

BRIEFING PAPER FOR SCHOOLS FORUM

1.	Date of meeting:	1st December 2023
2.	Title:	School Funding Formula 2024/25 Consultation outcome
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF THE REPORT

To set out the indicative proposals and seek decisions (where needed) for two areas of the Dedicated Schools Grant for 2024/25;

- Schools block
- Central schools services block

2. RECOMMENDATION(S)

2.1 That members of Schools Forum note the content of the report.

2.2 That votes are undertaken with the appropriate members of Schools Forum to agree the school & academy local funding formula for 2024/25.

3. REASON FOR RECOMMENDATION(S)

To ensure compliance with the School & Early Years Finance (England) Regulations 2017.

4. BACKGROUND INFORMATION

4.1 As a result of the government's intention to implement a national funding formula for school & high needs funding allocations; 2024/25 represents the seventh year of the governments planned transition towards these proposals.

4.2 To comply with the ESFA operational guidance, local authorities are required to consult with schools, academies & Schools Forum in respect of planned changes to the local funding formula including the method, principals and rules that are to be adopted. The final decisions in respect of the local formula remain with the local authority.

Schools Forum are required to decide upon specific elements in accordance with the powers & responsibilities assigned to Schools Forum by the ESFA. In order to agree this, Schools Forum will need to vote on a number of proposals which are set out in this report. The proposals are based on the consultation responses received from individual schools & academies (see detail in appendices A and B).

Forum members are reminded that, in accordance with the regulations, only certain members are allowed to participate in a vote regarding the local funding formula. Other members that do not represent schools i.e. Union /Post-16 representatives can engage and participate in discussions but are not eligible to vote.

5. CONSULTATION PROCESS

5.1 Schools block funding formula 2024/25

The following activities have taken place in respect of the consultation on the schools block and central schools services block;

- Consultation document was issued via e-mail on Friday 10th November 2023 to all mainstream schools and academies.
- The consultation closed on Friday 24th November 2023.

5.2 Responses

Below is a table showing the responses to the 2024/2025 consultation. Further detail can be found in appendix A and B to this report. Please note two responses were received late due to technical issues and have been included in the analysis.

	Maintained schools	Academies	Total
Primary	7	26	33
Secondary	0	3	3
Total (& % response rate)	7 35%	29 33%	36 33%

6. School block funding formula

6.1 Transition to a national funding formula

There are changes proposed both in terms of the formula factors being used and the individual rates that will be applied to those factors. Nationally, the ESFA have looked to increase NFF factor values by 1.4% for basic entitlement, low prior attainment, free school meals, income deprivation affecting children index, English as an additional language, mobility, sparsity, the lump sum and the minimum pupil levels. In addition, the ESFA have increased the funding floor by 0.5%.

Last year the local authority suggested that the future years should be used as a transition to the national funding formula and where possible seek to change local factors/rates to bring them in line with the national ones as this would provide for the best possible transition to the national formula. This was a view that was supported within Schools Forum.

This is therefore the strategy that Rotherham has adopted.

To ensure schools and academies are in receipt of the indicative increase in the 2024/25 LA's schools block allocation of £13.4m (2.03% per pupil year on year increase) the local authority is aiming to set the MFG to +0.5%. The MFG must be between 0.0% and 0.5% and is a way to protect the funding on a per pupil rate.

Question 1 consulted upon prioritising an increase to the MFG and the response was mainly in favour of this approach being adopted with 97% of respondents agreeing.

Required action:

Eligible Schools Forum members are to vote on whether the proposal to set the MFG to 0.5% should be agreed.

6.2 High Needs - funding transfer from the schools block.

Rotherham continues to experience pressures on its High Needs budget which is a trend that is being experienced nationally, mainly due to the increasing EHCP numbers / exclusions / cost of out of authority SEN placements. In addition, the increasing number of pupils in mainstream schools with EHC plans requiring support, some with complex needs, continues to rise.

Following negotiations and significant work to share/develop documentation with the negotiation team from the DfE, Rotherham were invited to participate in the 'Safety Valve' arrangement .

A safety valve revenue plan for the years 2021/22 to 2025/26 was submitted and agreed. The plan included a 1.5% funding transfer from the Schools Block to the High Needs Block for the 2023/2024 financial year only with no further transfers assumed in future years.

The finalised agreement sets out an investment of £20.528m to be received from the DfE across the lifespan of the agreement (2021/22 to 2025/26), which will remove the DSG deficit based on the Council's revenue assumptions including the 2023/24 1.5% block transfer request.

In 2023/24 the High Needs Block is currently forecasting an overspend of £1.217m (excluding safety valve funding) against a planned contribution to reserves of £2.068m. The planned contribution to reserves would be reduced to £851k should the overspend be realised.

In terms of the 2024/25 budget estimate the HNB pressures remain, the High Needs Block indicative allocation for 2024/25 is £57.377m. **The current 2024/25 pressure on the High Needs Block is estimated to be £1.716m when including a transfer amount of £1.210m (0.5%) from the Schools Block.** Without this transfer the pressure is estimated at £2.927m, see table below for details.

Question 2 requested a transfer of 0.5% from the schools block to support the high needs block and 29% of respondents agreed to the transfer. Of the 36 respondents, 8 (22%) responded in favour of this, 28 (78%) voted no.

It should be noted that 3 academies representing a total of 26 schools voted no. Taking each academy vote as 1 (1 in favour and 3 against) the total response rate including LA maintained schools is 55% in favour of the 0.5% transfer.

Required action:

Eligible Schools Forum members are to vote on whether the proposal to transfer 0.5% should be agreed.

6.3 Top-slicing arrangements (impacting all mainstream schools & academies)

Pupil Growth

In accordance with Government requirements, the pupil growth fund is to meet basic need and will be for the benefit of both maintained schools and academies.

Under the current formula arrangements school & academy budgets are to be based on pupil numbers as at the October pupil census. If a school admission limit is increased from September 2023 due to expansion, interim financial support to bridge the gap is necessary to cover the period September to March (or September to August for academies).

If a growth fund is not established schools will have to meet the revenue costs of expansion from within their existing balances.

Question 3 asked if the LA should continue to provide a growth fund in 2024/2025 from reserve. There was an overwhelming response with 100% of respondents agreeing to this.

Required action:

Eligible Schools Forum members are to vote on whether the proposal to continue with a pupil growth fund of £120,000 should be agreed.

6.4 Falling Rolls

Local authorities will be funded for growth and falling rolls in 2024/25. Rotherham will operate and distribute funding on the basis of observed differences between primary and secondary numbers on roll within each medium super output area (MSOA) between the most recent October census and the census in the previous October.

Rotherham's policies for access to falling rolls funding will be updated to reflect the DfE changes for 2024/25 including:

Access to falling rolls funding can only be provided to schools where school capacity survey (SCAP) 2022 data shows that school places will be required in the subsequent 3 to 5 years.

The removal of the restriction that schools are only eligible for falling rolls funding if they were judged 'good' or 'outstanding' by Ofsted making the local policy more flexible and accessible from 2024/25.

Question 4 asked if the LA should continue to provide a falling rolls fund in 2025/2025 from reserve. A total of 35 (97%) of schools agreed with the provision of a Falling Rolls Fund.

Required action:

Eligible Schools Forum members are to vote on whether the proposal to provide a Falling Rolls Fund should be agreed.

6.5 Central Schools Services Block

The CSSB brings together:

- Funding previously allocated through the retained duties element of the Education Services Grant (ESG)
- Funding for on-going central functions, such as admissions.

Centrally retained spend & retained duties

The Local Authority currently retains funding centrally in order to provide / meet the following services / costs

- Admissions Service
- Servicing of the Rotherham Schools Forum
- Central licences managed by the DfE
- Central education related services which the local authority retain on behalf of all pupils in the district irrespective of school/academy setting

Question 5 of the consultation asked if funding from this block could be retained for the services outlined above.

All 36 respondents were in favour.

6.6 De-delegation arrangements (impacting on all maintained schools)

The DfE guidance permits maintained schools only to de-delegate services through the formula. Each school contributes from its delegated budget share an amount per pupil.

Schools In Financial Difficulty Fund

The purpose of this fund is to provide support to the budgets of maintained primary schools where if not supported a school would be placed in a financially difficulty position that is likely to have a detrimental impact on outcomes for children.

Question 6 asked maintained primary schools if they wished to de-delegate monies to create a schools in financial difficulty fund. A total of 4 maintained schools wished to de-delegate, and 3 did not.

Required action:

Eligible Schools Forum members (primary maintained only) are to vote on whether to create a fund.

Trade Union Facilities Time

Allows trade unions to represent and consult with their members and with the school as their employer, as local branch trade union representatives are available. This is currently offered via a service level agreement to all schools and academies who may purchase if they wish.

Question 7 asked all maintained schools if they wished to de-delegate funds, once again, for trade union facilities time rather than buy back from the portfolio of services. A total of 4 maintained school wished to de-delegate, and 3 did not.

Required action:

Eligible Schools Forum members (maintained only) are to vote on whether to de-delegate.

School Improvement Services

This funding is to support core school improvement activities previously utilised through the former School Improvement Monitoring and Brokering Grant. The LA's school improvement activity can be divided into 'core improvement activities' and 'additional improvement services'

Question 8: Do maintained schools wish to de-delegate funds once again for school improvement activity? Option 1 a rate of £24 per pupil or option 2 a rate of £31 per pupil. There were 3 schools chose option 1 and 4 schools chose option 2.

Required action:

Eligible Schools Forum members (maintained only) are to vote on whether to de-delegate.

2. Name and contact details

Neil Hardwick
Head of Finance (CYPS)
Tel: 01709 254508
email neil.hardwick@rotherham.gov.uk

Louise Keith
Principal Finance Officer (Schools Finance)
Tel: 01709 822042
email louise.keith@rotherham.gov.uk