similar approach to previous grants. That is:
 - Adding cash amounts to the primary, key stage 3 and key stage 4 per pupil funding factors in the schools NFF, to represent the equivalent amounts in the grants.
 - Adding cash amounts to the primary and secondary FSM6 factors, and the lump sum, in the schools NFF, to represent the equivalent amounts in the grants.
 - Adding cash amounts to the minimum per pupil funding levels (MPPLs) for primary, KS3 and KS4 respectively, to reflect the average per pupil amount of funding that schools attracted through the preceding grants.
 - Adding an amount representing the total funding each school received through the preceding grants on to its baseline, which is

used to calculate funding protection for the schools through the funding floor.

- For TPAG and TPECG, the funding rolled in to the NFF will use the published funding rates directly.
 - For CSBG, the DfE will take a slightly different approach to rolling-in this funding to the NFF. This is because the total funding in the CSBG in 2024-25 is calculated to match, at a national level, the funding needed to meet the full-year cost of the support staff pay award, as well as the part-year cost of the 2024 teachers' pay award (from September 2024). Therefore, to roll in this funding, the DfE will calculate the full year equivalent of the whole of the CSBG, and then calculate new (higher) full-year equivalent funding rates from this new total. The cash values rolled into the NFF in 2025-26 will then reflect these full-year equivalent funding rates.
 - Factor values have been increased to take account of the rolling in of these grants, and the remaining funding available for schools in 2025-26. The floor is 'cash flat' at 0%, after taking account of the funding that schools received through TPAG, TPECG and CSBG in 2024 to 2025. **Appendix 1** provides details of the DfE 2025-26 provisional NFF factor values.
- Local authority formulae in 2025-26:
 - As in previous years, local authorities will be responsible for deciding local funding formulae for mainstream schools in their area. The funding levels that schools – both maintained schools and academies – receive will be determined by the respective local formulae.
 - Minor technical adjustments will be made to the operation of the minimum funding guarantee (MFG), whereby both split sites and PFI funding will be excluded from the MFG calculation. This brings the MFG treatment of these factors in line with the NFF and ensures that increases or decreases in a school's split site and /or PFI funding does not impact other aspects of their funding.
 - When setting their local formulae, local authorities must set the MFG between **-0.5% and 0%**.
 - Local authorities will again be able to transfer up to 0.5% of their total schools block allocations to other blocks of the DSG, with Schools Forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without Schools Forum approval.
 - There are 16 allowable funding factors in 2025-26, most of which are compulsory for all local authorities. The compulsory factors are unchanged from 2024-25. The requirements on allowable values for these factors in local formulae will be confirmed alongside the NFF allocations publication.
 - The DfE anticipate that further funding, in respect of the increase in employers' National Insurance contributions, will be provided in 2025-26 by a grant outside the NFF.

- 2.5 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. The final position can result in there being either a funding surplus or shortfall on the grant allocation. The local authority needs to ensure that



consideration is given to how any final funding surplus or shortfall is managed. At its September 2024 meeting, the North Yorkshire Schools Forum approved a number of measures, as detailed in section 3.5 below, to mitigate the impact of any funding shortfall on 2025-26 school budgets. The 2025-26 North Yorkshire School Funding consultation requested the views from mainstream schools and academies as to how any funding surplus or shortfall (in excess of the value of the mitigating measures) should be managed for the 2025-26 financial year.

- 2.4 The local authority is proposing to transfer funding from the Schools Block to the High Needs budget for the 2025-26 financial year within the context of a projected cumulative budget deficit of c.£19-20m on the High Needs budget by 31 March 2025. The deficit position is forecast to continue to escalate for future financial years if the present demand trend for high needs support continues.
- 2.5 The in-year deficit on the High Needs Block for 2024-25 is estimated to be £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, and the mix of placements across different types of education provision. Whilst the 2025-26 national funding increase on the High Needs Block is likely to provide some limited improvement in the forecast financial deficit in the 2025-26 High Needs Block within North Yorkshire, it is unlikely to fully address the forecast in-year deficit position nor enable any repayment of the c.19-£20m accumulated High Needs budget deficit.
- 2.6 The local authority is participating in the DfE's Delivering Better Value (DBV) in SEND programme. This has provided support, in the form of project management and change management capacity to develop a three-year transformational programme to address the financial pressures on the High Needs budget, with the DfE providing grants directly to North Yorkshire to enable the local authority to implement and embed reforms, with ongoing support and challenge by DfE officials. 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, again, the transfer of 0.5% from the Schools Block to the High Needs Block for the 2025-26 financial year must be considered as part of the overall financial strategy for the High Needs Budget.

3.0 RESULTS OF THE LOCAL CONSULTATION

- 3.1 24* responses have been received to the consultation, as shown below.

LA Maintained Primary	13
LA Maintained Secondary	4
Primary Academy	2
Secondary Academy	2
Academy Trust	3
	<u>24</u>



50 schools and academies are represented in the responses received providing an overall response rate of 14.84% (9.50% LA maintained schools, 20.89% academies). 287 schools / academies are not represented in the consultation responses.

Three academy trusts have responded to the consultation representing 3, 9, and 17 North Yorkshire academies respectively.

*Duplicate, anonymous and non-mainstream school responses have been disregarded from the consultation results.

3.2 The Consultation requested the views of schools and academies on the following areas:

- The level of the minimum funding guarantee (MFG) protection. This determines the minimum funding change that a school will receive in terms of funding per pupil between the 2024-25 financial year and the 2025-26 financial year.
- The methodology to be used to deal with any funding surplus or shortfall on the 2025-26 Schools' Block Dedicated Schools Grant (DSG) after the calculation of school budgets.
- A transfer of 0.5% funding from the Schools Block to the High Needs Block budget for the 2025-26 financial year

3.3 The table below provides details of the consultation results in respect of both the number of responses received in support of each option and the numbers of schools represented in the responses.

Option	MFG %	No. Responses Received Supporting Option	No. Schools Represented in Responses Supporting Option
Option 1	Minimum DfE Threshold	10	12
Option 2	Maximum DfE Threshold	14	38
		24	50
Option	Methodology for the Allocation of Any Surplus Funding		
Option 1	Age Weighted Pupil Unit (AWPU) values increased	13	15
Option 2	Lump Sum Formula Factor Value increased	11	35
		24	50
Option	Methodology for the Operation of Capping and Scaling to Recover Any Funding Shortfall		
Option 1	A lower gains cap percentage and a lower scaling back of gains percentage	11	21
Option 2	A higher gains cap percentage and a higher scaling back of gains percentage	13	29
		24	50



Option	Proposed Transfer of 0.5% from the Schools Block DSG to the High Needs Block	No. Responses Received Supporting Option	No. Schools Represented in Responses Supporting Option
Option 1	Supported	15	31
Option 2	Not Supported	9	19
		24	50

A number of schools and academies also provided additional comments to support their responses. These comments are detailed in **Appendix 2** to this report.

- 3.4 In 2018-19, the view was expressed by the North Yorkshire Education Partnership (now Schools Forum) to implement a funding formula that reflects the NFF principles and the associated transitional arrangements. A MFG level at the maximum threshold best reflects the DfE ‘direction of travel’ and is likely to reflect the level of funding increase provided by the DfE to the minimum per pupil level funding. In terms of the distribution methodology for the allocation to school budgets of any surplus funding available within the Schools Block after the calculation of the school funding formula using NFF values, a lump sum methodology would generally benefit smaller schools and an AWP method would generally provide greater funding benefit to larger schools. The impact of the capping and scaling methodology is generally: 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 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 setting of the MFG level is the prime decision, with the decision on the methodology for the management of any surplus or shortfall in funding allocation representing a secondary consideration.
- 3.5 The local authority acknowledges the views of schools expressed in the funding consultation and recognises the current financial pressures on school budgets. However, the local authority has a corporate duty to address the forecast budget overspend of c.£20m on the High Needs Block by 31 March 2025. In this respect, the local authority is seeking approval from the Schools Forum for the transfer of 0.5% (2024-25 0.5% transfer value of £2.2m) of funding from the Schools Block to the High Needs Block. In order to partially mitigate the impact of the proposed transfer on school budgets, the following support measures were proposed by the local authority and agreed by the Schools Forum in September 2024:
- The 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 (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).
 - Distribution of up to £0.5m from the Schools Block DSG General Reserve to school budgets in the event of a funding shortfall on the 2025-26 school budget

calculation (already agreed by the Schools Forum at the September 2024 meeting)

3.6 In addition to the above measures, the local authority is also making the following proposal to further support school budgets:

- The funding of the de-delegated contingency budgets associated with Schools in Financial Difficulties, School Redundancy Costs Contribution and Unreasonable School Expenditure from the associated reserves for the 2025-26 financial year.

3.6 The decisions, within the parameters of the DfE school funding regulations, in relation to the operation of the school funding formula, including the level of the MFG, are made by the local authority having regard to the views of the Schools Forum. In this respect, the North Yorkshire Council Executive at its meeting on 7 January 2025 will provide a decision on the following:

- The level of the minimum funding guarantee (MFG) protection. This determines the minimum funding change that a school will receive in terms of funding per pupil between the 2024/25 financial year and the 2025/26 financial year.
- The methodology to be used to deal with any funding surplus or shortfall on the 2025/26 schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets.

3.7 At the present time, due to the late publication of school funding information by the DfE, there is a high degree of uncertainty in respect of the overall 2025-26 school funding position. The position will not be fully known until the actual 2025-26 Schools Block DSG funding allocation is received in mid-December 2024. Whilst full regard will be given to the views expressed by the Schools Forum in relation to school funding arrangements, the Council's Executive reserve the right to adopt alternative options, if required, in order to secure the overall affordability of school budgets for the 2025-26 financial year.

3.8 The Schools Forum is the decision maker on funding transfers of up to 0.5% from the Schools Block to other blocks. The DfE school funding regulations make provision for local authorities to submit a disapplication request for consideration by the Secretary of State in the situation where the Schools Forum has turned down a proposal from the local authority to transfer funding out of the Schools Block DSG to another block, but the local authority wishes to proceed with the transfer.

4.0 RECOMMENDATIONS

4.1 Following the consultation with all mainstream schools and academies in North Yorkshire, the Schools Forum is asked to:

- a. Consider the consultation options to be endorsed by the Schools Forum in respect of:
 - The level of the minimum funding guarantee (MFG) protection for the 2025-26 financial year.

- The methodology to be used to deal with any funding surplus or funding shortfall on the 2025-26 Schools' Block Dedicated Schools Grant (DSG) after the calculation of school budgets.
- b. Approve the local authority proposal to transfer 0.5% of funding from the Schools Block DSG to the High Needs Block for the 2025-26 financial year.

STUART CARLTON

Corporate Director – Children and Young People's Service



Appendix 1 – DfE 2025/26 Provisional NFF Factor Values	2024 to 2025 NFF values	Additions to baselines from grants	CSBG uplift	Provisional 2025 to 2026 NFF values
Basic per pupil funding				
Basic entitlement				
Primary basic entitlement	£3,562	£213	£51	£3,847
Key stage 3 basic entitlement	£5,022	£300	£71	£5,422
Key stage 4 basic entitlement	£5,661	£339	£80	£6,113
Minimum per pupil				
Primary minimum per pupil funding	£4,610	£257	£62	£4,955
Secondary minimum per pupil funding	£5,995	£350	£83	£6,465
Additional needs funding				
Deprivation				
Primary free school meals (FSM)	£490	£0	£0	£495
Secondary FSM	£490	£0	£0	£495
Primary free school meals Ever 6 (FSM6)	£820	£188	£45	£1,060
Secondary FSM6	£1,200	£277	£68	£1,555
Income deprivation affecting children index (IDACI):				
Primary IDACI A	£680	£0	£0	£685
Primary IDACI B	£515	£0	£0	£520
Primary IDACI C	£485	£0	£0	£490
Primary IDACI D	£445	£0	£0	£445
Primary IDACI E	£285	£0	£0	£285
Primary IDACI F	£235	£0	£0	£235
Secondary IDACI A	£945	£0	£0	£950
Secondary IDACI B	£740	£0	£0	£745



Secondary IDACI C	£690	£0	£0	£695
Secondary IDACI D	£630	£0	£0	£635
Secondary IDACI E	£450	£0	£0	£450
Secondary IDACI F	£340	£0	£0	£340
Low prior attainment (LPA)				
Primary LPA	£1,170	£0	£0	£1,175
Secondary LPA	£1,775	£0	£0	£1,785
English as an additional language (EAL)				
Primary EAL	£590	£0	£0	£595
Secondary EAL	£1,585	£0	£0	£1,595
Mobility				
Primary mobility	£960	£0	£0	£965
Secondary mobility	£1,380	£0	£0	£1,385
School-led Funding				
Lump sum				
Primary lump sum	£134,400	£8,006	£1,915	£145,100
Secondary lump sum	£134,400	£8,006	£1,915	£145,100
Sparsity				
Primary sparsity	£57,100	£0	£0	£57,400
Secondary sparsity	£83,000	£0	£0	£83,400
Premises				
Split sites	£80,600	£0	£0	£81,000

Appendix 2

2025/26 School Funding Consultation – Additional Comments

School Type	Comment
Academy Trust	As a trust we disagree with the additional SEND funding. This isn't happening in other schools within the trust outside North Yorkshire. The current SEND service has been at best requires improvement and timescales/communication not met. It would be wrong to give more money to a service that is currently not good enough, without a clear rationale as to how any additional funding would make a positive difference to the schools. This would be even less money for SEND children in mainstream who are not accessing EHCP or requests are being delayed. This would be detrimental to those pupils.
LA - Secondary	It would be nice to see the results of the school ballet communicated to all schools via the Red Bag and not just the decision of the Forum or the LA.
Academy Trust	Just because the high needs block is underfunded does not mean that we can afford to take money, allocated in a National Funding Formula by the DfE to mainstream pupils, and redistribute it to High Needs pupils. Central government needs to fund High Needs properly and if we are masking the problem at the local level, even just partially, central government are less likely to fully correct the issue.
LA - Primary	Whilst we welcome the government's additional funding, it is sadly not enough. I am in the challenging position of increasing numbers on roll and yet not enough budget to fund enough teachers. This seems madness. I realise this is the case both county wide and nationally. We are facing decreasing budgets in real terms whilst juggling an ever increasing expectation in terms of what we are expected to provide for the pupils and families in our care.



School Type	Comment
LA - Primary	<p>Our biggest challenge in schools is SEND. My school has a higher than average level of EHCPs. Quite often, a banding can come out as a Band 4, which means you only get £1800 to add to the provision for that child. I know we are meant to use the £6000 that we receive per child to put towards their provision, but when you have a child who has no additional needs allocated £6000, then this isn't a transparent form of funding. We have many children with highly significant needs, having taken in a particularly challenging cohort of EYFS children. For Safeguarding reasons and on the advice of other professionals, I have had to make sure there are more adults in with these children. I can't afford this and it will be sending my budget into a deficit, but it literally isn't safe for these children to be in my school if they do not have the supervision. I have had sleepless nights over this and then we have the battle of still trying to secure an EHCP for some of them, being told that I could not access exceptional funding for one while we tried to do that. He is operating at between 6-12 months and is expected to manage a mainstream setting. He is only able to drink liquids and is not eating in school, only eating pureed food at home. This is just one of the very high need children. We have a lot more. The system is letting children down. We are constantly trying to respond to advice and the very individual needs of the children and the challenge has been more than immense for us this term. It has been the hardest term of my career. However schools are funded, I think what is imperative, is finding a way that high need SEND pupils with EHCPs will benefit. I realise that this needs to come from on high with the government, but regardless, I think that North Yorkshire should be considering this more - a lot more! There are not enough people coming out to see what it is like on the ground for our schools and the challenges we are facing. We are good at what we do and have a big impact on our SEND pupils, but we do need the funds to be able to make this happen and keep them safe more importantly. In this current SEND crisis, I am so scared of losing the staff that I have- they are on the brink. I end up with lots of staff off each term. We are a good staff team and support each other, but I am seeing my staff pushed and stretched to their limits because we haven't got the level of staffing that we need. Like I say, I know that ultimately the funding is needing to be forthcoming from the government, but I am urging North Yorkshire to look at the challenges, look where schools have got more than the average % of EHCPs, see if there are ways to put some money to the biggest challenge that schools are facing.</p>

2025/26 School Funding Consultation – Equalities Comments

School Type	Comment
	None Received