



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 21 September 2023
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 2024-25. The paper describes the intention to consult schools and academies.
Budget / Risk implications:	Implications for school budgets for the 2024/25 financial year Implications for services and resources for schools funded by the Central Schools Services Block funding from April 2024
Recommendations:	<p>The Schools Forum is asked:</p> <ol style="list-style-type: none"> To note the update on school funding. To support the submission of a disapplication request to the DfE for the provision of an exceptional circumstance funding formula allocation of £50,000 for very small sparse secondary schools for 2024/25. To note the proposed treatment of exceptions to the formula outlined in section 4 and to support the continued use of exceptional circumstances 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 To note the intention to consult schools and academies on the potential formula implications for 2024/25 related to: <ul style="list-style-type: none"> The level of the MFG for 2024-25 The methodology to be used to deal with any under or overspend on the 2024/25 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.



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	<ul style="list-style-type: none"> • Changes to the notional SEN local funding formula for 2024/25 • The transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2024/25 financial year <p>The consultation results will be reported back to the Schools Forum at the November meeting</p> <p>e. To approve the request to utilise up to £500k of the Schools Block General Reserve to support, if required, any funding shortfall on the Schools Block (adjusted for any agreed block transfer), after the calculation of the school funding formula using NFF values and the agreed MFG funding protection.</p> <p>f. To note the position on Central School Services Block outlined in section 7.</p>
Voting requirements:	All Schools Forum members
Appendices:	Appendix 1 - Comparison of the 2023/24 local funding formula values for North Yorkshire to the 2024/25 NFF values
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Presenting officer: If not the originator	

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 2024/25 financial year
- details of changes to the Central Schools Services Block (CSSB) of DSG funding for the 2024/25 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 will continue in 2024-25 in respect of:

- a) Local authorities must move their local formula factor values at least a further 10% closer to the NFF, except where local formulae are already “mirroring” the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be “mirroring” the NFF. From 2024-25, this 10% requirement will also apply to the “fringe factor” for local authorities on the London fringe.
- b) Local authorities must use the new national formulaic approach to split sites funding. This will replace the current local authority-led approach.
- c) Local authorities must 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 must also 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 is also being removed from 2024-25.

2.2 The local funding formula within North Yorkshire for the 2023-24 financial year included the following key points in terms of the calculation methodology used:

- A Minimum Funding Guarantee of +0.5%
- No cap on funding gains
- Funding formula factor values based on the DfE National Funding Formula (NFF) values.
- The application of the mandatory minimum per pupil level funding values of £4,405 for primary schools and £5,715 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
 - No funding transfer from School budgets to the High Needs budget
 - The provision of school budgets based on National Funding Formula (NFF) values with a Minimum Funding Guarantee (MFG) of 0.5% resulting in a shortfall on the 2023-24 Schools Block Dedicated School Grant (DSG) of £759k that required funding from the Schools Block DSG Reserve
- 2.3 The local authority has continued 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: 2024 TO 2025 SCHOOLS BLOCK

- 3.1 On the 17th July 2023, the DfE announced the proposed school funding arrangements for the 2024-25 financial year indicating, nationally, an overall increase of 2.7% per pupil compared to 2023/24.
- 3.2 The key updates to the NFF for 2024-25 are as follows:
- The core factors in the schools NFF (basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum) will increase by 2.4%.
 - A 1.6% increase to the free school meals (FSM) factor value
 - Rolling the 2023-24 mainstream schools additional grant (MSAG) into the NFF by:
 - adding an amount representing what schools receive through the grant into their baselines
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - uplifting the minimum per pupil values by the mainstream schools additional grant's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants.
 - The minimum per pupil funding levels will ensure that every primary school receives at least £4,655 per pupil, and every secondary school at least £6,050 per pupil. The minimum per pupil funding levels are mandatory in 2024-25. The funding values include £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the MSAG, plus a further 2.4% increase. The average amounts in respect of the supplement grant reflect the average level of funding these schools currently attract through the grant.
 - The introduction of a new national formulaic approach for the allocation of split site funding.
 - Every school will be allocated at least 0.5% more pupil-led funding per pupil compared to its 2023-24 baseline.

- Local authorities are able to continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2024-25 must be between +0% and +0.5%
- Following the cancellation or incompleteness of Key Stage 2 assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for the missing assessments in 2020, and 2022 attainment data as a proxy for the missing assessments in 2021. (This is a change from the 2023-24 methodology where 2019 was used as the proxy for 2021)
- Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with school's forum approval. A disapplication request is required for transfers above 0.5%, or for any amount without school's forum approval.

Appendix 1 to this report provides a comparison of the 2023-24 local funding formula values for North Yorkshire to the 2024-25 NFF values.

- 3.3 The DfE have provided additional grant through the Teachers Pay Additional Grant (TPAG) to support schools in meeting the costs of the 2023-24 teachers pay award of 6.5%. The additional grant is intended to fund the cost of the pay award above 3.5%. The TPAG will be paid as a separate grant for the period September 2023 to March 2024 and the 2024-25 financial year. The TPAG base funding rates for mainstream schools for the 2023-24 financial year are as follows:

- a basic per-pupil rate of £36 for primary pupils, including pupils in reception
- a basic per-pupil rate of £50 for key stage 3 pupils
- a basic per-pupil rate of £57 for key stage 4 pupils
- a lump sum of £1,345
- an FSM6 per-pupil rate of £31 per eligible primary pupil
- an FSM6 per-pupil rate of £45 per eligible secondary pupil

The grant funding rates for the 2024-25 financial year will be paid at 12/7ths of the 2023-24 rates.

- 3.4 Following last year's consultation on "Implementing the direct national funding formula", the DfE have confirmed that they will continue to move forward with the implementation of a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula. As set out in the consultation response, they have indicated that a gradual approach to transition will be taken to avoid any unnecessary or unexpected disruption to schools. This transition will continue in 2024-25 as follows:
- a. Local authorities must move their local formula factor values at least a further 10% closer to the NFF, except where local formulae are already "mirroring" the NFF. ***The North Yorkshire 2023-24 local funding formula values already reflect the NFF values and this approach is expected to applied for 2024-25.***
 - b. Local authorities must use the new national formulaic approach to split sites funding. This will replace the current local authority-led approach. ***The new formulaic approach will be implemented in the North Yorkshire local funding formula for 2024-25.***

- c. Local authorities must 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. ***The North Yorkshire Pupil Growth Funding Policy will be reviewed and updated, where required, to reflect the NFF requirements for 2024-25. The Policy review is scheduled for consideration at the November 2023 meeting of the Schools Forum.***
- d. Local authorities must also 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 is being removed from 2024/25. ***The North Yorkshire Pupil Growth Funding Policy will be reviewed and updated to reflect the NFF requirements for 2024-25. The Policy review is scheduled for consideration at the November 2023 meeting of the Schools Forum.***
- 3.5 The DfE 2024-25 guidance on the NFF specifically references the requirement for 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 guidance recommends that a review of the notional SEN budget calculation for 2024-25 is 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. Further information, and associated recommendations, on the NYC review of the 2024-25 school's notional SEN budget is provided in agenda item 2.3.
- 3.6 In providing confirmation on the 13 July 2023 of the provision of additional funding to support schools in meeting the costs of the teachers' pay award, DfE also announced the provision of a hardship fund of up to £40m to support those schools facing the greatest financial challenges. Further information was provided on 18 August 2023 stating that the funding will be used to expand the DfE existing support available to academies facing the most difficult financial circumstances and to assist local authorities to expand the support they provide to maintained schools facing the most acute financial pressures. At this stage, no detail is available as to how the funding will be allocated and distributed to local authorities or how it might be accessed by eligible schools and/or academies.
- 3.7 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 2023-24 data and current pupil number projections for October 2023, one school is expected to be eligible to receive this funding in 2024-25. The DfE have confirmed that the previous disapplication request for the provision of the exceptional circumstance funding for very small sparse secondary schools which was approved by the DfE in 2022-23 will be required to be renewed for 2024-25.

- 3.8 The funding requirement for the provision of the additional lump sum to small sparse secondary schools would be £50k (dependent on the number of schools meeting the criteria). Funding provision is now incorporated within the 2024-25 schools block DSG funding due to the DfE funding methodology of the Premises element of this funding allocation at LA level reflecting the 2023-24 funding allocated to schools for the formula factors included within this element. In this respect, there is no additional funding requirement for provision of this support beyond the funding levels provided within the 2024-25 schools block DSG.
- 3.9 The DfE have produced notional individual school allocations for 2024-25 reflecting the changes in the NFF. It should be noted that the notional NFF allocations released in July 2023 are based on the October 2022 census and final 2024-25 funding allocations, updated to the October 2023 census pupil number and other data changes, will not be available until December 2023.
- 3.10 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 2024-25 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£13m by March 2024 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 estimated to be £2.2m. The in-year deficit on the High Needs Block for 2024-25 is estimated to be £7.6m 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 transfer represents less than 30% of the currently estimated in-year deficit for 2024-25.
- 3.11 The overall funding requirement for 2024-25 school budgets, and the associated affordability within the 2024-25 schools block DSG funding provision cannot be finalised until the actual 2024-25 schools block DSG allocation is received in December 2023. Over recent years the local authority has encountered positions where there has been a surplus funding position where additional funding has been required to be allocated to school budgets. However, for the 2023-24 financial year there was a funding shortfall of £759k between the 2023-24 school budget funding requirement and the 2023-24 schools block DSG funding. The funding shortfall was not evident until the 2023-24 school budget allocation process had been completed in early January 2023. The funding shortfall of £759k for the 2023-24 financial year was funded from the Schools Block DSG General Reserve.
- 3.12 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 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.

3.13 The table below provides a summary of the 2023-24 funding shortfall and how capping and scaling could have been utilised to address the position:

	Cap Level	Scaling Level	Reserve Requirement	No. Schools Subject to Capping & Scaling Adjustment	Average % Funding Adjustment Due to Capping & Scaling	Average £ Funding Adjustment Due to Capping & Scaling
Scenario 1	2.50%	30.79%	£27.6k	203	-0.85%	£3,717
Scenario 2	3.50%	67.54%	£27.6k	143	-1.83%	£5,277
Scenario 3	4.06%	100%	£27.6k	110	-2.89%	£6,860
Scenario 4	2.50%	11.52%	£500k	203	-0.32%	£1,390
Scenario 5	3.50%	25.26%	£500k	143	-0.68%	£1,973
Scenario 6	5.65%	100%	£500k	65	-2.75%	£4,342

3.14 The Schools Block DSG General Reserve is forecast to be approximately £4m as at 31 March 2024; the forecast balance takes account of the £759k funding shortfall on the 2023-24 Schools Block DSG. The measured and prudent use of the Schools Block DSG General Reserve is considered appropriate in supporting any shortfall in funding

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on the 2024-25 Schools Block DSG (adjusted for any agreed block transfer) after the calculation of 2024-25 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. Any funding shortfall in excess of £500k would be recovered from school budgets through the use of capping and scaling.

3.15 Given the uncertainty of the final funding requirement for 2024-25 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 2024-25 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 2024-25 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 2024-25 schools' budget. Subject to Schools Forum approval of the use of 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 the £500k reserve funding. 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.

3.16 The Local Authority intends to consult schools and academies within North Yorkshire on the following for the 2024-25 financial year:

- i. MFG options of:
 - a. 0%
 - b. 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 calculation of the notional SEN budget funding within school budgets for the 2024-25 financial year (as detailed in agenda item 2.3)
- iv. The transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2024-25 financial year in response to the continued increase in cost pressures, and associated deficit on the high needs budget.

Detailed modelling of the consultation options/ proposals at individual school level, as appropriate, will be included in the consultation information for schools.

- 3.17 The 2024-25 indicative funding figures received from the DfE currently exclude Growth Funding. The local financial modelling has been undertaken on this basis. The actual Growth Funding allocation for 2024-25 will not be known until December 2023. Growth Funding is planned to be utilised to provide funding for:
- Pupil Growth & Falling Rolls contingency funds
 - The funding for additional year groups in new schools as provision is expanded each academic year until the school is fully operational
 - The provision of funding for pre-opening costs and dis-economies of scale costs for Oakbridge CE Primary School in Northallerton which is scheduled to open in September 2024.
 - Developing the reserve for the planned c.5-7 new schools over the next 5 years which the LA is expecting to be mainstream free schools under the DfE free school presumption process and, as such, require an additional funding commitment from the LA in respect of pre-opening funding, post-opening diseconomies funding and delegated budget in relation to estimated pupil numbers.

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 2024-25 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 to continue with our current exceptions in relation to exceptional rent costs as detailed in 4.2 below.
- 4.2 In 2023-24, the DfE confirmed approval for the continued use of an exception for schools where their rent costs are in excess of 1% of their delegated budget. The approval can continue to be used for 2024-25 without the requirement for a further application to the DfE. 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

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 2024-25
- The methodology to be used to deal with any under or overspend on the 2024/25 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.
- Changes to the notional SEN local funding formula for 2024/25 (as detailed in agenda item 2.3)
- The transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2024/25 financial year

5.2 The timescales for the consultation process are detailed in the table below:

Date	Process
18/07/2023	Approval obtained from CYPS Executive Members in conjunction with Corporate Director – CYPS to consult schools & academies
21/09/2023	School Funding Update report to Schools Forum including details of 2024-25 school funding consultation
22/09/2023 – 27/10/2023	Consultation with schools & academies on 2024-25 school funding arrangements
23/11/2023	Consultation feedback considered by Schools Forum
05/12/2023	Outcome of consultation considered by CYPS Executive Members in conjunction with Corporate Director – CYPS
13/12/2023	Communication of consultation outcome and associated proposed decisions to schools & academies
09/01/2024	Final Decision by Full Executive on Mainstream School and Academy Budgets 2024-25

6.0 SCHOOL COST PRESSURES

6.1 The 2024-25 overall increase in school funding of 2.7% needs to be considered in the context of the continued significant cost pressures faced by schools in respect of:

- September 2023 teachers pay award of 6.5% (additional funding support from the TPAG for pay award costs above 3.5%)
- A National Employers offer of £1,925 on NJC salary points 2 to 43 and 3.88% increase for salary points 44 and above from 1st April 2023. This equates to a 9.4% increase for the lowest paid employees.
- Ongoing high levels of inflation.
- Likely further pay award and cost increases forecast for 2024/25

It is recognised that the proposed 0.5% funding transfer from the Schools Block to the High Needs for the 2024/25 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.

7.0 CENTRAL SCHOOL SERVICES BLOCK (CSSB)

7.1 The Central School Services Block was introduced in April 2018 and covers a range of services that are not delegated school responsibilities. These services support LA-maintained schools and academies alike and have previously been funded from council (non-DSG) budgets, which have been top-sliced and allocated back to each authority in this new DSG block.

7.2 The following services are funded from CSSB:

- Strategic Management Costs, including planning for the education service as a whole
- Revenue budget preparation, monitoring, internal and external audit, funding to schools
- Consultation costs
- Plans involving other LA services
- SACRE
- Schools attendance and exclusion issues
- Employment of children
- Capital programme
- Landlord responsibilities
- School Admissions
- Places in independent schools (non-SEN)
- Servicing of Schools Forum
- Back-pay for equal pay claims
- Contribution to combined budgets

7.3 The CSSB currently relates to both ongoing responsibilities and historic commitments. The provisional figures provided by the DfE for 2024-25 indicate that North Yorkshire will see an overall increase in the level of funding received for ongoing responsibilities of 5.36% per pupil (1.76% per pupil excluding copyright licences funding adjustment). The DfE have indicated that the CSSB relating to ongoing responsibilities includes a protection to ensure no LA sees losses of greater than 2.5% per pupil, year-on-year, for 2024-25. From 2020-21, the DfE began to reduce the element of funding within the CSSB that some local authorities received for historic commitments made prior to 2013-14, stating *"We do not believe it is fair to maintain indefinitely significant differences in funding between local authorities which reflect historic decisions."* In 2024-25 the historic commitments funding will reduce by a further 20% on 2023-24 allocations.

7.4 Based on the indicative CSSB figures provided by the DfE for the 2024-25 financial year there will be an overall funding reduction for North Yorkshire of £3k compared to the 2023-24 funding level; a £146k reduction related to historic commitments and a £143k increase related to ongoing responsibilities. £96.3k of the increase in funding for ongoing responsibilities relates to increased charges for copyright licences. The level of historic commitments totals £732k for 2023-24 and relates to services provided by the Early Help service. The local authority will need to look at how to deal with the funding reduction. As with previous years, the LA is not proposing, at this stage, to top-slice school budgets to fund any central services for schools in 2024-25.

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 provision of an exceptional circumstance funding formula allocation of £50,000 for very small sparse secondary schools for 2024-25.
- c. To note the proposed treatment of exceptions to the formula outlined in section 4 and to support the continued use of exceptional circumstances 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 2024-25 related to:
 - The level of the MFG for 2024-25
 - The methodology to be used to deal with any under or overspend on the 2024-25 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.
 - Changes to the notional SEN local funding formula for 2024-25
 - The transfer of 0.5% funding from the Schools Block DSG to the High Needs budget for the 2024-25 financial yearThe consultation results will be reported back to the Schools Forum at the November meeting
- e. To approve the request to utilise up to £500k of the Schools Block General Reserve to support, if required, any funding shortfall on the Schools Block (adjusted for any agreed block transfer), after the calculation of the school funding formula using NFF values and the agreed MFG funding protection.
- f. To note the position on Central School Services Block outlined in section 7

STUART CARLTON

Corporate Director – Children and Young People's Service