



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 23 November 2023
Title of report:	2024/25 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 2024/25 School Funding Consultation that ran from 22 September to 8 November 2023. The report requests the Schools Forum to 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 £500k, on the Schools Block DSG after the calculation of the school funding formula using NFF values • Endorsement of the proposed changes to the notional SEN funding formula. • 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 2024/25 financial year.
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 2024/25 financial year. • The methodology to be used to deal with any funding surplus or funding shortfall on the 2024/25



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	<p>schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets.</p> <ul style="list-style-type: none"> The proposed changes to the notional Special Educational Needs (SEN) budget local funding formula calculation for 2024/25 <p>b. Approve the local authority proposal to transfer 0.5% of funding from the Schools Block DSG to the High Needs Block for the 2024/25 financial year.</p>
Voting requirements:	All Schools Forum members
Appendices:	Appendix 1 – 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 2024/25 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, in excess of £500k, on the Schools Block DSG after the calculation of the school funding formula using NFF values
 - iii. Endorsement of the proposed changes to the notional SEN funding formula.
 - iv. 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 its meeting in September, the Forum considered the information provided by DfE in July 2023 in relation to National Funding Formula (NFF) developments for the 2024-25 financial year. The DfE provided revised 2024/25 school funding information on 6 October 2023 after the identification of an error made by DfE officials during the initial calculations of the NFF and processing of forecast pupil numbers. Nationally, the overall cost of the core schools budget is 0.62% greater than allocated resulting in the funding through the mainstream schools national funding formula (NFF) increasing by 1.9% per pupil in 2024-25, compared to 2023-24; the original increase announced in July 2023 was 2.7% per pupil. The key NFF updates for the next financial year 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 1.4%.
 - 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 £4,610 per pupil, and every secondary school at least £5,995 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 1.4% 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.

2.2 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. The final position can result in there being either a funding surplus or shortfall on the grant allocation; this position was exemplified in the 2023-24 financial year in North Yorkshire where there was a funding shortfall of £759k between the 2023-24 school budget funding requirement and the 2023-24 schools block DSG funding which was required to be funded from the Schools Block DSG General Reserve. The local authority needs to ensure that consideration is given to how any final funding surplus or shortfall is managed. At its September 2023 meeting, the North Yorkshire Schools Forum approved the use of the Schools Block DSG General Reserve to fund up to £500k of funding shortfall for the 2024/25 financial year. The 2024/25 North Yorkshire School Funding consultation requested the views from mainstream schools and academies as to how any funding surplus or shortfall (in excess of £500k) should be managed for the 2024/25 financial year.

2.3 The DfE require 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 DfE guidance recommends that a review of the notional SEN budget calculation for 2024-25 is undertaken to ensure that the identified funding is sufficient for the reasonable additional costs that may be incurred by schools. The DfE require local authorities to subsequently review the notional SEN budget calculation on an annual basis. The 2024/25 North Yorkshire School Funding consultation requested the views from mainstream schools and academies on a proposal to change the notional SEN budget calculation to better reflect the notional SEN budget funding requirements within North Yorkshire schools and academies, to align to the average notional SEN

budget funding levels and funding formula factor weightings of other local authorities with similar characteristics to North Yorkshire, to reflect the operating context and diversity of schools and academies with North Yorkshire, and to 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.

- 2.4 North Yorkshire County Council is proposing to transfer funding from the Schools Block to the High Needs budget for the 2024/25 financial year. North Yorkshire Council is forecasting a cumulative budget deficit of c£13m on the High Needs budget by 31 March 2024. The deficit position is forecast to continue to escalate for future financial years if the present demand trend for high needs support continues. 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 local authority has been identified as one of 55 local authorities to receive intervention through the DfE Delivering Better Value (DBV) programme. The programme will see North Yorkshire receive 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 the transfer of 0.5% from the Schools Block DSG to the High Needs Budget for the 2024/25 financial year must be considered as part of the overall financial recovery plan strategy for the High Needs Budget.

3.0 RESULTS OF THE LOCAL CONSULTATION

- 3.1 26* responses have been received to the Consultation, as shown below.

LA Maintained Primary	19
LA Maintained Primary Federation	1
LA Maintained Secondary	7
Primary Academy	2
Secondary Academy	2
Academy Trust	4
	<u>35</u>

(57 schools and academies are represented in the responses received providing an overall response rate of 16.81% (14.14% LA maintained schools, 20.57% academies). 282 schools / academies are not represented in the consultation responses.

The LA maintained primary federation represents 2 schools. Four academy trusts have responded to the consultation representing 11, 6, 5 and 3 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 2023/24 financial year and the 2024/25 financial year.
- The methodology to be used to deal with any funding surplus or shortfall on the 2024/25 schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets.
- Changes to the notional Special Educational Needs (SEN) budget local funding formula calculation for 2024/25
- A transfer of 0.5% funding from the Schools Block DSG to the High Needs Block budget for the 2024/25 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	0%	10	14
Option 2	0.5%	25	43
		35	57
Option	Methodology for the Allocation of Any Surplus Funding		
Option 1	Age Weighted Pupil Unit (AWPU) values increased	20	34
Option 2	Lump Sum Formula Factor Value increased	15	23
		35	57
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	22	24
Option 2	A higher gains cap percentage and a higher scaling back of gains percentage	13	33
		35	57

Option	Proposed Changes to the Calculation of the Notional SEN Budget		
Option 1	Supported	25	46
Option 2	Not Supported	9	9
		34*	55*
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	16	23
Option 2	Not Supported	19	34
		35	57

*The Primary Federation (representing 2 schools) did not provide a response to this question.

A number of schools and academies also provided additional comments to support their responses. These comments are detailed in **Appendix 1** 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 0.5% MFG best reflects the DfE 'direction of travel' and reflects 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 DSG after the calculation of the school funding formula using NFF values, a lump sum methodology would generally benefit smaller schools and an AWPU methodology 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.£20.0m on the High Needs budget by 31 March 2025. In this respect, the local authority is seeking approval from the Schools Forum for the transfer of 0.5% (estimated £2.18m) of funding from the Schools Block DSG to the High Needs Block. In order to partially mitigate the impact of the proposed transfer on school budgets, the

local authority is proposing the following measures, as detailed in the associated reports to the Schools Forum, as support measures:

- 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 2024/25 school budget calculation (already agreed by the Schools Forum at the September 2023 meeting)
- Release of the annual £0.5m funding allocation for core basic need Pupil Growth funding to school budgets for the 2024/25 financial. It is proposed to fund any basic need Pupil Growth requirements from the associated reserve.
- 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 2024/25 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 9 January 2024 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 2023/24 financial year and the 2024/25 financial year.
- The methodology to be used to deal with any funding surplus or shortfall on the 2024/25 schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets.
- Changes to the notional Special Educational Needs (SEN) budget local funding formula calculation for 2024/25

3.7 The Schools Forum is the decision maker on funding transfers of up to 0.5% from the Schools Block DSG 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 2024/25 financial year.
 - The methodology to be used to deal with any funding surplus or funding shortfall on the 2024/25 schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets.
 - The proposed changes to the notional Special Educational Needs (SEN) budget local funding formula calculation for 2024/25

- b. Approve the local authority proposal to transfer 0.5% of funding from the Schools Block DSG to the High Needs Block for the 2024/25 financial year.

STUART CARLTON

Corporate Director – Children and Young People's Service

Appendix 1

2024/25 School Funding Consultation – Additional Comments

School Type	Comment
Academy - Secondary	I am a new headteacher to north Yorkshire so would value some more information. There seems to be a huge shortfall in SEN funding where we are struggling to meet the demands of the EHCP's as we do not have sufficient funds to pay for what is needed.
LA - Primary School	We do not support 0.5% to the High needs budget. We have high needs and we contact for support and there is NO answer from the SEND team when submitting for exceptional funding. EHCPs are delayed and disgracefully underfunded costing us tens of thousands of pounds. If the High needs budget was actually allocated and county supported schools through a timely process of answering all requests for support then it would be money well spent but it isn't
Academy - Secondary	The recalculation is welcome but still will not be enough to cover the very significant additional costs especially given support staff pay increases as 'the first £6k' of provision often goes on TA costs. SEN caseworkers still seem to operate on the basis that all schools do have a full £6k for every student who has additional needs in their budget even when these students have joined the school mid year or needs have been identified mid year. When the notional E2 funding has been used to create a nurture group of alternative curriculum that benefits a range of students with additional needs we cannot then also find the first £6k of new specific provision for individuals. It is really frustrating to be met with a blanket 'you have the money' response when we very clearly don't.
Academy - Trust (Mixed Phase)	Our schools are not impacted with regard MFG through indicative figures. However, we have responded throughout in principle. We are highly concerned about 0.5% HNF. Whilst it is recognised the pressures on the HNF block, for schools to contribute more, but still be asked to do more (as they have to currently) creates additional risk to meeting the needs of young people with SEND alongside other protected characteristics.
LA - Secondary School	The DfE published revised funding allocations for schools in England for 2024/25 because of an error in calculating the allocations published in July, which underestimated pupil numbers. The adjustment means that a rise of 2.7% per pupil has been revised down to an increase of 1.9%.
LA - Secondary School	The DfE published revised funding allocations for schools in England for 2024/25 because of an error in calculating the allocations published in July, which underestimated pupil numbers. The

	adjustment means that a rise of 2.7% per pupil has been revised down to an increase of 1.9%.
LA - Primary Federation	The budgets need to consider how they are supporting small schools and how they are helping with ADDITIONAL funding to EHCP for High Needs Pupils who would be in Specialist Provision if there were places. Direction High Needs Pupils to Mainstream setting without additional lump sum funding is crippling small school budgets and impacting on all children and taking staffing away from other children too. It cannot continue.
LA - Primary School	Please can the levels of top up to support high economic socially deprived areas, be increased. In particular the cost of funding to cover FSMs per child does not cover costs
LA - Primary School	SEN funding needs to be heavily revised to support the huge pressure on schools in the face of increased SEN need.
Academy - Trust (Mixed Phase)	The recent announcement by the government that they have miscalculated school budget allocations for 24/25 means that the average increase per pupil will now be less than the 2.7% previously announced and is likely to fall significantly short of the amount required to fund pay awards for teachers and support staff in 2024. This will place even more strain on school budgets which are already inadequate to meet current cost pressures and will undoubtedly lead to job cuts to try and balance the books. These job cuts will have a direct impact on the quality of education provision and in particular support for the most vulnerable children at a time when support from agencies is woefully lacking. The shortage of places for SEN children in special schools and TMPs, places huge pressure on mainstream schools - financially and the strain it puts on staff to try and provide appropriate support without detriment to other students' progress. However, the answer to the High Needs Block deficit is definitely not to take money away from mainstream schools.
LA - Primary School	An anecdotal response from the Governing Body was that the delivery of the rationale for this consultation seems to have been unnecessarily overcomplicated rather than being in a form/language that could easily be understood by boards where not everyone has a professional background in Finance.

2024/25 School Funding Consultation – Equalities Comments

School Type	Comment
Primary - LA Maintained	There is an equalities impact that there is no SEND team at North Yorkshire dealing with paperwork, funding requests or allocating sufficient funds to meet need
Primary - LA Maintained	Each school has different credentials, and each school should be considered on an individual basis.