

2024-25 Schools Block Funding and Local Funding Formula Consultation

1. Purpose of the Report

To provide:

- a summary of the provisional 2024-25 Dedicated Schools Grant funding allocations and changes to the National Funding Formula.
- The proposals for the 2024-25 local funding formula consultation.

2. Provisional Indicative 2024-25 Schools Block Funding Allocation

The indicative local authority (LA) funding allocations for 2024-25 for the Schools Block have been announced, together with notional allocations for individual schools. Following the July announcement there was an updated notional allocation issued in October. The ESFA have advised the recalculation of funding has not affected the total amount to be spent on core school budgets in 2024-25. The total core school funding budget is £59.6 billion.

Schools Block Funding Breakdown

	Actual 2023-24			Indicative 2024-25			Increase/ Decrease(-)	
	October 2022 Pupil No.'s	Unit of Funding	2022-23	October 2022 Pupil No.'s	Unit of Funding	2024-25		
		£	£000		£	£000	£000	%
Primary	66,611	4,814	320,634	66,611	5,071	337,782	17,148	5.35
Secondary	46,877	6,145	288,043	46,877	6,470	303,294	15,251	5.29
Premises & Mobility			5,891			5,960	69	1.17
Growth Funding			4,581			Not included		
TOTAL SCHOOLS BLOCK	113,488		619,150	113,488				

The indicative funding allocation is based on pupil numbers for October 2022 and will be updated to reflect the October 2023 pupil numbers in December 2023.

The provisional funding for 2024-25 does not include the funding through the growth factor, this will be updated on the final allocation in December 2023.

Comparing 2023-24 and 2024-25 schools block excluding funding through the growth factor there is a £32.5m increase in funding (5.29%).

There will be a separate pay grant for teachers' pay made to cover pay increases in 2023 to 2024 and 2024 to 2025.

3. Changes to the National Funding Formula (NFF) for 2024-25

The key changes to the schools NFF in 2024 to 2025 include the 2023 to 2024 mainstream schools additional grant (MSAG) which has been rolled into the schools NFF. In addition, a formulaic approach has been introduced for allocating split site funding in the NFF in 2024 to 2025. Other changes require local authorities being required to follow the new local formula requirements for growth funding and new requirements for falling rolls funding for local authorities with a falling rolls fund. Nottinghamshire does not have a falling rolls fund.

NFF factors have increased as follows:

- 1.4% to 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
- 1.4% to the minimum per pupil levels (MPPL)
- 0.5% to the funding floor
- 1.6% to the free school meals (FSM) factor
- 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formularised

4. Key features of the local authority formulae arrangements in 2024 to 2025

The Operational Guidance has been issued for LAs to start to plan the local implementation of the funding system for 2024-25. Local authorities have the freedom to set the MFG in their local formulae between +0.0% and +0.5% per pupil. Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.

There are 15 allowable funding factors in 2024 to 2025. A key change is that split sites is now a compulsory factor.

Compulsory

- Basic entitlement
- FSM
- FSM6
- IDACI
- Minimum level of per-pupil funding for primary and secondary schools
- Prior attainment
- EAL
- Pupil mobility
- Sparsity
- Lump sum
- London fringe – compulsory for the eligible authorities
- Split sites

Optional

- Rates
- Private finance initiative (PFI) contracts
- Exceptional circumstances (with ESFA agreement)

There is the same requirement as 2023-24 that local authorities move their local formula factor values at least 10% closer to the NFF, except where local formulae are already mirroring the NFF. These criteria do not apply to locally determined factors, for example premises factors. Nottinghamshire currently mirrors the NFF, therefore the criteria of moving 10% closer to the NFF does not apply to us.

For local authorities where an area cost adjustment (ACA) is applied, the comparison is made between the local factor values and the NFF factor values with the area cost adjustments applied.

Table 1 in **Appendix A** illustrates the NFF for Nottinghamshire and the maximum and minimum values for the factors acceptable in 2024-25.

5. Implications for the Local Funding Formula (LFF)

The LA will continue to mirror the NFF within the acceptable range of factor values in **Appendix A-Table 1**.

Initial financial modelling for 2024-25, based largely on 2023-24 data, has been completed and there are 5 models. The models illustrated take account of the Minimum per Pupil increase for Minster School (see Section 6). The illustrative allocations are, however, still based on October 2022 census data, final allocations will be based on affordability once the actual funding settlement is received in December 2023 using October 2023 census and changes to pupil characteristics.

Model 1 assumes that there is no shortfall in funding, with a 0.5% Minimum Funding Guarantee. This is the model we would action should there be sufficient funding.

Models 2 and 3 illustrate a shortfall of £2m with 0.5% MFG. Model 2 also varies pupil factors and model 3 also varies both pupil factors and lump sum.

Models 4 and 5 illustrate a shortfall of £2m with 0.0% MFG. In addition, model 4 varies pupil factors and model 5 varies both pupil factors and lump sum.

Please refer to the detailed modelling spreadsheet for further information on how this impacts individual schools.

Model	Description	Impact
1	With an affordable allocation no shortfall in funding Funding for 24-25 based on October 22 NOR as above Factors as National Funding Formula 0.5% Minimum Funding Guarantee	Subject to sufficient funding - what we are aiming for. However, significant increases in factors, particularly FSM and mobility, funding is lagged increases are not taken into account in the funding calculation but we are expected to pay it out. Consultation if we do not have sufficient funds which model would you choose 2,3,4 or 5
2	With a shortfall of £2,000,000 in the formula Pupil Factors reduced by 0.4119% against the National Funding Formula 0.5% Minimum Funding Guarantee	Spreads the un-affordability across 273 schools (out of 329). Schools who are not impacted as those in receipt of MFG & MPP (except where protection is less than £2K)
3	With a shortfall of £2,000,000 in the formula	Spreads the un-affordability across 273 schools (out of 329). Schools who are not

	Pupil Factors & Lump Sum reduced by 0.3830% against the National Funding Formula 0.5% Minimum Funding Guarantee	impacted as those in receipt of MFG & MPP (except were protection is less than £2K)
4	With a shortfall of £2,000,000 in the formula Pupil Factors reduced by 0.3960% against the National Funding Formula 0% Minimum Funding Guarantee	Spreads the un-affordability across 284 schools (out of 329). Schools who are not impacted as those in receipt of MPP (except were protection is less than £2K)
5	With a shortfall of £2,000,000 in the formula Pupil Factors & Lump Sum reduced by 0.3683% against the National Funding Formula 0% Minimum Funding Guarantee	Spreads the un-affordability across 283 schools (out of 329). Schools who are not impacted as those in receipt of MPP (except were protection is less than £2K)

6. Minster MPP disapplication request 2024-25

This is a repeated disapplication request for funding following approved requests in 2020-21, 2021-22, 2022-23, and 2023-24. The current NFF Minimum Per Pupil (MPP) methodology disadvantages the Minster School due to the school not having a standard number of year groups and a disproportionate number of primary and secondary pupils. Currently, the Minimum Per Pupil (MPP) methodology which does not allow for schools with non-standard year groups. This is a well-known anomaly and it is often mentioned as an example for a disapplication in the annual guidance.

The forum are advised that no change has been made to the NFF MPP methodology. Therefore, the amendment will be required for the school's 2024-25 funding and a disapplication request will need to be made again. School Forum approval of the disapplication is required. The disapplication will be submitted to the ESFA for their approval.

7. Consultation Proposals – Schools Block

The aim of the consultation is to mirror the National Funding Formula based on the indicative 2024-25 funding allocation for Nottinghamshire, with factor values within the acceptable range in **Appendix A-Table 1**. The local authority is required to consult on any changes to the LFF.

Question 1

If there is an unaffordable formula, please select one of the four models (Model 2-5)? Model 1 is not included as this assumes sufficient funding.

<i>Model</i>	<i>Preference</i>
2	
3	
4	
5	

Question 2

Please provide any additional comments?

De-delegation

The DfE requires any funding that was subject to de-delegation in 2023-24 to be re-approved by Schools Forum if the de-delegation is to continue in 2024-25.

Question 3 (to be answered by maintained schools only)

Note: These values are TBC and values will be updated in the consultation

Do you agree to the de-delegation of the following in 2024-25?

- *Free school meals eligibility assessment?*
- *Support to underperforming ethnic minority groups and bilingual learners?*
- *Contingency for crisis communications?*
- *Trade Union Facilities?*
- *School Improvement?*

	Primary per pupil de-delegation	Secondary per pupil de-delegation
Free school meal eligibility assessment	£TBC	£TBC
Support to underperforming ethnic minority groups and bilingual learners	£TBC	£TBC
Contingency for crisis communications	£TBC	£TBC
Trade Union Facilities	£TBC	£TBC
School Improvement	£TBC	£TBC

8. Consultation timetable

- 9th November Schools Forum meeting – decide content of consultation.
- 16th November consultation period opens
- 30th November consultation period ends
- Early December – circulation of consultation responses and proposed 2024-25 local funding formula.
- 6th December Schools Forum meeting – recommendation of local funding formula.
- Mid December 2024-25 final Schools Block funding allocation announced
- 22nd January 2023 APT submission to ESFA
- Mid-January – political ratification of local funding formula.
- February 2023 – update to the Schools Forum on final 2023-24 local funding formula
- 29th February 2023- deadline for confirmation of schools' budget shares to mainstream maintained schools

9. Recommendation

That the Schools Forum:

- Offers its views on the options for addressing an affordability gap
- Agrees with the LA submitting a disapplication request for Minster School MPP calculation
- Consider and agree the proposed timetable for the schools funding consultation.
- As representatives of the EY & School forum actively encourage colleagues in the sector / other schools to engage in the consultation

For any enquiries about this report please contact:

Naomi Clark
Senior Finance Business Partner - Children & Families
Chief Executive's Department
T: 0115 977 4088
E: naomi.clark@nottscc.gov.uk

Appendix A- Table 1

	National Funding Formula including area cost adjustment (ACA) 2024-25			2024 to 2025 authority proforma tool (APT) minimum 2024-25		2024 to 2025 authority proforma tool APT maximum 2024-25	
	Primary	Secondary	Secondary KS3 Only	Primary	Secondary	Primary	Secondary
	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £
Minimum Per Pupil	4,655.00	5,854.00	6,389.00				
Basic Entitlement - per pupil							
Primary	3,607.32			3,517.14		3,697.51	
KS3		5,086.56			4,959.39		5,213.72
KS4		5,733.41			5,590.07		5,876.74
Deprivation - per eligible pupil							
FSM Current	491.41	491.41		479.12	479.12	503.69	503.69
FSM6	832.38	1,213.47		811.57	1,183.14	853.19	1,243.81
IDACI Band A	686.97	928.91		669.79	928.91	704.14	976.54
IDACI Band B	521.49	733.35		508.46	733.35	534.53	770.96
IDACI Band C	491.41	679.57		479.12	679.57	503.69	714.42
IDACI Band D	451.29	520.90		440.01	620.90	462.57	652.74
IDACI Band E	285.82	444.90		278.67	444.90	292.96	467.71
IDACI Band F	235.67	337.34		229.78	337.34	241.57	354.64
Low Prior Attainment - per eligible pupil	1,188.40	1,795.14		1,158.69	1,750.26	1,218.11	1,840.02
English as an Additional Language - per eligible pupil	596.71	1,609.61		581.79	1,569.37	611.63	1,649.85
Lump Sum - per school	136,089.46	136,089.46		132,687.22	132,687.22	139,491.70	139,491.70
Sparsity - per eligible school	57,865.60	84,140.79		56,418.96	82,037.27	59,312.24	86,244.31
Pupil Mobility - per eligible pupil	972.78	1,399.00		948.46	1,364.03	997.10	1,433.98
Split sites basic eligibility funding	54,455.84	54,455.84		53,094.44	53,094.44	55,817.24	55,817.24
Split sites distance funding	27,177.78	27,177.78		26,498.33	26,498.33	27,857.22	27,857.22
Minimum Funding Guarantee	0.0% -0.50%						