

Schools Forum
Wednesday, 13 September 2023 at 8.00 am

Venue – Remote Meeting

<https://bradford.public-i.tv/core/portal/home>

PLEASE NOTE

All meetings will be held in public; the agenda, decision list and minutes will be publicly available on the Council's website and Committee Secretariat, Room 112, City Hall, Bradford.

The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Forum Clerk Asad Shah who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions should be aware that they may be filmed or sound recorded

1. APOLOGIES FOR ABSENCE

The Director of Governance (Monitoring Officer) will report the names of alternate Members who are attending the meeting in place of appointed Members.

2. DISCLOSURES OF INTEREST

To receive disclosures of interests from Members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it only becomes apparent to the member during the meeting.

3. MINUTES OF 12 JULY 2023 AND MATTERS ARISING

1 - 14

That the minutes of the meeting held on 12 July 2023 be signed as a correct record.

4. MATTERS RAISED BY SCHOOLS

Members will be asked to consider any issues raised by schools.

5. STANDING ITEM - DSG GROWTH FUND ALLOCATIONS (a)

There are no allocations for consideration at this meeting.

6. ALLOCATION OF THE EARLY YEARS SUPPLEMENTARY GRANT 2023/24 (i) 15 - 18

The Business Advisor (Schools) will present a report, **Document QE**, which briefs the Schools Forum on the allocation of the Early Years Supplementary Grant (EYSG) in 2023/24.

Recommended –

The Schools Forum is asked to consider and to note the information presented.

(Andrew Redding – 01274 432678)

7. DFE CONSULTATION ON EARLY YEARS BLOCK FUNDING 2024/25 (i) 19 - 26

The Business Advisor (Schools) will present a report, **Document QF**, which briefs the Schools Forum on the DfE's consultation on the Early Years Block for 2024/25 and on the implications of the DfE's proposals for the funding of providers delivering the early years entitlements, as well as for our Early Years Block management. The report provides the Local Authority's response to this consultation, which has been submitted. The deadline for responses was 8 September.

The Early Years Working Group will continue to meet to consider more closely the DfE's proposals, as well as to consider our early years entitlement funding arrangements for 2024/25 in response to these. Interested Forum members are invited to attend this Group.

Members are asked to note that our consultation with providers on our early years entitlement funding arrangements for 2024/25 will not begin immediately following the Forum's October meeting, as is planned for our Schools Block and High Needs Block consultations (please see agenda item 8 below) and depends on the timing of the DfE's announcement of the outcomes of the consultation and the publication of the 2024/25 Early Years Block operational guidance.

Recommended -

(1) The Schools Forum is asked to consider and to note the information presented.

(2) Members are invited to attend the Early Years Working Group.

(Andrew Redding – 01274 432678)

8. 2024/25 DSG & FORMULA FUNDING SUMMER ANNOUNCEMENTS - BRIEFING (i) 27 - 88

The Business Advisor (Schools) will present **Document QG**, which provides a briefing on the 2024/25 Dedicated Schools Grant settlement and formula funding arrangements, following the DfE's announcements made on 17 July 2023. This report provides important background for the development of our formula funding arrangements for 2024/25.

Recommended –

The Schools Forum is asked to note the information presented and to begin to consider the implications for the 2024/25 DSG budget planning round and formula funding arrangements.

(Andrew Redding – 01274 432678)

9. OUTLINE - FORMULA FUNDING ARRANGEMENTS & CONSULTATIONS 2024/25 (i) 89 - 96

The Business Advisor (Schools) will present a report, **Document QH**, which outlines the working principles that are being considered in the development of Bradford's formula funding arrangements for 2024/25 for the Schools and High Needs Blocks.

The Authority anticipates presenting consultation reports, for Schools Block and High Needs Block formula funding arrangements, to the Schools Forum at the next meeting, with these consultations being published immediately after. Responses to consultations are expected to be considered by the Forum at its December meeting. The Schools Forum will then be required to make its final recommendations on 2024/25 DSG and formula funding arrangements at its January 2024 meeting.

In support of these processes:

Forum Members are invited to (remotely) attend a 'Formula Funding Working Group' session, on Wednesday 27 September (8am) or Thursday 28 September (8am) or Tuesday 3 October (8am). As in previous years, these sessions will enable Forum Members to consider in more detail the impact of national formula funding decisions and to explore and guide the proposals for 2024/25 for Bradford's Schools and High Needs Block formula funding arrangements that are anticipated will be set out for consultation in October.

The Authority will contact the District Achievement Partnership to arrange to discuss directly the proposals for the continuation of the EHCP Banded Model (the special school funding formula) for 2024/25.

Recommended –

- (1) The Schools Forum is asked to consider and to comment on the working principles.**
- (2) Members are invited to attend a ‘Formula Funding Working Group’ session.**
- (3) Members are asked for feedback on how best to communicate as early as possible this term with schools, academies and other providers about arrangements for 2024/25 (in advance of more formal consultation beginning in October).**

(Andrew Redding – 01274 432678)

10. HIGH NEEDS BLOCK - FORECAST AND MITIGATION PLAN DEVELOPMENT (i)

The Business Advisor (Schools) will provide an update verbally on the current forecast for the High Needs Block and on the development of a strategic mitigation plan. In the May 2023 meeting, the Schools Forum resolved that a working subgroup of Forum members be convened at the point the Authority has developed a draft (or outline) of a strategic mitigation plan. The Authority indicated that work would begin over the summer, in the light of most recent growth data and following confirmation of the 2024/25 DSG High Needs Block settlement, and that we would expect to look to convene a subgroup from the beginning of the autumn term.

Forum members are asked to express their interest (or to confirm where they have previously expressed their interest) in sitting on the working sub-group.

Recommended –

- (1) The Schools Forum is asked to consider and to note the information presented.**
- (2) Members are invited to express their interest in sitting on the working sub-group.**

(Andrew Redding – 01274 432678)

11. WORK PROGRAMME AND SCHEDULE OF MEETINGS 2023/24 ACADEMIC YEAR (i)

97 - 100

The Business Advisor (Schools) will present a report, **Document QI**, which outlines the School Forum's 2023/24 Academic Year work programme.

Recommended –

The Forum is asked to note the proposed programme and to consider whether any additional items should be added.

(Andrew Redding – 01274 432678)

12. SCHOOLS FORUM STANDING ITEMS (i)

Updates on the following Forum standing items will be provided verbally where these have not been covered within other agenda items:

- Schools Forum membership
- Update from the High Needs Block Steering Group
- Update from the Schools Financial Performance Group (SFPG)
- Update on School / Academy Budgets
- Update from the Early Years Working Group (EYWG)
- Update from the Formula Funding Working Group (FFWG)
- Update on Primary School Places
- Update on Academies & Free Schools

The Forum is asked to note the information provided.

(Andrew Redding – 01274 432678)

13. AOB / FUTURE AGENDA ITEMS

Members will be asked for any additional items of business, for consideration at a future meeting.

14. DATE OF NEXT MEETING

Please see the published schedule of meetings – the next Forum meeting is scheduled for **Wednesday 11 October 2023 (City Hall)**.

Please note that the planned dates of meetings for the 2023/24 academic year are as follows:

- Wednesday 13 September 2023, 8am (Remote)
- Wednesday 11 October 2023, 8am (City Hall)
- Wednesday 6 December 2023, 8am (Remote)
- Wednesday 10 January 2024, 8am (City Hall)
- Wednesday 17 January 2024, 8am Provisional Meeting (City Hall)

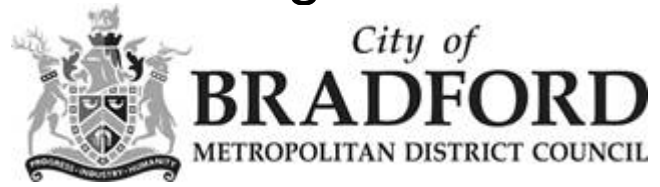
- Wednesday 6 March 2024, 8am (Remote)
 - Wednesday 22 May 2024, 8am (Remote)
 - Wednesday 10 July 2024, 8am (Remote)
- (a) **Denotes an item for action (including where a formal view or recommendation is required).**
- (i) **Denotes an item for information.**

Signposting of High Needs Information

As per the schedule presented on 14 October 2020, “Forum members are expected to access ‘outside of the Forum meetings’ wider SEND information that is presented to other groups and that is already published, including information presented to the SEND Partnership. The Authority will signpost this information (webpage links) for Forum members at the bottom of agendas.”

SEND Partnership Board (minutes of meetings):

<https://localoffer.bradford.gov.uk/coproduction--feedback/send-strategic-partnership-board->



Note: These minutes are subject to approval as a correct record at the next meeting of the Schools Forum on 13 September 2023

Schools Forum meeting held remotely on Wednesday 12 July 2023

To view the archived recording of this meeting, please see here:
<https://bradford.public-i.tv/core/portal/home>

Commenced 08:00
Concluded 09:05

RECORD OF MEETING ATTENDEES, APOLOGIES AND ABSENCES

Schools & Academies Members

IN ATTENDANCE

Member	Membership Group
Ian Morrel (Chair)	Maintained Secondary Schools – Headteacher
Ashley Reed (Vice Chair)	Academies Member
Wahid Zaman	Academies Member
Helen Williams	Academies Member
Brent Fitzpatrick OBE	Academies Member
Victoria Birch	Academies Member
Sarah Murray	Academies Member
Michael Thorp	Academies Member
Richard Bottomley	Academies Member – Alternative Provision Academies
Bev George	Maintained Nursery Schools – Governor
Sian Hudson	Maintained Nursery Schools - Headteacher
Emma Hamer	Maintained Primary Schools – Governor

APOLOGIES RECEIVED

Member	Membership Group
Amanda Sloney	Academies Member
Heather Lacey	Academies Member
Michelle Farr	Academies Member – Special School Academies
Graham Swinbourne	Maintained Primary Schools - Headteacher
Kathryn Swales	Maintained Primary Schools - Headteacher
Lyndsey Brown	Maintained Special Schools - Headteacher

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group
Andrew Morley	Academies Member
Mathew Atkinson	Academies Member
Melanie Saville	Academies Member
Nicky Kilvington	Maintained Primary Schools - Headteacher

Jonathan Nixon	Maintained Primary Schools - Headteacher
Kirsty Ratcliffe	Pupil Referral Unit (maintained)

Non-Schools Members

IN ATTENDANCE

Member	Membership Group
David Johnston	Officer Representing Vulnerable Children

APOLOGIES RECEIVED

Member	Membership Group
Tom Bright	Teaching Unions

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group
Junaid Karim	Council for Mosques (Bradford)

Substitute Members present at the meeting as a Member (not as an Observer)

Substitute Member	Membership Group

Substitute Members present at the meeting as an Observer (not as a Member)

Substitute Member	Membership Group
Alison Kay	Academies Member
Katherine Somers	Academies Member

Local Authority Officers present at the meeting

Officer	Position
Asad Shah	Committee Secretariat
Niall Devlin	Assistant Director, SEND and Inclusion
Marium Haque	Strategic Director
Jonty Holden	Principal Finance Officer (Schools)
Emma Hamer	Strategic Manager, Intelligence and Sufficiency
Andrew Redding	Business Advisor (Schools)

40% of the School Forum's membership (filled membership positions) must be present for a meeting to be quorate. This meeting was quorate, with 48% of members present (13 out of 27 currently filled membership positions).

692. DISCLOSURES OF INTEREST

Emma Hamer declared an interest in all agenda items.

693. MINUTES OF 17 MAY 2023 & MATTERS ARISING

In introducing the meeting, the Chair:

- Thanked all members for their work and involvement in the Forum's business over the 2022/23 academic year.
- Thanked Nicky Kilvington, Heather Lacey, Mathew Atkinson and David Johnston, who are retiring from the Forum at the end of this academic year.
- Thanked Emma Hamer, who, following this meeting, will no longer be the maintained primary governor representative, following the conversion of her school to academy status. Emma will continue to support the Forum as a senior officer.
- Thanked Jonathan Nixon and noted that his current membership (a maintained primary school representative) has expired as a result of the conversion of his school to academy status. Jonathan has expressed his wish to continue on the Forum as an academies member and this will be decided through the membership refresh process, which is currently on-going.
- Thanked Jonty Holden for his support of the Schools Forum (as Jonty moves to another non-schools finance role within Bradford Council).

The Business Advisor (Schools) then reported on progress made on "Action" items from the 17 May meeting. He reported that:

- **Item 684 (Schools Forum Membership):** An update is provided under agenda item 6. Ian Morrel is confirmed as Chair, and Ashley Reed as Vice Chair, for the 2023/24 academic year. There were no other nominations received for these positions and so an election was not required.
- **Item 685 (Early Years Block and Early Years Entitlements):** This will be picked up under agenda item 8. We published the link to the sufficiency documents within the minutes of the meeting.
- **Item 688 (High Needs Block financial forecast and mitigation):** At the last meeting the Forum resolved that a working subgroup of Forum members be convened at the point the Authority has developed a draft (or outline) of a strategic mitigation plan. As we outlined on 17 May, work will take place over the summer, in the light of most recent growth data and following confirmation of the 2024/25 DSG High Needs Block settlement. We expect to look to convene a subgroup from the beginning of the autumn term and will discuss this further with the Forum from the 13 September meeting.
- **AOB – Children's Trust presentation:** Members have accepted David Johnston's invitation to present to the Forum the work of the new Children's Trust. This will be scheduled for the autumn term.

Resolved –

- (1) That progress made on "Action" items and Matters Arising be noted.
- (2) That the minutes of the meeting held on 17 May 2023 be signed as a correct record.

694. MATTERS RAISED BY SCHOOLS

No matters were raised and no resolutions were passed on this item.

695. STANDING ITEM - DSG GROWTH FUND ALLOCATIONS

No allocations were presented and no resolutions were passed on this item.

696. SCHOOLS FORUM MEMBERSHIP - UPDATE

The Business Advisor (Schools) presented Document QA, which provided an update on the Forum's membership, continuing from the report (Document PV) that was presented on 17 May 2023. He explained that this is a holding report, with work continuing behind the scenes to refresh the Forum's membership from September. He added to the report to confirm that Bev George has now been elected to continue in the role of maintained nursery school governor representative. The Chair thanked the Business Advisor for the report and responded to emphasise the importance of having effective membership in place for the important 2024/25 decision making cycle.

Members made no other comments and did not ask any questions.

Resolved – That the information provided in Document QA be noted.

697. DEDICATED SCHOOLS GRANT OUTTURN (BALANCES) 2022/23

The Business Advisor (Schools) presented Document QB, which provided the initial confirmation of carry forward balances held within the Dedicated Schools Grant account at the close of the 2022/23 financial year. The Chair responded to thank the Business Advisor for the effective monitoring and forecasting of DSG spending. He reminded members of how we forecast that DSG and formula funding decision making is expected to become more challenging and that surplus balances currently held will be needed to support our responses. Referring to the surplus balance held within the High Needs Block, the Chair reported that the Business Advisor has pulled together some benchmarking statistics on growth of SEND and EHCPs, which will be very useful for the Forum to consider as part of the agreed High Needs Block deficit mitigation sub-group work to begin in the autumn.

Members made no other comments and did not ask any questions.

Resolved – That the information presented in Document QB be noted.

698. EARLY YEARS BLOCK FUNDING & ENTITLEMENT EXTENSION - UPDATE

The Business Advisor (Schools) presented Document QC, which provided an update on the report that was presented to the last meeting (Document PW) on the extension of the early years entitlements and on the allocation of additional Early Years Block monies for the delivery of the current entitlements from September 2023.

The Business Advisor added to the report to advise that the DfE announced on 7 July the rates of funding that local authorities will receive from September via the Early Years Supplementary Grant. He reported as follows:

- 2-year-old entitlement: an additional £1.79 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £5.63 to £7.42 per hour for the period September 2023 to March 2024). This is a 31.8% increase on our original rate of £5.63. The national median increase is 32.5% (£1.88), so our allocation of additional grant is below the national median.
- 3&4-year-old entitlement: an additional £0.27 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £5.05 to £5.32 per hour for the period September 2023 to March 2024). This is a 5.4% increase on our original rate of £5.05. The national median increase is 6.6% (£0.33), so our allocation of additional grant is below the national median.
- Maintained Nursery School Supplement: an additional £0.21 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £3.80 to £4.01 per hour for the period September 2023 to March 2024; an increase of 5.5%).
- Early Years Pupil Premium: the hourly rate for all local authorities is increased by £0.04 per hour for the period September 2023 to March 2024.
- Disability Access Fund: the annual rate per child is increased by £53 for all local authorities for the period September 2023 to March 2024.

The Business Advisor also explained that, whilst the conditions of grant will not be published until September, the DfE has stated clearly that it expects the Early Years Supplementary Grant (EYSG) to be full passed out to providers and that authorities should act 'promptly' to engage with, and to inform, early years providers about their uplifted rates of funding for the autumn and spring terms. To this end, the DfE has stated that authorities are not required to consult with their Schools Forums. On this basis, although the report presented to the Forum today says that a proposed approach to the allocation of our funding will be presented to the Forum on 13 September for recommendation, this report was written before the 7 July announcement and it is now the case that the Authority will need to decide on the allocation of funding more quickly, having spoken with the Early Years Working Group (EYWG) on 25 July, with a report coming to the Forum on 13 September for information only (rather than for recommendation). Highlighting this, the Business Advisor asked again whether Forum members have any comments on the principles of the approach to the allocation of the additional funding that were presented on 17 May and that are also summarised in today's report e.g. the allocation of the monies via the Universal Base Rates, rather than

via supplements. Forum members did not offer any additional comments.

The Strategic Manager, Intelligence and Sufficiency, reported to the Forum that the Authority has now responded to the DfE's request for 'readiness' information and sufficiency planning, in advance of the extension of the entitlements from April 2024. The Authority has also drafted an implementation plan, which the Forum will be kept informed of as this develops. The Manager advised that 14 local authorities have now been chosen to be pathfinders for the development of wrap-around childcare, with Sheffield and Barnsley being chosen from the Yorkshire and Humberside region. The Manager offered the view that the DfE has chosen authorities that currently have low take up of provision.

The Chair thanked the Strategic Manager for her update. Members did not ask any questions and did not have any further comments.

Resolved – That the information presented in Document QC be noted.

699. FORMULA FUNDING DEVELOPMENT 2024/25

The Principal Finance Officer (Schools) and the Business Advisor (Schools) presented Document QD, which provided an overview of local formula funding review priorities for the 2024/25 financial year. In thanking the officers for their presentation, the Chair commented that there are clear challenges ahead for the 2024/25 cycle and beyond.

Members made no other comments and did not ask any questions.

Resolved - That the information presented in Document QD be noted.

700. SCHOOLS FORUM STANDING ITEMS

No matters were raised and no resolutions were passed on this item.

701. AOB / FUTURE AGENDA ITEMS

No matters were raised and no resolutions were passed on this item.

702. DATE OF NEXT MEETING

The next scheduled is Wednesday 13 September. This meeting will be held remotely.

For planning purposes, the provisional schedule for Schools Forum meetings for the 2023/24 academic year has now been set, as follows:

- Wednesday 13 September 2023, 8am
- Wednesday 11 October 2023, 8am
- Wednesday 6 December 2023, 8am
- Wednesday 10 January 2024, 8am
- Wednesday 17 January 2024, 8am PROVISIONAL MEETING
- Wednesday 6 March 2024, 8am
- Wednesday 22 May 2024, 8am
- Wednesday 10 July 2024, 8am

Note: These minutes are subject to approval as a correct record at the next meeting of the Forum.

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

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Schools Forum MATTERS ARISING DOCUMENT 13 September 2023

Final Confirmation of DSG Balances held 31 March 2023 (at the end of the 2022/23 Financial Year)

This final confirmed DSG balances statement is updated from Document QB Appendix 1, presented on 12 July 2023, and is now inclusive of the final Early Years Block adjustment for 2022/23, which was confirmed by the DfE on 20 July 2023. Following this confirmation, the Early Years Block surplus balance held at 31 March 2023 is £163,817 greater than the initial figure that was presented in Document QB Appendix 1. All other figures for the other blocks are unchanged.

	Schools Block	High Needs Block	Early Years Block	Central Schools Services Block	Total DSG Balances
Forecast (presented 11 January 2023)	£5.343m	£25.830m	£4.211m	£0.281m	£35.665m
Final Confirmation Presented 13 Sept 2023	£5.391m	£26.594m	£4.639m	£0.232m	£36.856m
Difference £	+ £0.048m	+ £0.764m	+ £0.428m	- £0.049m	+ £1.191m
Difference as a % of Current DSG Block Value	0.01%	0.7%	0.9%	1.4%	0.01%
Value committed within 2023/24 Planned Budget	£1.787m	£4.200m	£0.957m	£0.054m	£6.998m

Within the Schools Block balance of £5.391m are the following confirmed 'ring-fenced' balances:

- Growth Fund £1.320m (as forecast)
- Falling Rolls Fund £0.500m (as forecast)
- De-Delegated Funds £0.870m (+ £0.073m on forecast)

Within the Early Years Block balance of £4.639m are the following confirmed 'ring-fenced' balances:

- De-Delegated Funds £0.072m (as forecast)
- Disability Access Fund £0.720m (- £0.021m on forecast)

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Bradford Schools Forum Composition and Membership at September 2023

Ref	Name of Member	Schools or Non-Schools Member	Membership Group	Location / School / Org	Term of Office End Date	Named Substitutes
1	Sian Hudson	Schools & Academies Member	Maintained Nursery Schools - Headteacher	Executive Headteacher St Edmund's Nursery School & Lilycroft Nursery School	Jul-24	
2	Bev George	Schools & Academies Member	Maintained Nursery Schools - Governor	Governor, Hirst Wood Nursery School	Jul-25	
3	Kirsty Ratcliffe	Schools & Academies Member	Pupil Referral Unit (maintained)	Headteacher, Park Aspire	n/a	
4	Currently Vacant	Schools & Academies Member	Maintained Primary Schools - Headteacher	Currently Vacant		
5	Currently Vacant	Schools & Academies Member	Maintained Primary Schools - Headteacher	Currently Vacant		
6	Graham Swinbourne	Schools & Academies Member	Maintained Primary Schools - Headteacher	Headteacher Stanbury Primary School	Jul-24	
7	Kathryn Swales	Schools & Academies Member	Maintained Primary Schools - Headteacher	Headteacher, Girlington Primary School	Jul-25	
8	Currently Vacant	Schools & Academies Member	Maintained Primary Schools - Governor	Currently Vacant		
9	Ian Morrel	Schools & Academies Member	Maintained Secondary Schools - Headteacher	Headteacher Titus Salt School	Jul-24	
10	Helen Willett	Schools & Academies Member	Maintained Special Schools - Headteacher	Chellow Heights Special School	Jul-25	
11	Richard Bottomley	Schools & Academies Member	Academies - AP Academy	Principal, Bradford Alternative Provision Academy	n/a	
12	Lyndsey Brown	Schools & Academies Member	Academies - Academy Special School	Oastler Special School	Jul-25	
13	Amanda Slaney	Schools & Academies Member	Academies	Dixons Academies Trust	Jul-24	
14	Melanie Saville	Schools & Academies Member	Academies	Bradford Academy	Jul-24	
15	Helen Williams	Schools & Academies Member	Academies	Moorlands Learning Trust	Jul-24	Alison Kaye, Moorlands Learning Trust
16	Wahid Zaman	Schools & Academies Member	Academies	Nurture Academies Trust	Jul-24	
17	Sarah Murray	Schools & Academies Member	Academies	Exceed Academies Trust	Jul-24	
18	Brent Fitzpatrick OBE	Schools & Academies Member	Academies	Exceed Academies Trust	Jul-24	
19	Ashley Reed	Schools & Academies Member	Academies	Bradford Diocesan Academies Trust	Jul-24	
20	Michael Thorp	Schools & Academies Member	Academies	Pennine Academies Yorkshire	Jul-25	
21	Victoria Birch	Schools & Academies Member	Academies	Beckfoot Trust	Jul-25	
22	Jon Skurr	Schools & Academies Member	Academies	Carlton Academy Trust	Jul-25	
23	Isabel Peat	Schools & Academies Member	Academies	Northern Star Academies Trust	Jul-25	
24	Rowena Dixon	Schools & Academies Member	Academies	The Priestley Academy Trust	Jul-25	
25	Matthew Hill	Schools & Academies Member	Academies	Bradford Diocesan Academies Trust	Jul-25	
26	Jonathan Nixon	Schools & Academies Member	Academies	Exceed Academies Trust	Jul-25	
27	Currently Vacant	Schools & Academies Member	Academies	Currently Vacant		
28	Currently Vacant	Non-Schools Member	Private, Voluntary & Independent Early Years	Currently Vacant		
29	Currently Vacant	Non-Schools Member	16-19 Providers	Currently Vacant		
30	Tom Bright	Non-Schools Member	Trades Unions	Trades Unions - Teaching	n/a	
31	Unison (nominee)	Non-Schools Member	Trades Unions	Trades Unions - Non Teaching	n/a	
32	Ruth Terry	Non-Schools Member	Officer for Vulnerable Children	Ruth Terry	n/a	
33	Not Taken	Non-Schools Member	Roman Catholic Diocese (Bradford)	Not Taken	n/a	
34	Not Taken	Non-Schools Member	Church of England Diocese (Bradford)	Not Taken	n/a	
35	Junaid Karim	Non-Schools Member	Council for Mosques (Bradford)	Council for Mosques (Bradford)	n/a	

Summary of Membership Composition

Total no. of Memberships	35
Total no. of Schools & Academies Memberships	27
Within this - no. of maintained school Memberships	10
Within this - no. of academies Memberships	17
Total no. of Non-Schools Memberships	8
% of Schools Members to Non-Schools Members	77%
Total no. of Governor Memberships (maintained)	2

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Matters Arising – Pay Awards (School Budgeting)

The purpose of this brief report is to ensure that Forum members are aware of the teachers' pay award information that became available at the end of the summer term. The pay awards, as announced / offered, for both teachers and for support staff, will have budget implications for schools, academies and for other providers, as well as for the Dedicated Schools Grant. These implications are important to consider as we work through the 2024/25 Dedicated Schools Grant and formula funding setting cycle, between now and January.

Regarding school budgeting, we strongly recommend that all schools and academies present to their governing boards, as soon as possible, an updated 3-year budget forecast, which includes the new costs of the pay awards. Given the timing of budget setting for 2023/24, it is very likely that schools and academies will need to revisit their spending plans for their respective 2023/24 financial years. Maintained schools should do this within their quarter 2 budget monitoring, which will take place in October. Schools and academies will also need to revisit their spending plans for 2024/25 and 2025/26, and this should be looked at as soon as possible. We strongly recommend that maintained schools do this alongside their quarter 2 budget monitoring.

Teachers' Pay Award September 2023

The DfE published on 13 July [a statement](#) on the September 2023 Teachers' Pay Award. The DfE also published [the STRB Recommendations Report](#), and details of [a new additional Teacher Pay Grant for 2023/24](#), which accompanies the pay award. These together announced the proposals:

- For a 1 year pay award i.e. the announcements do not set pay awards after September 2023.
- A 6.5% pay award at September 2023 across all scale points and allowances, with the exception of Main Pay Scale 1 (MPS 1).
- That the final step to the minimum MPS 1 salary of £30,000 is taken at September 2023. This means that the MPS1 scale point value increases by 7.1%.
- That a new Teacher Pay Grant is established to support a proportion of the cost of this award. The Grant is intended to support the additional 3.0% cost, with the first 3.5% being met from already delegated formula funding. The new Teacher Pay Grant will remain in place for the 2024/25 financial year, after which the intention, for mainstream primary and secondary schools and academies, is to roll this grant into the National Funding Formula.
- Special schools, special school academies, PRUs and AP academies will also receive Teacher Pay Grant in 2023/24 and 2024/25, but via the Local Authority rather than having been calculated by the DfE and passed through.
- Further details on the grant in respect of early years and post 16 are still to be provided. The DfE also has still to provide details regarding access to a £40m 'exceptional circumstances' pot.

We advised our maintained schools to budget in 2023/24 for an overall 3.5% pay award at September 2023 (3.0% on scale points and allowances but with the movement to the MPS 1 £30,000 also included). Therefore, schools should already be budgeting to meet the expectation that the first 3.5% of the 6.5% award is met from already delegated funding. As such, this pay award, when combined with the new Teacher Pay Grant, generally should not produce significant bottom line budget changes.

Support Staff / Officers' Pay Award April 2023

On 23 February 2023, the National Employers [announced their pay offer](#) for support staff / officers (the NJC pay scales award) for April 2023. The Employers' offer is similar to the final pay award that was agreed for April 2022: £1,925 on all scale points (up to scale point 43 of the NJC scale), with a 3.88% uplift on all points above the NJC scale (point 43). This equates to a range of uplifts, between 9.42% at the bottom of the scale up to 3.88% at the top of (and above) the scale. This offer was rejected by the national unions. We do not yet have any further information on the position of the award or next steps. This will be a matter that requires continued monitoring and assessment.

We advised our maintained schools to budget in 2023/24 on the basis of the National Employer's offer. Should the final agreed award be higher than this offer, this will have bottom line budget consequences for schools. There will be no further funding for the cost of the NJC pay award; this award is not specifically funded within the DSG national settlement in the way that the teachers' pay award is.

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SCHOOLS FORUM AGENDA ITEM

For Action

For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report briefs the Schools Forum on the allocation of the Early Years Supplementary Grant (EYSG) in 2023/24.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2023/24 Early Years Block and Early Years Single Funding Formula on 11 January 2023. An update was presented on 8 March (Document PT). A report on the March Budget early years entitlement funding announcements was presented on 17 May (Document PW) and again on 12 July (Document QC).

Background

On 15 March 2023, the Chancellor announced additional entitlement funding, of £204m from September 2023 rising to £288m in 2024/25, to increase the funding that is paid to early years entitlement providers for the delivery of the existing entitlements, above the 2023/24 Early Years Block funding rates that were announced by the DfE on 16 December 2022. In the reports that we presented to the Forum in May and July we set out, depending on the conditions that the DfE establishes (which were still to be published), the principles we expected to follow:

- We absolutely wish to maximise the allocation of the additional funding directly to providers.
- The additional funding will be used to increase provider rates for the autumn 2023 and spring 2023 delivery. However, we will not retrospectively re-calculate the funding that has been allocated for the delivery of the entitlements over the summer term 2023.
- We anticipate allocating the funding across the two entitlements (the current 2-year-old and the current 3&4-year-old entitlement) in a 'ring-fenced' manner, in line with the way that the DfE has allocated the money.
- We anticipate that the funding will be allocated to providers by adjusting only the Universal Base Rates.
- We will wish to allocate a total additional value of funding that does not materially affect the overall affordability position of our Early Years Block in the 2023/24 financial year. In January 2023, we agreed with the Schools Forum a planned budget, which set aside £0.957m of brought forward balance to support the full potential cost of our 2023/24 Early Years Block arrangements
- We will need to consider the issue of more closely 'new burdens' related to the additional work, and on-going capacity that the Local Authority will require, to support the roll out and on-going delivery of extended entitlements. However, this is likely to be more appropriate for the 2024/25 DSG decision making cycle rather than more immediate decisions about the allocation of additional monies that have become available during this financial year for the delivery of the existing entitlements.

The DfE announced the rates of funding that authorities will receive via the Early Years Supplementary Grant (EYSG) on 7 July. The minutes of the 12 July Forum meeting record the following information for Bradford, which was presented verbally:

- 2-year-old entitlement: an additional £1.79 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £5.63 to £7.42 per hour for the period September 2023 to March 2024). This is a 31.8% increase on our original rate of £5.63. The national median increase is 32.5% (£1.88), so our allocation of additional grant is below the national median.
- 3&4-year-old entitlement: an additional £0.27 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £5.05 to £5.32 per hour for the period September 2023 to March 2024). This is a 5.4% increase on our original rate of £5.05. The national median increase is 6.6% (£0.33), so our allocation of additional grant is below the national median.
- Maintained Nursery School Supplement: an additional £0.21 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £3.80 to £4.01 per hour for the period September 2023 to March 2024; an increase of 5.5%).
- Early Years Pupil Premium: the hourly rate for all local authorities is increased by £0.04 per hour for the period September 2023 to March 2024.
- Disability Access Fund: the annual rate per child is increased by £53 for all local authorities for the period September 2023 to March 2024.

Background

On the 12 July, the Business Advisor also explained to the Schools Forum that “whilst the conditions of grant will not be published until September, the DfE has stated clearly that it expects the Early Years Supplementary Grant (EYSG) to be full passed out to providers and that authorities should act ‘promptly’ to engage with, and to inform, early years providers about their uplifted rates of funding for the autumn and spring terms. To this end, the DfE has stated that authorities are not required to consult with their Schools Forums. On this basis, although the report presented to the Forum today says that a proposed approach to the allocation of our funding will be presented to the Forum on 13 September for recommendation, this report was written before the 7 July announcement and it is now the case that the Authority will need to decide on the allocation of funding more quickly, having spoken with the Early Years Working Group (EYWG) on 25 July, with a report coming to the Forum on 13 September for information only (rather than for recommendation). Highlighting this, the Business Advisor asked again whether Forum members have any comments on the principles of the approach to the allocation of the additional funding that were presented on 17 May and that are also summarised in today’s report e.g. the allocation of the monies via the Universal Base Rates, rather than via supplements. Forum members did not offer any additional comments.”

Details of the Item for Consideration

The table below summarises the additional funding that Bradford will receive via the EYSG and how this compares with 2022/23 and original 2023/24 rates:

Funding Stream	2022/23 Rate	2023/24 Original Rate (Apr-Aug)	% Difference on 2022/23	2023/24 Rate for Sept – Mar inc. EYSG	% Difference on 2022/23
2 Year Olds	£5.57	£5.63	+ 1.1%	£7.42	+ 33.2%
3&4 Year Olds	£5.00	£5.05	+ 1.0%	£5.32	+ 6.4%
MNS	£3.59	£3.80	+ 5.9%	£4.01	+ 11.7%
EYPP	£0.60	£0.62	+ 3.3%	£0.66	+ 10.0%
DAF	£800	£828	+ 3.5%	£881	+ 10.1%

We estimate that we will receive c. £2.19m in EYSG. However, the total cash value of our grant allocation will be determined by our January 2024 Census numbers and will be confirmed in summer 2024.

The Authority has decided to allocate the EYSG as set out below. This was communicated to early years entitlement providers early August. The EYSFF hourly rates payable to Bradford Providers in autumn 2023 and spring 2024 are:

	April – Aug Rate	Sept – Mar Rate	Diff
2-year-old entitlement Universal Base Rate (p/hour)	£5.61	£7.40	+ £1.79
3&4-Year-Old entitlement Universal Base Rate (p/ hour)	£4.46	£4.73	+ £0.27
Early Years Pupil Premium rate (p/hour)	£0.62	£0.66	+ £0.04
Disability Access Fund rate (p/year)	£1,200	£1,230.92	+ £30.92

This means that, for the period 1 September 2023 to 31 March 2024 i.e. for the autumn and spring terms:

- The funding rate for the 2-year-old entitlement increases from £5.61 to £7.40 per hour.
- The Universal Base Rate for the funding of the 3&4-year-old entitlements (both universal and extended) increases from £4.46 to £4.73 per hour.
- All other provider funding rates within the 3&4-year-old EYSFF - Deprivation & SEND supplement, Employers Contribution to Teacher Pensions supplement and Maintained Nursery School sustainability - are unchanged. An additional separate lump sum allocation from the grant will be made to maintained nursery schools in spring to allocate the DfE's enhancement to the MNS Supplement.
- The funding rate for the Early Years Inclusion Fund (EYIF) is unchanged.
- The Early Years Pupil Premium (EYPP) funding rate increases from £0.62 to £0.66 per hour.
- The Disability Access Funding (DAF) financial year annual rate increases from £1,200 to £1,230.92. Please note that this is an increase of £30.92, which is 7/12ths of the value of the £53 full year increase stated by the DfE. Providers that have already received a financial year annual sum of £1,200 DAF in the summer term will receive an additional £30.92 in the autumn term.

This also means, to confirm, that the increases in funding rates for early years providers match the increases in grant funding that the Local Authority has received from the DfE i.e. the Local Authority is fully passing through to providers the additional funding that has been allocated by the DfE at the rates that have been funded by the DfE. Whilst the DfE has still to publish the final conditions of grant, we expect that this method of allocation will comply with these conditions.

Implications for the Dedicated Schools Grant (DSG) (if any)

Whilst the EYSG is a separate non-DSG grant, it will have direct implications for the DSG. This is because we estimate that, in passing through the EYSG to providers at the rates of funding that are published by the DfE, we will overspend our EYSG allocation by £0.30m. This is because we estimate that we will fund more hours in providers across the autumn and spring terms than the DfE will fund us for, due to our profile of early years entitlement numbers. We fund our entitlements on a termly basis, using a 12 (summer) / 14 (autumn) / 12 (spring) weeks profile. We generally understand that, other than for slight variation in the number of weeks, many local authorities do the same. This means that we fund 12 weeks in summer, compared with the DfE's Early Years Block DSG-level funding profile of 5/12ths (16 weeks), but we fund 26 weeks in autumn and spring, compared with the DfE's Early Years Block DSG-level funding profile of 7/12ths (22 weeks). Following this profile, we will fund our providers for 4 weeks more delivery than the DfE will fund the DSG for.

The Authority closely considered the options around managing this position and concluded that to reduce the funding rates that providers receive (reduce these from the DfE published rates) would not be a satisfactory approach; providers would not understand why rates of funding were reduced and would not accept that the Authority is not passing through the rates of funding that have been allocated by the DfE. The Authority also concluded that we would wish to maximise the funding that is allocated to providers.

On this basis, the overspend in the EYSG, when this is confirmed in summer 2024, will be charged to the Early Years Block DSG reserve. We currently estimate that this will be £0.30m. We held a reserve of £4.64m at the end of the 2022/23 financial year and we estimate that the £0.30m additional spend can be met within the parameters of the existing agreed 2023/24 Early Years Block planned budget, which estimated an overall planned overspend of £0.957m. Whilst the conditions of grant are still to be published, we contacted the DfE to clarify whether charging an overspending on the EYSG to the DSG would be permitted. The DfE responded to indicate that this would.

Recommendations

Recommended – The Schools Forum is asked to consider and to note the information provided.

List of Supporting Appendices / Papers (where applicable)

None

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools)
01274 432678
andrew.redding@bradford.gov.uk

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SCHOOLS FORUM AGENDA ITEM

For Action

For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report briefs the Schools Forum on the DfE’s consultation on the Early Years Block for 2024/25 and on the implications of the DfE’s proposals for the funding of providers delivering the early years entitlements, as well as for our Early Years Block management. The report provides the Local Authority’s response to this consultation, which has been submitted.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2023/24 Early Years Block and Early Years Single Funding Formula on 11 January 2023. An update was presented on 8 March (Document PT). A report on the March Budget announcements was presented on 17 May (Document PW) and again on 12 July (Document QC). An updated report on the Early Years Supplementary Grant is presented to this meeting.

Background

On 15 March 2023, the Chancellor announced that new early entitlements will be introduced in phases:

- From April 2024, all eligible working parents of 2-year-olds can access 15 hours per week.
- From September 2024, all eligible working parents of children aged 9 months up to 3 years old can access 15 hours per week. The DfE indicated that the “average rate” of funding for local authorities for the under 2-year-old entitlement will be £11 per hour in 2024/25.
- From September 2025, all eligible working parents of children aged 9 months up to 3 years old can access 30 hours per week.

In previous reports to the Schools Forum, we have advised that the entitlement funding and extension announcements broadly will mean:

- We will need to closely plan the implementation of the extensions, in line with the DfE conditions and guidance. There is much to consider here, beginning for the 2024/25 financial year. A main aspect of this clearly will be concerned with ensuring the sufficiency of places.
- We will need to closely consider how our Early Years Single Funding Formula may need to change to absorb the new entitlements, beginning from April 2024.
- We will need to closely consider the knock-on financial implications for the DSG where it is appropriate and necessary to increase the size of the Authority’s central capacity, as well as the knock-on implications for centrally managed SEND funding streams, including Early Years Inclusion Fund (EYIF) and services that are funded by the High Needs Block.
- We will need to closely consider how new / increased funding and new / increased costs affect the overall affordability position of our Early Years Block. This is in the context of us already using carry forward balances to support our existing level of expenditure. Within this, we need to be careful to understand the financial inefficiencies that may be present during the set-up phases. For example, we have previously identified that, when a new or extended entitlement begins in September, this costs our Early Years Block between September to March more than the funding that we receive from the DfE for the same period.

Details of the Item for Consideration

The DfE published on 21 July a consultation, which sets out proposals for the approach to the funding of the new and extended entitlements and which gave sight of indicative rates of funding for these entitlements. The consultation can be found here: [Early years funding – extension of the entitlements - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/early-years-funding-extension-of-the-entitlements). The deadline for responses to the consultation was 8 September and we have submitted our response. A copy of this response is attached at Appendix 1.

This consultation has direct implications for our Early Years Block and local Early Years Single Funding Formula arrangements, from April 2024.

Details of the Item for Consideration

To summarise the main points of the consultation:

- The DfE essentially proposes to extend the local framework that currently exists for the funding of the 3&4-year-old entitlement to the new and extended under 2s and 2-year-old entitlements. This means the establishment of 3 discrete streams of funding / 3 discrete Early Years Funding Formulae within the Early Years Block, that will operate the 3 entitlements separately, but in broadly the same manner using a consistent set of rules (the contain some flexibility), and that will carry different values of per hour funding for providers that will be set according to the values that each authority receives from the DfE's national formula for each of the entitlements i.e.
 - For each of the 3 entitlements (the under 2s, the 2-year-old and the 3&4-year-old), providers will be funded using a Universal Base Rate (UBRs) of funding per hour. The values of the UBRs will be different for each of the 3 entitlements, calculated with reference to the value of funding the Authority receives from the DfE for that entitlement. The UBR will be the main source of funding for providers for all 3 entitlements.
 - On-top of this, each of the 3 discrete approaches must include a Deprivation Supplement, which will provide additional per hour funding to providers based on a locally determined measure of deprivation. This represents a change for the 2-year-old entitlement, where a deprivation supplement is not currently used. The DfE's proposal is that a single approach to the funding of the 2-year-old entitlement is established, albeit that the 2-year-old entitlement will continue to cover children that are currently eligible (due to their deprivation status) as well as children of eligible working parents that will become eligible as the entitlement is extended from April 2024.
 - The range of additional supplements that are currently permitted for the funding of the 3&4-year-old entitlement (Quality, EAL etc), will be permitted to be used for the funding of the under 2s and 2-year-old entitlements. These supplements will be entirely optional, but, for each of the 3 entitlement streams, spending on supplements cannot exceed 12% of the funding that is allocated within that discrete stream. The % does not have to be the same for each stream and where a supplement is used in one stream it does not have to be used in another.
 - Eligibility for Early Years Inclusion Funding (EYIF), Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF) will be extended to children accessing the under 2s and 2-year-old entitlements.
 - Local authorities will continue to be permitted to retain funds centrally within the Early Years Block, to fund centrally managed support services. However, the DfE proposes that the current restriction (of retention of not more than 5%) is reduced to 3% after the roll out of the new and extended entitlements is complete. The 3% restriction will apply individually to each of the 3 entitlement streams.
 - The basis of eligibility for the new and extended entitlements is still the 'term after' the respective 'birthday'. This means that it is quite possible to continue to use termly based counting arrangements for the funding of providers.
- The DfE has published indicative rates of funding that are to be allocated to local authorities within the Early Years Block for the new and extended entitlements in 2024/25. Please note that the consultation document does not discuss 3&4-year-old entitlement funding rates, which for 2024/25 will be announced later in the autumn term. For reference, our 3&4-year-old entitlement rate in 2023/24, inclusive of the Early Years Supplementary Grant, is £5.32 per hour and our 2-year-old entitlement rate is £7.42 per hour.
 - Our indicative 2024/25 DfE rate of funding for the combined 2-year-old entitlement is £7.93 per hour.
 - Our indicative 2024/25 DfE rate of funding for the new under 2s entitlement is £10.82 per hour.
 - *Please note that these rates will be the rates that are received by the Local Authority from the DfE. These are not the same as the rates of funding that will be paid to providers by the Local Authority, which will typically be lower (due, for example, to the retention of funds centrally and the cost of the Early Years Inclusion Fund) and which will be determined following our review work after consultation with providers. We have begun to use these figures to model early options for our formula funding for 2024/25, which we will discuss with the Early Years Working Group.*
- The DfE has indicated that, for the introduction of the under 2s entitlement at September 2024, local authorities will be funded for 22 weeks of delivery for the period September 2024 to March 2025. This will also be the case for the further extension of the entitlements to 30 hours at September 2025 (for the period September 2025 to March 2026). We have expressed to the DfE our concern about this approach.

Details of the Item for Consideration

This concern has been expressed both within our consultation response as well as in a separate email to the DfE's entitlements team. Our issue is that we fund our entitlements on a termly basis, using a 12 (summer) / 14 (autumn) / 12 (spring) weeks profile. We generally understand that, other than for slight variation in the number of weeks, many local authorities do the same. This means that we fund 12 weeks in summer, compared with the DfE's Early Years Block DSG-level funding profile of 5/12ths (16 weeks), but we fund 26 weeks in autumn and spring, compared with the DfE's Early Years Block DSG-level funding profile of 7/12ths (22 weeks). Our profile quite closely matches the timing of school holidays. When the new under 2s old entitlement for working parents begins at September 2024, for the period September 2024 to March 2025, we will fund providers for 26 weeks, but will only receive Early Years Block funding for 22 weeks. We model that this will cost us in the region of £1.1m. When the under 2s entitlement is extended to 30 hours at September 2025, and the 2-year-old entitlement is also extended to 30 hours for working parents at September 2025, we also will fund 26 weeks but receive funding for 22 weeks for these for the period September 2025 to March 2026. We model that this will cost us in the region of a further £2.1m. So, in total, across 2024/25 and 2025/26, we estimate that we will have an additional £3.2m of unfunded cost. This is significant and goes beyond 'normal business' in terms of managing fluctuations in numbers, albeit that it is a 'one off cost', which will not be present when the entitlements are fully extended for a full financial year. In terms of mitigation, it does not feel to sense for us to re-profile our way of funding providers in order to manage this short-term situation to remove the cost. For example, this would require us to fund 16 weeks in summer, which is not realistically practical to deliver due to the summer holidays (especially in providers that more generally deliver on a term time only basis) and would require providers to adjust their delivery models. The DfE has responded to thank us for highlighting this issue and indicates that this will be considered further.

In terms of immediate next steps, the Early Years Working Group will continue to meet to consider more closely the DfE's proposals, as well as to consider our early years entitlement funding arrangements for 2024/25 in response to these. Interested Forum members are invited to attend this Group.

We will seek to put forward proposals for 2024/25 early years formula funding as soon as we can after the DfE has confirmed rates of funding and operational details, following the closure of the consultation. This is expected to be later in the autumn term. As such, Forum Members are asked to note that our consultation with providers on our early years entitlement funding arrangements for 2024/25 will not begin immediately following the Forum's October meeting, as is planned for our Schools Block and High Needs Block consultations (please see agenda item 8) and further depends on the timing of the DfE's announcements.

Implications for the Dedicated Schools Grant (DSG) (if any)

In January 2023, we agreed with the Schools Forum a planned budget, which set aside £0.957m of brought forward balance to support the full potential cost of our 2023/24 Early Years Block arrangements.

Regarding the on-going financial DSG implications, we will need to further consider not only the allocation of Early Years Block funding to entitlement providers, but also the implications for the financing of additional central capacity that is likely to be needed to support the extension of the entitlements, as well as wider DSG implications that extension may have, especially from supporting early years children with SEND, through Early Years Inclusion Funding (EYIF) as well as via allocations and support services that are funded from the High Needs Block.

We expect to continue to retain the principle of the ring-fencing of the Early Years Block. Then within the Early Years Block, we expect to follow the principle that each of the 3 discrete entitlement funding streams must individually balance, without the need for cross-subsidisation, and that the total cost of the delivery of the early years entitlements must be met by the Early Years Block. As such, rates of funding for providers and other budgets within the Early Years Block will be set and adjusted in 2024/25 to achieve this.

The most significant concern for the Early Years Block is the possible estimated £3.2m of unfunded cost across 2024/25 and 2025/26 should the DfE not adjust the approach to funding local authorities for the introduction and extension of the entitlements at September 2024 and September 2025. We will be required to consider options for the management of this, should the DfE not adjust its approach.

Recommendations

Recommended -

- (1) The Schools Forum is asked to consider and to note the information presented.**
- (2) Members are invited to attend the Early Years Working Group.**

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Consultation Response (copy)

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools)
01274 432678
andrew.redding@bradford.gov.uk

Submitted to Early years funding - extension of the entitlements
Submitted on 2023-08-23 09:31:43

Introduction

What is your name?

Name::

Andrew Redding

What is your email address?

Email::

andrew.redding@bradford.gov.uk

Are you responding as an individual or on behalf of an organisation?

Organisation

Which of these options best describes you or your organisation?

Type of Organisation::

Local Authority

If 'Other', please provide further detail::

If you are responding on behalf of an organisation, what is the name of your organisation?

Name of Organisation::

City of Bradford MDC

What local authority area are you or your organisation based in? (If you do not wish to provide this information, please select 'prefer not to say')

Local Authority Area::

Bradford

Would you like your responses to remain confidential?

No

Reason for Confidentiality (Optional)::

Section 1: National funding distribution for entitlements for children aged 2-years-old and under

1 Do you agree that we should introduce IDACI as a new proxy, and use it alongside FSM as a basket of measures for deprivation in the additional needs factor in the new national funding formula for 9-month-olds to 2-year-olds?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

We agree that using an area based measure alongside FSM will strengthen the additional education needs element of the national funding formula.

2 Do you agree that we should continue to use EAL and DLA as proxies in the additional needs factor in the new funding formula?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

3 Do you agree with our proposed approach to the area cost adjustment in the new national funding formula?

Unsure

Do you have any additional comments? (Please limit responses to 200 words):

We do not have any views about this proposal

4 Overall, do you agree with our proposed approach of following the same structure and weightings for the new national funding formula as in the existing 3-and-4-year-old formula?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

5 Do you agree that we should extend DAF eligibility to all children accessing the entitlements from April 2024?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

we agree provided that DAF funding is allocated by the DfE into the Early Years Block additionally to the per hour entitlement rates of funding that are published (and is not 'top-sliced' from this).

6 Do you agree that we should extend EYPP eligibility to all children accessing a free childcare entitlement from April 2024?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

we agree provided that EYPP funding is allocated by the DfE into the Early Years Block additionally to the per hour entitlement rates of funding that are published (and is not 'top-sliced' from this).

Section 2: Impact of proposals

7 Do you agree with this approach?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

To provide essential stability, we think that it will be important to establish year on year turbulence protection mechanisms after the initial implementation.

Section 3: Local authority funding formulae for childcare entitlements

8 Do you agree a pass through rate of 95% should be applied to each funding stream in 2024-25: the 3-and-4-year-old universal and 30 hours offer; the two-year-old disadvantaged and working parent offers; and the 9 months to two year-old offer?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

Whilst 97% is the stated aim, it is important to provide local authorities with flexibility to manage change over the next couple of financial years as the entitlements are established. Most local authorities may look to increase the cash value of budgets for support capacities in response to increased workload and provider support requirements, and, in practical terms, will then apportion the cost of these capacities across the 3 entitlement streams e.g. on the proportion of child numbers by stream.

9 Do you agree that the same list of allowable supplements should be applied to every entitlement funding stream, capped at a maximum 12 percent of planned funding for that entitlement?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

Essentially local authorities will have the flexibility to establish 3 discrete early years entitlement funding approaches for providers that can "mirror" each other. This feels to make sense. We agree to this proposal, so long as authorities continue to have adequate flexibility to take decisions on supplements. Given the pressure on the funding of the new entitlements, and provider expectations about funding rates, it is likely that the value of supplementary funding for the under 2s and 2 year old entitlements will need to be somewhat restricted (in favour of setting a higher base rate for all providers). So authorities need flexibility.

10 Do you agree that the deprivation supplement should be mandatory for every entitlement funding stream?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

Please see the comments to question 9 - authorities do need to continue to have flexibility. Given the pressure on the funding of the new entitlements, and provider expectations about funding rates, it is likely that the value of deprivation supplementary funding for the under 2s and 2 year old

entitlements will need to be somewhat restricted (in favour of setting a higher base rate for all providers). We are modelling an approach that will need to set a much lower % of spend on deprivation for the 2 year old and under 2s entitlements than we have for the 3&4 year old entitlement because of this.

11 Do you agree with our proposal that local authorities should establish a special educational needs inclusion fund for children aged 9 months to 2-years-old who are taking up the entitlements?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

It feels to make sense to extend EYIF arrangements in support of both children and providers. We already extend EYIF to the current 2 year old entitlement. However, we do have some concerns about affordability, again in the context of providers having expectations about higher funding rates for the new extended entitlements. EYIF would likely need to be afforded (wholly or in part) by top-slicing these rates, so a balance needs to be struck.

12 What more can be done to support local authorities and providers to reduce bureaucracy and streamline SENIF processes whilst also ensuring the system remains fair and financially sustainable?

Please provide your answer below: (Please limit responses to 200 words):

We would appreciate some further guidance about the values of EYIF funding that are reasonable to allocate per child, seeking to improve impact of EYIF monies, supporting providers with higher levels of SEND, but also seeking to improve consistency of approach between local authorities. We would also welcome some guidance about minimum levels of assessment that should be in place before EYIF funding is allocated. Some of our providers complain about the paperwork and assessment time and cost that is needed to apply for EYIF funding currently. It would be helpful to have some guidance that would enable us to assess whether our approach is overly burdensome and could be streamlined.

13 Would local authorities and providers find it helpful for the Department to be more prescriptive about the operation of local SENIFs?

Yes

Do you have any additional comments? (Please limit responses to 200 words):

Yes, this would help to improve consistency and would fit with the direction of travel of the national SEND reviews, where the stated intention is to bring early years SEND into the national SEND systems.

Section 4: Equalities Impact Assessment

14 Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?

Please provide comments below. Please limit responses to 200 words.:

no comments

Any Other Comments

15 Are there any other comments that you would like to make about our proposals set out in this consultation?

Please provide comments below. Please limit responses to 200 words.:

We fund our entitlements on a termly basis, based on a 12 (summer) /14 (autumn) / 12 (spring) weeks profile. We generally understand that, other than for slight variation in the number of weeks, many local authorities do the same. Our issue is that, when the new under 2s old entitlement for working parents begins at September 2024, for the period September 2024 to March 2025, we will fund providers for 26 weeks, but will only receive Early Years Block funding for 22 weeks. When the under 2s entitlement is extended to 30 hours at September 2025, and the 2 year old entitlement is also extended to 30 hours for working parents at September 2025, we also will fund 26 weeks but receive funding for 22 weeks for these for the period September 2025 to March 2026. In total, across 2024/25 and 2025/26, we estimate that we will have £3.2m of unfunded cost. This is very significant and goes beyond 'normal business' in terms of managing fluctuations in numbers, albeit that this issue will not be present when the entitlements are fully extended for a full financial year.

In terms of mitigation, it does not feel to make sense for us to re-profile our way of funding providers in order to manage this short term situation to remove the cost. For example, this would require us to fund 16 weeks in summer, which is not realistically practical to deliver due to the summer holidays (especially in providers that more generally deliver on a term time only basis), and would require providers to adjust their delivery models.

We ask that the DfE specifically considers this issue and adjusts the funding profile of the Early Years Block specifically for the new and extended entitlements in 2024/25 and 2025/26 to remove this unfunded cost.

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Document QG

Dedicated Schools Grant 2024/25 – Briefing Note

This briefing note is written following the DfE's announcement of 2024/25 Dedicated Schools Grant (DSG) arrangements that was made on 17 July 2023. Please read this note alongside Appendix 1 (the DfE's National Funding Formula policy summary document for 2024/25).

A detailed briefing on the Early Years Block for 2024/25 is presented separately in Document QF.

1. 2024/25 will be the seventh year of National Funding Formula (NFF) within the Dedicated Schools Grant (DSG).
2. For the **Schools Block**, the DfE has stated its intention for the 'hard' National Funding Formula (NFF) to be fully implemented at the latest by the 2027/28 financial year. Following the 'tightening' that was directed at April 2023, the DfE records that progress continues to be made by local authorities towards the full mirroring of the NFF at local level. In 2023/24, 2/3rds (106 out of 151) of authorities directly (or closely within 2.5%) mirrored the NFF within the Schools Block at local level. We were one of these. 133 authorities set a Minimum Funding Guarantee (MFG) at positive 0.5%. We were one of these.
3. Further 'directed' movement, towards the fuller adoption of the 'hard' NFF in the Schools Block, is confirmed for 2024/25. For mainstream primary and secondary formula funding, all authorities must again use all NFF factors (and only these factors), and authorities that do not currently mirror the NFF must move a further 10% closer. Authorities that currently mirror the NFF (as we do) must stay within 2.5% of the NFF formula factor variable values.

For 2024/25, the DfE has introduced a **new split sites factor**, which is mandatory. This will replace our existing locally determined split sites factor. Aside from this specific change, as we directly mirror the NFF, and have done since 2018/19, the continued 'tightening' requires minimal response within our arrangements for 2024/25. Subject to affordability (following our assessment of the cost of 'data lag' between the October 2022 and October 2023 censuses), we expect to continue to directly mirror the NFF. As in 2023/24, we continue to be formally required to include the NFF sparsity factor in our local formula. However, this is a 'tick box' exercise only, as none of our schools and academies qualify for sparsity funding due to their size.

The DfE continues to provide (and has updated for 2024/25) specific additional [guidance](#) to authorities on the calculation of **notional SEND budgets** within mainstream primary and secondary formula funding allocations and continues to advise that authorities must annually review their approaches. However, as for 2023/24, the 2024/25 guidance does not constitute a 'direction' and does not prescribe how notional SEND must be defined, though we do expect that prescription will soon come following the national SEND Review and the final full implementation of the 'hard' NFF. We will discuss the on-going review of our notional SEND definition in a separate report to the Forum. We made some adjustments to our definition in 2023/24, to improve fairness and to bring us more into line with other local authorities. We are likely to propose some small adjustments to our definition in 2024/25, in response to what the latest benchmarking tells us about the most recent positions in other authorities.

Authorities continue to be permitted to adopt **Targeted SEND (EHCP) support funding** arrangements for mainstream schools and academies in 2024/25. Whilst encouraging their use, the DfE has re-iterated the expectation that funding support of this kind would be allocated only to a minority of schools that have exceptionally higher levels of SEND (no.s of EHCPs). Only 33 (1/5th) authorities declared some form of SEND Funding Floor / Targeted Additional SEND funding arrangement in their APT in 2023/24. We were one of these.

For 2024/25, the DfE has amended **Growth Fund and Falling Rolls Fund** Schools Block funding as well as allocation criteria. The DfE has also introduced some new mandatory requirements. This is a specific change that we will need to respond to within our arrangements locally. This will be further discussed in a separate report to the Forum as part of the wider Schools Block consultation. The DfE has confirmed that Growth and Falling Rolls

Funds will continue to be managed locally under the 'hard' NFF framework and that changes to these mechanisms, to improve their value and the consistency of approach between local authorities, will be made gradually. We expect more changes to come in 2025/26. The way that Growth Fund funding is allocated by the DfE to local authorities has not changed. However, for the first time in 2024/25, the DfE will allocate Schools Block funding to local authorities for falling rolls. Previously, all falling rolls fund spending was required to be met via top-slice from other Schools Block funding. This is a positive step. For reference, 132 authorities retained a Growth Fund in 2023/24. We were one of these. However, only 20 authorities declared a Falling Rolls Fund in 2023/24. We were one of these (although we do not anticipate incurring any spend this year).

The DfE has stated that **the funding of PFI** will be brought into the 'hard' NFF within the Schools Block. However, PFI funding remains outside the NFF in 2024/25 and there is currently no timescale for this being brought into the NFF. On this basis, we expect to continue our current local arrangements in 2024/25 and to look out for DfE consultation on this matter.

For reference and wider awareness, the DfE has confirmed that authorities can continue to use the **Reception Uplift factor** in 2024/25, but that use of this factor will not be permitted from April 2025. We did not use the Reception Uplift factor in 2023/24 and we do not anticipate using this factor in 2024/25.

4. The **Mainstream Schools Additional Grant (MSAG)** (£17.0m), which was introduced for mainstream primary and secondary schools and academies in 2023/24, is continued in 2024/25 but has been amalgamated into the Schools Block. This means that the NFF will allocate this grant and primary and secondary schools and academies should no longer budget for a separate allocation (otherwise they will double count this funding). The additional £4.8m that was added to the High Needs Block in 2023/24 from the Autumn 2022 Statement is continued within our High Needs Block allocation in 2024/25. Attached to this additional funding, the 2024/25 DSG conditions require local authorities to continue to pass through to special schools, special school academies, PRUs and AP Academies the additional "3.4% place-element" funding that was allocated in 2023/24.
5. Attached to the proposed teachers' pay settlement for September 2023, the DfE has announced a **new Teacher Pay Grant (TPG)** for primary and secondary schools and academies, beginning September 2023. This [new TPG](#) will continue as a separate grant in the 2024/25 financial year and will only be merged into the NFF in 2025/26. A new TPG will also be allocated to special schools, special school academies, PRUs and AP academies, but with each authority receiving a block allocation to decide locally how to allocate. We will consult with relevant providers on this early in the autumn term. Again, this new TPG for special schools et al will be in place from September 2023, and will remain as a separate grant during the 2024/25 financial year.
6. We have previously warned that the employers contribution to teacher pension is due for re-assessment at April 2024, with it being widely anticipated that this contribution will increase. Whilst we have not yet picked up any formal announcements from the DfE, we have read an article which indicates that the Treasury will be allocating additional monies to government departments to support the increased cost of pension contributions. When this happened previously in 2019, the DfE established a **Teacher Pensions Grant**, and we anticipate that this will happen again in 2024/25. We may expect to get some further details on this during the autumn term (around the Autumn Statement).
7. There are no changes for 2024/25, which appear to affect our **usual consultation and decision-making processes and timescales**. In the last 3 years, due to the timing of announcements, our consultation on our Early Years Block formula funding arrangements has been published towards the end of the autumn term or beginning of the spring term, later than the consultations on Schools Block and High Needs Block arrangements, which have been published mid-October. We anticipate that this will be the case for our consultations this autumn. The expected Dedicated Schools Grant (DSG) allocation and decision-making timetable for 2024/25 is as follows:
 - a. Our consultations on Schools Block and High Needs Block formula funding arrangements will be published mid-October (after the Forum's October meeting). Our Early Years Block consultation will be published in mid to late December or in early January.

- b. The October 2023 Census will be completed as normal. The dataset (and APT) that authorities use to calculate Schools Block formula funding for 2024/25 will be available mid-December.
 - c. The ESFA's high needs places setting exercise, for academies and FE providers for the 2024/25 academic year, will be conducted as usual in October and November.
 - d. The DfE will confirm initial DSG allocations for 2024/25 mid-December.
 - e. The Authority expects the Forum to agree its recommendations on the 2024/25 DSG allocation and formula funding arrangements at its meeting to be held on 10 January 2024.
8. The existing main core technical basis of the Dedicated Schools Grant (DSG) and the National Funding Formula (NFF) within the Schools, High Needs and Central Schools Services Blocks continues in 2024/25.

The **guiding restrictions and flexibilities**, regarding cross-block movements and the proportions of delegated vs. central spending, remain as 2023/24.

The **School Forum's role and statutory powers**, and the guidance on 'who decides what', are unchanged.

The framework for **de-delegation from maintained schools** within the Schools Block is unchanged.

The DfE's **High Needs Block operational guidance** has confirmed that the values of place-element funding (£10,000; £6,000), and the positions of the main 'levers' of the high needs place-plus funding system, remain unchanged in 2024/25. Local authorities continue to hold responsibility for calculating and allocating top-up funding. Any changes in the DSG, or in High Needs Block formula funding, or in the School Forum's role in respect of the High Needs Block, that may come from the national reviews, are now not anticipated to be implemented before April 2025 at the earliest and following consultations to come. The DfE has confirmed that the **Minimum Funding Guarantee (MFG), which must be applied to special schools and to special school academies**, must be set between 0% and 0.5% in 2024/25, with consideration given to providing an MFG that is equivalent to the level of MFG for mainstream primary and secondary schools and academies (which can also be set between 0% and 0.5%).

9. DSG Deficits Statutory Override

Whilst not immediately relevant to us, as we currently hold a surplus DSG account, it is important for the Forum to be aware of the '**statutory override**' within the Regulations, which is in place to the end of the 2025/26 financial year. This override concerns the treatment of deficit balances, that are held within the DSG, and cumulative deficit DSG accounts. Through the statutory override, cumulative deficit DSG accounts are ring-fenced and are 'set aside' from local authority general fund reserves, meaning that deficits are carried forward to be managed only by using DSG funds in future years and that authorities do not need to make provision for these from their general reserves. The impact of this override not being in place would be that DSG deficits would be added to local authority general fund reserve balances, which would have implications for the wider financial positions of local authorities and for how DSG deficits would need to be managed, using authority general fund reserves alongside / in addition to / rather than DSG funding. We must consider the position of the override (and that it is currently set to cease at the end of the 2025/26 financial year) within our medium term DSG financial planning and especially within our High Needs Block deficit mitigation planning.

10. The overall national High Needs Block settlement for 2024/25 provides a 4.3% increase on 2023/24. Authorities will receive minimum growth of 3% per pupil and maximum growth of 5% per pupil. This range is lower than in 2023/24, where the minimum was 5% and the maximum was 7%, prior to the addition of the Autumn Spending Statement funding.

On current estimates, our High Needs Block allocation in 2024/25 is £122.08m, which is £5.20m higher than received in 2023/24. This represents an increase of 4.5% in cash terms and 5.0% in per pupil terms. Our per pupil increase is affected by the 5% per pupil cap; the application of this cap reduces our allocation by £0.63m. This % increase is lower than received in recent years but does align with our previous forecasting (we estimated 4.5% per pupil), which was informed by the DfE's messaging, that the current 3-year national school funding settlement has been heavily weighted towards 2022/23 and 2023/24, with reduced increases to be allocated in 2024/25.

At this point in time, we do not have any information on which to accurately predict the likely increases in High Needs Block funding after 2024/25. We expect that these will be decided within the next national spending settlement round. However, as we have previously discussed with the Schools Forum, assuming that we will continue to receive an uplift in funding around 5% per pupil after 2024/25, we would only see a c. £4m annual cash increase in our High Needs Block funding after accounting for the forecasted reduction in pupil numbers. Growth in High Needs Block funding will continue to be allocated to cover three main pressures a) growth in the cost of provision (from inflation and pay award) funded through the top-up, b) growth in the number of EHCPs and in the needs of pupils with EHCPs and in placement costs reflected by banding (and stacking) and c) continued expansion of high needs places capacity in response to increased demand and placement in independent and non-maintained settings. We currently estimate that the growth in our High Needs Block costs in 2024/25 will substantially exceed the additional £5.20m income that we will receive. We currently estimate that will need to deploy in 2024/25 a substantial proportion of the High Needs Block brought forward balance that we currently hold and take adjusting 'mitigating' steps to control expenditure. We anticipate that, as part of a deficit mitigation plan, we will need to exercise 'restraint' in 2024/25 in how we uplift top up funding rates, needing to prioritise meeting the additional costs that come from the significant growth in the numbers of EHCPs and from the continued expansion of high needs places capacity. We will discuss this financial position in more detail with the Forum across the autumn term, beginning with a separate report to this meeting.

Authorities continue to be permitted to transfer up to 0.5% of the Schools Block to the High Needs Block in 2024/25 with the approval of the Schools Forum. **In the context of our High Needs Block surplus balance however, we do not anticipate proposing a transfer in 2024/25.** However, transfers in future years, subject to the Regulations, are likely to be considered as part of a deficit mitigation plan.

- 11. The Central Schools Services Block (CSSB) continues in 2024/25.** The DfE has indicated, in recent consultations, that changes will be made to this Block (including the possible merger of this Block into the main local government financial settlement), in response to the changing roles of local authorities in the context of the movement to a full academy system. However, there are no technical changes implemented for 2024/25.

Our CSSB funding per pupil has increased by 3.0% in 2024/25. In terms of our overall cash budget however, this per pupil increase is offset by 2 factors. Firstly, our funding for historic commitments has reduced by a further 20%, and so our allocation through this factor has reduced by £0.036m to £0.144m. We expect this funding to continue to reduce in future years until this allocation has ceased. Secondly, our CSSB funding will be affected by the forecasted overall net reduction in the number of pupils to be recorded in mainstream primary and secondary schools and academies in the October 2023 Census. We currently estimate (arithmetically for formula funding modelling purposes) that the overall net reduction at October 2023 will be in the region of 350 pupils (primary phase pupil numbers reducing by 950 and secondary phase numbers increasing by 600). Accounting for these 2 factors, we estimate that our CSSB allocation in total will increase by only 1.4% in cash terms (+ £0.050m, on a budget of £3.6m). This relatively small cash increase should also be viewed in the context of the CSSB having to absorb a 10.6% increase in the cost of the nationally-set copyright licences charge in 2023/24.

As we have previously warned, **demographic reduction is now having an impact on our DSG funding**. Whilst pupil numbers continue to increase in the secondary phase (for a further year and then broadly flatten out), numbers in the primary phase, and in early years provisions, are forecasted to reduce, to the extent that we forecast that we will continue to see over the next few years an overall net reduction in the total number of DSG funded pupils. Reducing numbers, as well as having implications for the funding received by schools, academies, early years and other providers, and their sustainability, will mean that there is less 'headroom' available within our DSG settlements going forward than we have had historically, meaning that less money will be available for meeting emerging spending pressures, or for sustaining current levels of delivery, especially within the Central Schools Service Block and within the High Needs Block, where there are fixed budget contributions to school-support services and to other centrally managed costs. The counter to this trend, in the Early Years Block, is the extension of the entitlements for eligible working parents, beginning April 2024. Extension will mean a larger value of Early Years Block funding, which may create a small amount of headroom, which may be available to support the spending pressures with the Early Years Block that are also expected to increase e.g. Early Years Inclusion Fund spending.

12. **The national Schools Block NFF settlement for 2024/25 provides a 2.7% overall per pupil increase on 2023/24, inclusive of the Mainstream Schools Additional Grant (but excluding the new Teacher Pay Grant, which is not DSG Schools Block funding). On current estimates, Bradford's Schools Block allocation in 2024/25 is £538.479m, excluding Growth and Falling Rolls Fund funding *, which is £30.92m higher than in 2023/24 (an increase of 6.10% in cash terms). £17.0m of this increase relates to the transfer of the Mainstream Schools Additional Grant. Excluding this transfer, we estimate an increase of £13.9m (2.7%) in cash terms. Within this, we estimate that there will be c. 350 fewer pupils recorded in total in primary and secondary mainstream schools and academies in the October 2023 Census than were recorded at October 2022.**

* Growth and Falling Roll Funds are excluded as it is not yet clear how much funding we will receive, especially for the new funding of Falling Rolls. In 2023/24, we received an additional £1.83m for Growth Fund but £0 for Falling Rolls Fund. On current estimates, we anticipate receiving £1.54m Growth Fund in 2024/25. On current estimated modelling, we do not think that we will receive any new Falling Rolls Funding. This is because we do not think that any of our MSOAs will see reductions in pupil numbers of more than 10% between October 2023 and October 2022 (10% is the DfE's threshold for funding).

13. The national Schools Block NFF per pupil increase in 2024/25 of 2.7% is aggregated as follows:
- a. All the core NFF factors, including the deprivation and additional educational needs factors and the lump sum, prior to the addition of the Mainstream Schools Additional Grant and prior to rounding (variable values continue to be rounded to the nearest £5), are increasing by 2.4%. Following rounding, factors are increasing between broadly 1.8% and 3.0%.
 - b. The FSM flat variable is increasing by 1.6% (but with rounding is increasing by 2.0%).
 - c. The mandatory Minimum Levels of Funding Per Pupil (MFLs) are increasing by 2.4%.
 - d. The Minimum Funding Guarantee (MFG) can be set at a maximum 0.5%. The DfE has funded a 0.5% minimum floor increase for all schools and academies.

After applying these basic uplifts, the DfE has further increased the base £app, FSM6 and lump sum factors in order to allocate the Mainstream Schools Additional Grant (MSAG) via the NFF. The MFLs have also been uplifted for this purpose. 2023/24 MSAG allocations have been added into school and academy funding baselines, so that the Minimum Funding Guarantee in 2024/25 will provide budget protection, which is inclusive of the MSAG allocations that were allocated separately in 2023/24.

With the uplift for the MSAG, the MFLs for 2024/25 are £4,655 (primary – increased from £4,405) and £6,050 (secondary – increased from £5,715). These are the minimum values of per pupil funding that schools and academies must receive in 2024/25. These minimums continue to be mandatory and are therefore, not subject to local consultation.

To highlight the following aspects of this 2024/25 NFF settlement:

- a. An increase in 2024/25 of 2.4% (prior to the addition of MSAG) in the base £app and lump sum factors is the same as the level of increase that was applied to these factors in 2023/24. We advised our maintained schools to assume 1.5% increases in 2024/25 on all NFF factors.
- b. In the current 2023/24 financial year settlement however, rather than a single % increase being applied to all NFF factors, the deprivation / additional education needs factors - FSM6 and IDACI - were additionally uplifted, which weighted the settlement towards schools and academies with higher levels of deprivation. The 2024/25 settlement does not do this; all core factors are increasing by the same 2.4% (prior to rounding). As a specific reference point, the IDACI factor continues to use IDACI 2019 (IDACI is updated every 5 years).
- c. In the current 2023/24 financial year settlement, the uplift of the mandatory Minimum Levels of Funding per pupil (MFLs) was significantly lower than the uplift of the core NFF factors – the core NFF factors increased by 2.4% but the MFLs increased by only 0.5%. As a result, schools and academies that were funded on the MFLs only received a 0.5% increase in their funding per pupil in 2023/24. However, in 2024/25 the MFLs are increasing by 2.4%, which is at the level of core formula funding. We advised our maintained schools to assume 0.5% increases in 2024/25. It is likely that this higher level of increase has been afforded by not weighting additional funding to the NFF deprivation factors (that an assessment has been made by the DfE that a priority for the 2024/25 settlement, in response to overall spending pressures, is to increase the base funding of schools and academies that are funded on the MFLs). *
- d. **The Minimum Funding Guarantee in 2024/25 can be set between 0% and positive 0.5%. This is the same range as permitted in 2023/24. On current indicative modelling, we anticipate being able to propose a 0.5% MFG.** We advised our maintained schools to assume a 0.5% MFG in 2024/25. It must be emphasised that, in respect of the value of MFG that we can afford, the DfE has only funded a minimum 0.5% increase in respect of all schools and academies, meaning that we do not have the on-going funding within the 2024/25 Schools Block settlement to set a higher MFG (and we would need to apply to the Secretary of State in any case). *
- e. We estimate that we will receive in 2024/25 £0.411m of funding via the DfE's new split sites factor and we expect to fully spend this on our split site schools and academies.
- f. The Schools Forum will wish to begin to consider the implications of this funding settlement, especially in relation to the recent announcements on pay awards, which are summarised in the 'matters arising' document that is published for this meeting, and in relation to current inflationary pressures.
- g. Within the 2022/23 and 2023/24 DSG budget cycles, we considered quite carefully the potential financial impact of the lag in data, between the October 2020 / 2021 Census (on which the DSG is funded) and the October 2021 / 2022 Census (on which schools and academies were funded).

Ultimately, this data lag increased the cost of our 2022/23 formula funding by £0.95m (please see January 2022 Document OB Appendix 1d) and by £1.07m in 2023/24 (please see January 2023 Document PO Appendix 1d). In both years, we absorbed the cost by using Schools Block headroom alongside Schools Block reserves. Data lag is again expected to be a feature of our 2024/25 Schools Block spending, and we must set out our formula funding proposals with caution, whilst considering how we will ensure that our Schools Block arrangements are affordable. This does continue to include the allocation of DSG reserves, where appropriate and sustainable. However, we used £1.7m of reserve in 2023/24 and we warned that, depending on the size of the data lag in 2024/25, we may not have the reserves in place to fully cover the cost, meaning that we may need to employ options for reducing cost by adjusting our funding formula (keeping within the 2.5% NFF restriction that is now in place). We will continue to discuss this with the Schools Forum over the autumn and early spring.

* In summary, in 2023/24:

- Primary phase: 44 out of 156 schools (28%), including academies, are funded on the Minimum Funding Guarantee. 27 schools (17%), including academies, are funded at the £4,405 minimum per pupil level. All other schools and academies are funded above £4,405 per pupil.
- Secondary phase: 4 out of 31 schools (13%), including academies, are funded on the Minimum Funding Guarantee. 1 academy (3%) is funded at the £5,715 minimum per pupil level. All other schools and academies are funded above £5,715 per pupil.
- All through academies: None of the 4 academies are funded on the Minimum Funding Guarantee. All of these academies are also funded above their composite minimum per pupil funding levels.
- In total, 48 out of 191 schools and academies (25%) are funded on the Minimum Funding Guarantee. This is reduced from 73 (38%) in 2022/23. In total, 31 out of 191 schools and academies (16%) are funded on the minimum per pupil funding levels. This is reduced from 36 (19%) in 2022/23.

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Department
for Education

The national funding formulae for schools and high needs

2024-25

July 2023

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Background

The Government is committed to levelling up opportunity for all pupils and has invested significantly in education to achieve that. The total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS).

This total includes the additional funding for teachers' pay announced in July 2023; the Teachers Pay Additional Grant (TPAG) provides an additional £482.5m in 2023-24, and £827.5m for 2024-25 for mainstream, special and alternative provision schools.

Information and funding related to TPAG is **not** included throughout the remainder of this document, as TPAG will be allocated outside of the NFFs in 2024-25.

Further details on the TPAG can be found here: [Teachers' pay additional grant - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/teachers-pay-additional-grant-2023-24).

Funding through the mainstream schools national funding formula (NFF) is increasing by 2.7% per pupil in 2024-25, compared to 2023-24.¹ Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 8.5% higher per pupil in 2024-25, compared to 2022-23.

The schools NFF continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main features in 2024-25 are:

- We are introducing a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country.
- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
- Through the minimum per pupil funding levels, every primary school will receive at least £4,655 per pupil, and every secondary school at least £6,050.
- The funding floor will ensure that every school will attract at least 0.5% more pupil-led funding per pupil, compared to its 2023-24 allocation.
- Rolling the 2023-24 mainstream schools additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF

¹ In 2023-24, core schools funding was allocated through a mainstream schools additional grant (MSAG) in addition to the NFF. MSAG funding has been incorporated in the NFF for 2024-25, and year-on-year funding comparisons include the funding from the MSAG for 2023-24.

factor values and baselines to reflect this.

2023-24 was the first year of transition to the direct schools NFF – with our end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. Following a successful first year of transition, we will continue with the same approach to tightening in 2024-25. As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring² the NFF. We have published an analysis of the impact of the tightening approach in 2023-24 and expected impacts in 2024-25 in Annex C.

High needs funding is increasing by a further £440 million, or 4.3%, in 2024-25, following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF will ensure that every local authority receives at least a 3% increase per head of their ages 2-18 population, with the majority of authorities seeing gains of more than 3%. Alongside our continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. We will continue to focus support on those local authorities with the most significant Dedicated Schools Grant (DSG) deficits, and to work on the longer term reforms set out in the Government's [SEND and alternative provision improvement plan](#), published in March 2023.

Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14. The total provisional funding for these responsibilities is £304 million in 2024-25. In line with the process introduced for 2020-21 to withdraw the funding for historic commitments over time, this element of funding will decrease by 20%.

Final allocations of mainstream schools and central schools services funding for 2024-25 will be calculated in December 2023, based on the latest pupil data at that point, when we announce local authorities' DSG allocations. Local authorities will continue to use that funding to determine final allocations for all local mainstream schools. The December DSG allocations will also include updated high needs funding allocations, based on the latest pupil data, but these are not final as there will be a further adjustment in 2024. As normal, local authorities will use the December allocations to finalise their schools' and high needs budgets.

² For the purpose of the tightening requirements local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF.

The national funding formula for schools

For 2024-25, we have changed a small number of the existing features of the formula. These are outlined below. A full description of the updated 2024-25 formula is set out in Annex A.

Increasing funding factor values

The basic per pupil funding factor, FSM6 and the lump sum factors have been increased to reflect the rolling in of the mainstream schools additional grant into the NFF, as described in the following section below. On top of these the core factors in the NFF – the basic per pupil funding factor, additional needs factors and the school lump sum – will increase by 2.4%. The free school meals factor will increase by 1.6%, in line with the GDP deflator forecast for 2024-25.

The minimum per pupil levels in 2024-25 will be set at £4,655 per pupil for primary schools and £6,050 per pupil for secondary schools. This includes £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.

The 2024-25 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the mainstream schools additional grant.

With the exception of split sites funding, which is now formularised, premises funding will continue to be allocated at local authority level on the basis of the amount spent by local authorities on this factor in their 2023-24 local formulae – as recorded in the 2023-24 Authority Proforma Tool (APT). The PFI factor is increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Rolling the mainstream schools additional grant funding into the NFF

The [mainstream schools additional grant](#) was introduced in 2023-24. Schools had flexibility over how they used the additional grant funding to support their pupils. For example, schools could use the funding to meet day-to-day running costs, such as staff salaries and energy costs. The grant funding is being rolled into the schools NFF from 2024-25.

The aim of our approach for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2024-25, without adding significant additional complexity to the formula. We have rolled in the grant in three ways, to reflect the three different ways in

which schools attract funding through the NFF. This follows the same approach to the rolling in of the Schools Supplementary Grant funding to the 2023-24 NFF.

- a. Adding £119, £168 and £190 to the primary, Key Stage 3 and Key Stage 4 per pupil funding factors respectively; £104 and £152 to the primary and secondary FSM6 factors; and £4,510 to the school lump sum. This increases the amount that schools already on their NFF allocations attract. The NFF factor value increases correspond to the values used in the distribution of the grant in 2023-24.
- b. Adding £143, £186 and £208 to the minimum per pupil (MPP) funding levels for primary, KS3 and KS4 respectively. This increases the amount that schools funded through the minimum per pupil funding levels attract through the NFF. The amounts reflect the average amount of funding these schools currently attract through the grant.
- c. Adding an amount representing the total funding schools receive through the mainstream schools additional grant on to their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.

The existing Area Cost Adjustment (ACA) calculation within the NFF ensures that the per pupil rates added to the basic entitlement, the FSM6 factor and the school lump sum are uplifted to reflect geographical variation in labour market costs, as is currently the case with the grant.

The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2024, and that academies will receive from September 2024³. To avoid an unfair gap in the support provided to academies, academies will therefore continue to receive separate grant payments up until the end of August 2024. The mainstream schools additional grant will then cease to operate as a separate grant.

In 2024-25, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. It is our expectation that, as far as possible, local authorities will ensure that individual schools' budget allocations for 2024-25 are set taking full account of additional funding from the mainstream schools additional grant that schools are receiving in 2023-24.

Schools receiving the minimum per pupil funding levels will have the additional funding protected in local formulae as these will continue to be compulsory in 2024-25. We will also require local authorities to include the additional funding

³ The funding cycle for academies follows the academic year, whereas it follows the financial year for maintained schools.

added to schools' NFF baselines in their baselines for the minimum funding guarantee, so that schools on the minimum funding guarantee can also have their mainstream schools additional grant protected.

Further details about the methodology for rolling in the grant are available in the technical note.

Formularising the split sites factor

The split sites factor targets extra funding to schools which operate across more than one site. As announced in the [response](#) to the consultation on [Implementing the direct national funding formula](#), we are introducing a formulaic approach to allocating split sites funding in the NFF in 2024-25. This ensures that split sites funding will be provided on a consistent basis across the country, replacing the previous locally determined split sites factor used by some local authorities.

Completing our reforms of the national funding formula

Following last year's consultation on [Implementing the direct national funding formula](#), the Department 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. As set out in the consultation [response](#), we are taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools. This transition towards the direct NFF began in 2023-24 and will continue in 2024-25. In particular:

- 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.

For 2024-25, local authorities will continue to be allowed to increase the pupil number count for schools with higher Reception pupil numbers in the January 2024 census, rather than the October 2023 census. However, this flexibility will be removed from 2025-26.

Further details on the tightening requirements for local formulae with guidance for local authorities is set out in the [school funding operational guide](#). We have also published the allowable factor values for 2024-25 following the tightening requirements for each local authority [here](#). An analysis of the distributional impact of tightening is set out in Annex C.

Other key features of the local funding formulae

Local authorities will continue to set a **minimum funding guarantee** in local formulae, which in 2024-25 must be between +0.0% and +0.5%. This allows them to match the protection in the NFF, which we expect local authorities to continue to do where possible.

Local authorities will again be able to **transfer up to 0.5%** of their total schools block allocations to other blocks of the Dedicated Schools Grant (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. The criteria the Department apply when considering such requests are available in the [school funding operational guide](#).

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.

Local authorities should keep under review the calculation of their schools' notional SEN budgets to make sure 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. More guidance for local authorities is published here: [Pre-16 schools funding: local authority guidance for 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)

Factor values and total spend in 2024-25

	Unit Values	Total Funding (incl. ACA)	Proportion of core total
Basic per pupil Funding		£33,696m	75.7%
Basic entitlement		£33,505m	75.3%
Primary basic entitlement	£3,597	£16,419m	36.9%
KS3 basic entitlement	£5,072	£9,904m	22.2%
KS4 basic entitlement	£5,717	£7,183m	16.1%
Minimum per pupil		£191m	0.4%
Primary Minimum Per Pupil funding	£4,655	£150m	0.3%
Secondary Minimum Per Pupil funding	£6,050	£40m	0.1%
Additional Needs Funding		£7,917m	17.8%
Deprivation		£4,511m	10.1%
Primary FSM	£490	£540m	1.2%
Secondary FSM	£490	£376m	0.8%
Primary FSM6	£830	£951m	2.1%
Secondary FSM6	£1,210	£1,067m	2.4%
Primary IDACI A	£685	£104m	0.2%
Primary IDACI B	£520	£152m	0.3%
Primary IDACI C	£490	£140m	0.3%
Primary IDACI D	£450	£124m	0.3%
Primary IDACI E	£285	£147m	0.3%
Primary IDACI F	£235	£115m	0.3%
Secondary IDACI A	£950	£97m	0.2%
Secondary IDACI B	£750	£151m	0.3%
Secondary IDACI C	£695	£140m	0.3%
Secondary IDACI D	£635	£122m	0.3%
Secondary IDACI E	£455	£165m	0.4%
Secondary IDACI F	£345	£117m	0.3%
Low Prior Attainment		£2,857m	6.4%
Primary LPA	£1,185	£1,617m	3.6%
Secondary LPA	£1,790	£1,240m	2.8%
English as an Additional Language		£488m	1.1%
Primary EAL	£595	£346m	0.8%
Secondary EAL	£1,605	£142m	0.3%
Mobility		£61m	0.1%
Primary Mobility	£970	£48m	0.1%
Secondary Mobility	£1,395	£13m	0.0%
School-Led Funding		£2,900m	6.5%
Lump Sum		£2,801m	6.3%
Primary lump sum	£135,700	£2,339m	5.3%
Secondary lump sum	£135,700	£462m	1.0%
Sparsity		£99m	0.2%
Primary sparsity	£57,700	£94m	0.2%
Secondary sparsity	£83,900	£5m	0.0%
Area Cost Adjustment: Multiplier applied to basic entitlement, additional needs and school-led funding (It is included in the factor subtotals)		£1,123m	
Core total (excl. funding floor and premises)		£44,513m	
Floor		£223m	
Primary floor funding		£109m	
Secondary floor funding		£114m	
Premises		£595m	
Split sites	£81,400	£33m	
Total		£45,331m.	

Figure 1: This shows the unit values, total funding and proportion of funding for each factor in the formula. Total funding is rounded to the nearest £1m. Proportion of core total funding is rounded to the nearest 0.1%. The secondary minimum per pupil factor value is based on a standard secondary school with five year groups. The sparsity unit values correspond to the maximum a school can attract for these factors, and the split sites unit value to the maximum amount an additional site can attract through the basic eligibility and distance funding combined.

The national funding formula for high needs

Updates to the high needs national funding formula in 2024-25

The national increase in high needs funding, between 2023-24 and 2024-25, will be £440 million, or 4.3%, and high needs funding will total £10.54bn. Overall, the investment over the course of this Spending Review period means that high needs funding is increasing by £2.5 billion since 2021-22. This will continue to support local authorities and schools with the increasing costs they are facing.

The high needs NFF includes:

- a. The funding floor – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2024-25 we are setting the funding floor at 3%, having adjusted the baseline to include the additional high needs funding that was allocated to local authorities in December 2022, following the 2022 autumn statement.
- b. The gains cap – the limit on gains per head of the population compared to the baseline. For 2024-25 we are setting the gains cap at 5% which means that local authorities can see an increase of up to 5% before their gains are capped (again, compared to a baseline that takes account of the additional high needs funding allocated in December 2022).

The basic structure of the high needs NFF for 2024-25 is not changing, although we have slightly changed the way it is presented in figure 3 of Annex B.

We have been able to include the latest data, from the 2021 general population census, on children in bad health. This is a significant update as the data in the 2023-24 NFF was from the 2011 census.

Due to the Covid-19 pandemic, there is no appropriate 2020 or 2021 attainment data to use for the two low attainment factors. Following earlier consultations, we have decided to continue using 2019 data as a proxy for the 2020 data in the NFF calculations of high needs allocations for 2024-25. As we can rely on the 2022 data, the 2024-25 NFF calculations use this as a proxy for the 2021 data. This aligns with the approach taken in the schools NFF.

In the 2024-25 NFF the historic spend factor remains at the same cash value as in 2022-23 and 2023-24, equivalent to an average of 27% of local authorities' provisional 2024-25 allocations. If alternative proxies for established patterns of the local demand for and supply of special and alternative provision become available in the future, we will review the significance of this factor in the formula for later years, with a view to ultimately removing it altogether.

The national funding formula for central schools services

The central schools services block in 2023-24

The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies.

The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.

For 2024-25 the formula for allocating this funding follows the same approach as in 2023-24.

Ongoing responsibilities

The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total provisional funding for ongoing responsibilities is £304m in 2024-25.

£299m of this element of the CSSB is calculated using a simple per pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per pupil factor, and 10% of the funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools.

Local authorities will continue to be protected so that the maximum per pupil year-on-year reduction in funding for ongoing responsibilities is at 2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate, of 5.51%.

On top of this, we have provided an additional £5 million to cover the exceptional increase in copyright licence costs in 2023-24, as licences were updated following the increased use of digital technology. This will be distributed in line with the increase in each local authority's charge for copyright licences in 2023-24.

Further detail on the methodology used for the CSSB formula is set out in the 2024-25 NFF technical note.

Historic commitments

In 2020-21 we began to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013-14, which have been unwinding since. This was in line with our reforms to move to a fairer funding system, and to avoid maintaining significant differences in funding indefinitely between local authorities which reflect historic decisions.

In 2024-25, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2023-24 allocations, the same rate as in previous years.

We will also continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long times over which such costs unwind. We invite local authorities in this position to contact the Department. Further information on this process is included in the [school funding operational guide](#).

Historic commitments are expected to unwind over time as contracts reach their end points. We retain the requirement in regulations that authorities spend no more on these commitments than they did in the previous year; therefore, with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish.

Equalities Impact Assessment

The Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 requires the Secretary of State to give due regard to achieving the following objectives in exercising their functions:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

We have considered the impact on persons who share any of the protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. We have focused on those protected characteristics for which the impact is largest, and which are most closely tied to the distributional policy choices we are making. We use incidence of SEND as a proxy for disability in this analysis, as the two are highly correlated, and ethnicity as a proxy for race.

We introduced the NFF in 2018-19 after significant consultation and published a full equalities impact assessment.⁴ We are broadly continuing the implementation of this version of the NFF. Therefore, we have focused this assessment primarily on the key policy changes that are being made in 2024-25.

Schools NFF

Increases to factor values

The funding increases of 2.4% to the core factors in the NFF mean that all schools will attract more funding in 2024-25 than they would have done without an increase. This is expected to have a positive impact on pupils with protected characteristics in all areas of England.

The exact impact on pupils and schools will depend on the local formulae, but on average:

- a. The 2.4% increase to core factor values will mean that the per-pupil funding for the low prior attainment (LPA) factor and English as an additional language (EAL) factor will rise. As there is a positive correlation

⁴ https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/supporting_documents/NFF_EqualityImpactAssessment.pdf

between pupils these factors and pupils with SEND and certain ethnic minorities, respectively, these increases will have a positive impact on pupils with those protected characteristics.

- b. Schools funded through the funding floor will also receive lower funding increases, on average, than other schools. These schools tend to be in urban areas and have a higher proportion of pupils from ethnic minority backgrounds because these areas are more ethnically diverse. They also have a higher occurrence of non-Christian faith schools. While these schools will see lower-than-average *increases* in funding in 2024-25, they still have higher than average *levels* of funding. The lower-than-average funding increase for these schools is therefore necessary to overcome historic discrepancies in funding and ensure that funding is distributed fairly based on pupils needs and characteristics, including by ensuring that funding can be fairly directed to areas seeing relative increases in levels of deprivation and other additional needs.

Overall, the equalities impact of funding increases across all factor values is expected to be positive.

Rolling in the mainstream schools additional grant into the schools NFF

We are rolling in the mainstream schools additional grant to the schools NFF in such a way that the additional NFF funding schools and local authorities receive is as similar as possible to the funding they would receive if the grant was not rolled in. We recognise that the rolling in can never perfectly reflect the current allocations, but do not believe that the schools affected by the discrepancies have a higher proportion of pupils with protected characteristics than average. There would therefore not be any disproportionate impact (either positive or negative) on pupils with protected characteristics from the rolling in of grants.

Transitioning to the direct schools NFF

The requirements for local authorities to move their local formulae closer to the NFF continues the first step of transition that local authorities began in 2023-24. The equalities impact of moving to the direct NFF was discussed as part of the consultation on [Completing our Reforms to the National Funding Formula](#). As noted in the [consultation response](#), our expectation is that the direct NFF will create a fairer and more consistent distribution of funding that is more closely aligned to need, and is essential to support opportunity for all pupils.

The impact of continuing the transitioning towards the direct NFF in 2024-25 will depend on how local authorities respond to the tightening requirements, and how they use their remaining formula flexibilities. In principle, we would expect the impact to be similar in nature, but smaller in magnitude, to the impact of introducing the direct NFF. Annex C provides more information on the expected

distributional impact of the tightening criteria for 2024-25. We will continue to monitor the equalities impact of a move to a direct NFF on an ongoing basis and when developing policy in future years.

Formularisation of the split sites factor

We are introducing a formulaic approach to allocating split sites funding in the NFF in 2024-25. This will ensure that split sites funding will be provided on a consistent basis across the country.

Schools which were previously funded through a local split sites factor but no longer meet the criteria for split sites will not lose out on funding.

We do not expect this change to have any disproportionate impact (either positive or negative) on pupils with protected characteristics from the introduction of the formula.

New requirements for growth and falling rolls

We are introducing new requirements for growth and falling rolls funding. We expect these changes to have a positive impact on schools which agree with the local authority to host an additional class to meet basic need, but which previously were not guaranteed funding for this.

We do not expect this change to have any disproportionate impact (either positive or negative) on pupils with protected characteristics.

High needs NFF

We have considered the impact of the high needs distribution on children and young people who share any of the protected characteristics. We have focused particularly on those with SEND given the high level of correlation between young people with SEND and those with disabilities.

We introduced the high needs NFF in 2018-19 after significant consultation and a full equalities impact assessment⁵. We are distributing the funding for high needs through the high needs NFF and are not proposing any changes to the overall structure of the formula for 2024-25. Therefore, we have focused this assessment primarily on the aspects of the formula that have changed for 2024-25.

In recognition of the fact that all local authorities are facing some pressures on their high needs budgets, we are allocating increased funding through the high needs NFF amounting to over 4% compared to the 2023-24 allocations of high needs funding. The distribution of this increase will ensure that all authorities receive an

⁵ [The national funding formula for schools and high needs: equalities impact assessment \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

increase in funding of between 3% and 5% per head of their 2-18 population, as follows:

- a. A funding floor set to 3%. Thus, the minimum gains in per-head funding a local authority can receive compared to 2022-23 will be 3%;
- b. A gains cap set to 5%. This is the limit in per-head gains that a local authority can receive compared to 2022-23; and
- c. Increased funding through the remaining proxy factors. We have distributed the remaining funding through the proxy factors. This is in line with how the formula has worked previously and means that local authorities will receive their share of this remaining funding based on the proxy factors of need. These include health and disability factors reflecting any changes in the proportion of the local population of 2-18 year olds whose families receive disability living allowance because they are disabled.

The proxy factors also include an amount of funding based on each local authority's previous spending, so that funding can reflect patterns of provision and spending not otherwise captured through the formula.

We expect this distribution of funding both to provide reasonable increases to all local authorities and to ensure stability through the use of the same formula as in 2023-24. As a result, and subject to local decisions on how the funding is spent in making special provision, our assessment is that how the available funding is distributed to local authorities in 2024-25 will not have an adverse impact on those children and young people identified as having SEND (which includes those with disabilities). This funding distribution will enable local authorities to help them access the right educational provision and thereby address educational inequalities for those with SEND.

Central School Services Block NFF

The formula that allocates the central school services block funding is broadly unchanged for 2024-25; we do not expect this to have an impact on different groups of pupils, including those with protected characteristics.

The reduction to funding for historic commitments will affect some local authorities' ability to continue to deliver certain central functions as they have previously – this is a continuation of our established policy to unwind these commitments. The nature of this expenditure, relating to a wide range of individual decisions by different local authorities, means the impact of the reduction is very variable. Where authorities combine this funding with other sources to support certain services – for example, related to early intervention, programmes for vulnerable children or those with high needs – these may disproportionately benefit pupils

with protected characteristics, such as those from ethnic minority backgrounds or with disabilities. If the reductions mean a local authority can no longer fund such services in the same way, this would represent a negative impact. In other cases, existing services may not be having any differential impact on protected groups, and their cessation would not have a particular impact in terms of equalities.

However, reducing this funding will address funding disparities to make the wider system fairer, so that educational provision for all pupils is based on need rather than historic decisions. Ultimately, prioritising funding for schools and high needs, which has significantly increased, benefits all areas and will respond to pupils' characteristics and needs. The impact on pupils with disabilities, in particular, will be offset by the substantial increases in high needs funding over the course of this Spending Review period (2022-23 to 2024-25).

Overall impact

There have been very few changes to either the schools or high needs NFF from 2023-24. Our assessment is that how the available funding is distributed to mainstream schools and local authorities in 2024-25 will not have an overall adverse impact on mainstream school pupils with protected characteristics and on those children and young people identified as having SEND (which includes those with disabilities). In particular, the high needs funding distribution will enable local authorities to help those with SEND access the right educational provision and thereby address any potential educational inequalities that they might otherwise experience.

In some cases, the changes work in different directions. For example, with regard to the schools NFF the impact of increasing the funding directed towards the core factors by 2.4% is different to the impact of the lower funding increase to schools on the funding floor.

Overall, 17.8% of funding in the schools NFF is directed towards those with additional needs. This means that the distribution of funding in the schools NFF still significantly favours schools with high levels of additional needs, and therefore with higher incidence of pupils with certain protected characteristics, notably disability and ethnicity.

Annex A: The structure of the schools national funding formula (NFF) in 2023-24

Overall design of the formula

The schools NFF determines how we distribute core funding for 5–16 year-old pupils in mainstream schools.

The formula determines the funding each local authority receives. Under the current approach, local authorities then set their own formulae to distribute that funding across maintained schools and academies in their area – subject to certain constraints.

The funding formula is made up of 14 factors, as illustrated in the diagram below.

Figure 2 - Current NFF Funding Factors

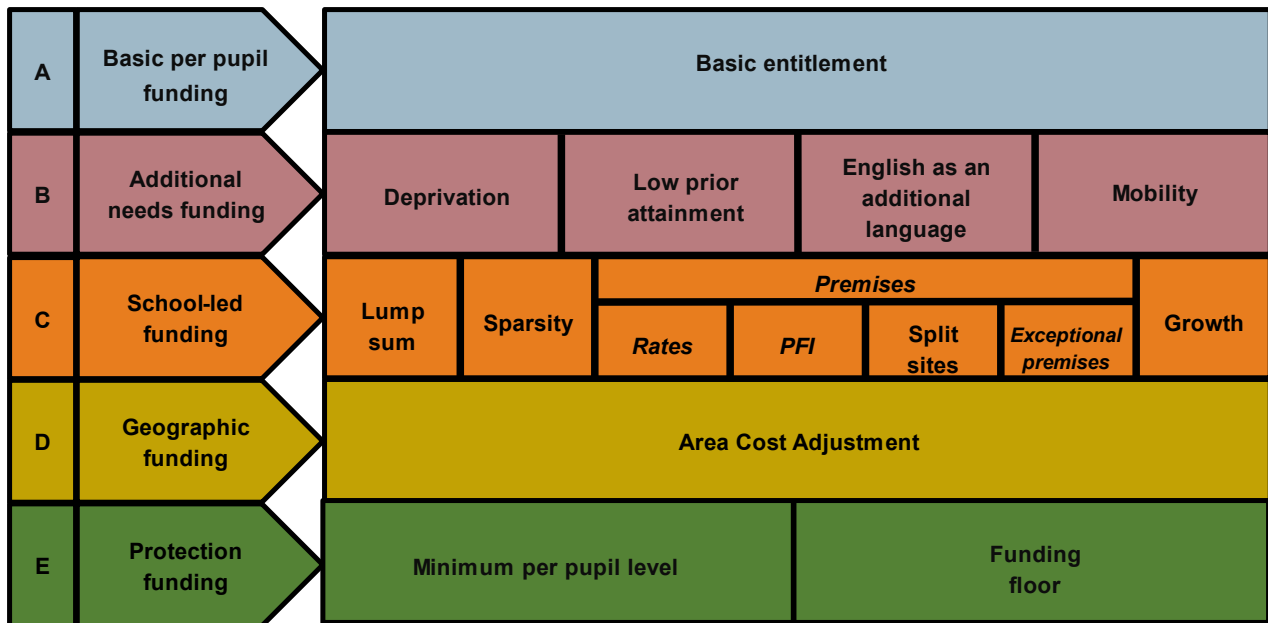


Figure 2: This illustrates the factors that are taken into account when calculating schools block DSG funding allocations through the NFF. It is not to scale. PFI and Exceptional Premises factors are allocated to local authorities on the basis of historic spend; and rates based on actual costs. Factors in italics are funded according to the previous year's allocation.

Approximately 93.5% of the schools NFF funding is allocated through 'pupil-led' factors. The 'pupil-led' factors are determined by pupil numbers and pupils' characteristics. The majority of this funding is allocated through the basic entitlement factor, which all pupils attract. The NFF allocates the rest of 'pupil-led' funding towards additional needs.

Evidence shows that pupils with additional needs are more likely to fall behind and need extra support to reach their full potential. This is why the NFF allocates 17.8% of all funding through additional needs factors based on deprivation, low prior attainment, English as an additional language and mobility.

Pupils attract funding for all the factors for which they are eligible. A pupil currently eligible for FSM attracts the amount provided through the FSM factor as well as the amount through the FSM Ever 6 factor. This also applies for children with any combination of multiple additional needs. That is not intended to imply that all such funding should be dedicated to the pupil who attracts it. An individual child who attracts deprivation funding, for example, may need more, or less support than the sum that they attract in the NFF. Rather, these additional needs factors are predominantly “proxy” factors, using the overall incidence of particular pupil characteristics to identify how much additional funding a school is likely to need, in total.

‘School-led’ funding is allocated through various factors according to a school’s characteristics. All schools attract a lump sum of £135,700. Small and remote schools attract additional support through the sparsity factor. Other school-led funding reflects costs associated with a school’s premises and overheads through four separate factors: rates, split sites, private finance initiative (PFI) and exceptional circumstances.

An area cost adjustment (ACA) is applied as a multiplier to formula allocations to reflect higher costs in some parts of the countries, due to differences in salary costs.

Finally, the formula offers two different forms of protections for schools:

- The minimum per pupil level guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the minimum per pupil level receives a top up to the minimum levels.
- The funding floor protects schools from year-on-year funding decreases, by ensuring a minimum increase in pupil-led funding per pupil compared to the previous year.

The following sections give more detail on the design of the individual factors within the schools NFF.

Pupil-led factors

Basic entitlement

75.3% of the schools NFF is allocated through the basic entitlement, which every pupil attracts. The amount varies by age. In the 2024-25 NFF pupils in Reception to Year 6 attract £3,597; pupils in Year 7 to Year 9 attract £5,072, and pupils in Years 10 and 11 attract £5,717.

Additional needs factors

Deprivation

The NFF allocates 10.1% of all its funding to deprived pupils. Pupil deprivation is based on three deprivation measures – current Free School Meal (FSM) eligibility, FSM eligibility at any time in the last 6 years (“FSM6”), and the level of deprivation in the postcode where the pupil lives, which is measured using the Income Deprivation Affecting Children Index (IDACI).

- o FSM

Schools attract £490 for all primary and secondary pupils who are eligible for free school meals. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil.

A pupil is eligible for FSM if they meet the criteria set out in: [Free school meals: guidance for schools and local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/free-school-meals-guidance-for-schools-and-local-authorities).

- o FSM6

All pupils who are recorded as eligible for free school meals, or who have been at any point in the last six years, attract funding through the “FSM6” factor. Schools attract £830 for each primary pupil and £1,210 for each secondary pupil eligible for FSM6 funding.

- o IDACI

IDACI funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands⁶.

⁶ The boundaries of these bands are based on the proportions of LSOAs (small areas) in each band and are defined by rank.

The IDACI bands are set out in the table below.

Band	A	B	C	D	E	F	G
Proportion of LSOAs in each band	2.5%	5%	5%	5%	10%	10%	62.5%
Primary unit value	£685	£520	£490	£450	£285	£235	£0
Secondary unit value	£950	£750	£695	£635	£455	£345	£0

The table shows that 2.5% of LSOAs are placed in IDACI band A which attracts the highest funding, 5% in IDACI band B attracting the second highest level of funding, and so forth. 62.5% of LSOAs are in band G which does not attract any additional funding.

Low Prior Attainment

We are allocating 6.4% of the NFF in respect to pupils with low prior attainment (LPA).

Primary school pupils who have not achieved the expected level of development in the Early Years Foundation Stage Profile assessment (EYFSP) and secondary pupils who have not achieved the expected standard in Key Stage 2 at either reading, writing or maths attract £1,185 and £1,790 respectively⁷.

English as an additional language

The pupils eligible to attract funding through the NFF English as an additional language (EAL) factor are those recorded as having entered state education in England during the last three years, and whose first language is not English. 1.1% of the NFF is allocated through the EAL factor.

Schools attract £595 for all EAL-eligible primary pupils, and £1,605 for all EAL-eligible secondary pupils.

Mobility

0.1% of the total NFF funding goes to pupils eligible for mobility funding.

⁷ For 2020 where these assessments have been cancelled, schools are allocated funding based on the previous year's results.

The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.

Pupils are classed as mobile if they joined the school at a 'non typical' date within the last three years. Schools attract £970 for eligible primary pupils, and £1,395 for eligible secondary pupils, above a threshold of 6% of the schools' pupil numbers (i.e., where more than 6% of a school's pupil are classified as mobile).

School-led factors

Lump Sum

Every school attracts a lump sum of £135,700 through the NFF irrespective of its size or phase. The total spend on the lump sum represents 6.3% of the NFF.

Sparsity funding

0.2% of the NFF is allocated through the sparsity factor, for small and remote schools.

Eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest school, and the average number of pupils per year group.

A school is eligible for sparsity funding if:

- For all the pupils for whom it is the nearest "compatible" school⁸, the average distance (as measured by road) from the pupils' homes to the second nearest compatible school is above the relevant distance threshold. The main distance thresholds are 3 miles for secondary schools and 2 miles for all other schools, with the distance threshold taper set at 20% below each threshold (2.4 miles at secondary, 1.6 miles for other schools).
- The average year group size is below the appropriate year group threshold. This threshold is 21.4 for primary schools, 69.2 for middle schools, 120 for secondary schools and 62.5 for all-through schools.

Primary schools qualifying attract up to £57,700 and all other schools up to £83,900. Schools with a lower number of pupils attract a higher amount than those closer to the year group threshold. In addition, schools with a sparsity distance between the distance threshold taper and main distance threshold will attract some sparsity funding – tapered by both size and how far away from the main distance threshold they are. Of two schools of the same size, one closer to the

⁸ A compatible school means one of the relevant phases which a pupil could attend. Selective grammar schools are not considered when identifying the second nearest compatible school, but faith schools are included.

main threshold would receive more. The distance threshold taper mitigates the risk of year-on-year fluctuations in sparsity eligibility having a significant impact on a school's sparsity funding.

Premises

The NFF allocates funding to reflect the costs associated with a school's premises and overheads.

o Rates

For local accounting purposes, rates funding allocations will continue to feature in NFF allocation publications for all schools. From 2022-23, the payment of business rates for local authorities opting into the central payment system has been centralised, with ESFA paying rates directly to billing authorities on behalf of schools. For local authorities which have not opted into the new payment system, ESFA will continue to allocate funding for business rates, to meet the real costs of schools.

o PFI

The Private Finance Initiative (PFI) factor is funded on the basis of a local authorities' previous year's spending. Every year, we uprate this funding in line with the RPIX measure of inflation, to reflect most PFI contracts.

o Split Sites

The split sites factor targets extra funding to schools which operate across more than one site. Schools receive a £54,300 lump sum payment for each of their additional eligible sites – up to a maximum of three additional sites. On top of that, schools whose sites are separated by more than 100 meters receive distance funding. The distance funding varies depending on how far apart the sites are, up to a maximum of £27,100 for sites which are at least 500 metres away from the main site.

o Exceptional Circumstances

The exceptional circumstances factor is included in the formula so that, where local authorities have had approval from ESFA to direct additional funding to a small number of schools with significant additional costs, this is taken into account when determining their funding. Local authorities receive funding for this factor on the basis of their spend in the previous year. The consultation response on implementing the direct national funding formula, confirmed that we will introduce a standardised system for exceptional circumstances either in advance of, or at the same time as, we introduce the direct formula.

Area Cost Adjustment

The area cost adjustment (ACA) in the schools NFF reflects variations in labour market costs across the country by taking into account the general labour market trends and the particular salary variations in the teaching workforce.

It is a combination of:

- a. A teacher pay cost adjustment, to reflect the differences in the basic pay ranges between the four regional pay bands for teachers and
- b. A general labour market (GLM) cost adjustment, to reflect geographical variation in wage costs for non-teaching staff.

The NFF's ACA is calculated for each local authority by:

- a. Weighting the relevant teacher-specific cost adjustment in line with the national proportion of spend on teaching staff in mainstream schools (52.82%).
- b. Weighting the relevant GLM labour cost adjustment in line with the national proportion of spend on non-teaching staff in mainstream schools (28.74%).

Nationally the ACA ranges between 1.00 and 1.19. Some local authorities – those that are partly in 'London Fringe' areas – contain both districts that receive an ACA, and districts that do not. Whether schools in these local authorities receive an uplift will depend on the local district area in which the school is located.

Protective elements of the NFF

Minimum per pupil levels

The minimum per pupil level (MPPL) guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the MPPL receives a top up to the minimum levels.

The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £4,655 for primary year groups, £5,824 for KS3 and £6,389 for KS4.⁹ Each school's MPPL is calculated as a weighted average of the number of year groups they have.

This means that the MPPL is £4,655 for primary schools, and £6,050 for secondary schools with year groups 7 to 11. And for middle schools and all-through schools, an MPPL is set based on the specific year groups that they educate.

⁹ These funding levels includes £180 for primary year groups and £265 for secondary year groups added to the grant in 2021-22 to reflect the rolling in of previous pay and pensions grants into the NFF.

The MPPL values are compulsory in local authority funding formulae, which determine actual funding allocations for maintained schools and academies. Academy trusts have flexibilities over how the funding they are allocated in respect of their individual academies is then distributed across academies in their trust. This means that, in some cases, an academy could receive a lower per pupil funding amount than the MPPL value. This may reflect, for example, activities that are paid for by the trust centrally, rather than by individual academies.

The funding floor

The funding floor ensures that a school's funding is protected year-on-year, and that all schools attract a minimum uplift to their pupil-led per pupil funding even where the core formula factors indicate that their funding should be lower.

In 2024-25, the formula ensures that all schools attract an increase of at least 0.5% in pupil-led funding per pupil compared to 2023-24.

Local authority funding formulae must include a minimum funding guarantee (MFG) that provides a similar protection to the funding floor. In 2024-25, the MFG can be set between 0% and 0.5%.

Growth funding

In addition to the core funding allocated through the NFF, we also provide growth funding to local authorities to manage increases in pupil numbers. The NFF operates on a lagged funding basis whereby schools receive funding in a given year based on pupil numbers from the year before. Local authorities can use the growth funding they are allocated to support schools to manage an increase in pupil numbers before the lagged funding system has caught up.

Growth funding is distributed based on the actual growth that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the most recent October pupil census, and the census in the previous October.

Local authorities' growth funds can only be used to:

- support growth in pre-16 pupil numbers to meet basic need.
- support additional classes needed to meet the infant class size regulation.
- meet the revenue cost of new schools.

From 2024-25 local authorities will need to provide growth funding where a school or academy has agreed with the local authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment).

Local authorities will have to provide funding that is at least that calculated through using the following formula¹⁰:

$$\text{Primary Growth Factor value (£1,550)} * \text{Number of Pupils} * \text{ACA}$$

Funding for maintained schools is provided to cover the period from September to March before the lagged funding system 'catches up' from the subsequent April through the subsequent year's NFF. Since academies are funded on an academic year basis, they would receive additional funding (at a rate of an additional 5/7 of the allocation) to cover a full year's growth funding before the system 'catches up'.

Falling rolls funding

Since the introduction of the national funding formula in 2018-19, local authorities have been able to operate a falling rolls fund to support schools which see a short-term fall in the number of pupils on roll. For the first time, in 2024-25 we will allocate funding to local authorities on the basis of falling rolls, as well as growth.

Falling rolls funding will be distributed on the basis of the reduction in pupil numbers that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the most recent October pupil census, and the census in the previous October.

Local authorities will continue to have discretion over whether or not to operate a falling rolls fund. Where local authorities operate a fund, they will only be able to provide funding where the 2022 school capacity data (SCAP) shows that school places will be required in the subsequent three to five years.

The restriction, that funding can only be provided to schools judged "Good" or "Outstanding" in their latest Ofsted judgement will be removed from 2024-25.

¹⁰ The Primary Growth Factor value will be used as the factor value for all school types – recognising there is one teacher pay scale and that this funding is a minimum value.

Annex B: The structure of the high needs national funding formula (NFF) in 2024-25

Overall design of the formula

The high needs national funding formula (NFF) has been used to allocate high needs funding to local authorities since 2018-19. This funding supports provision for children and young people with special educational needs and disabilities (SEND) from ages 0-25 years. It also supports alternative provision (AP) for pupils of compulsory school age who, because they have been excluded or suspended, or because of illness or other reasons, cannot receive their education in mainstream or special schools.

The formula consists of 11 factors designed to indicate the level of need within a local authority. These can be seen in figure 3 below. The formula factors have been chosen to capture both the nature of the local SEND system (reflecting local circumstances, for example the number of special schools in the area) and the characteristics of the children and young people living in the area. The formula also includes funding floor and gains limit factors, to ensure a minimum level of increase for every local authority and to reduce the impact of year-on-year changes to their funding levels.

Figure 3: The structure of the high needs NFF

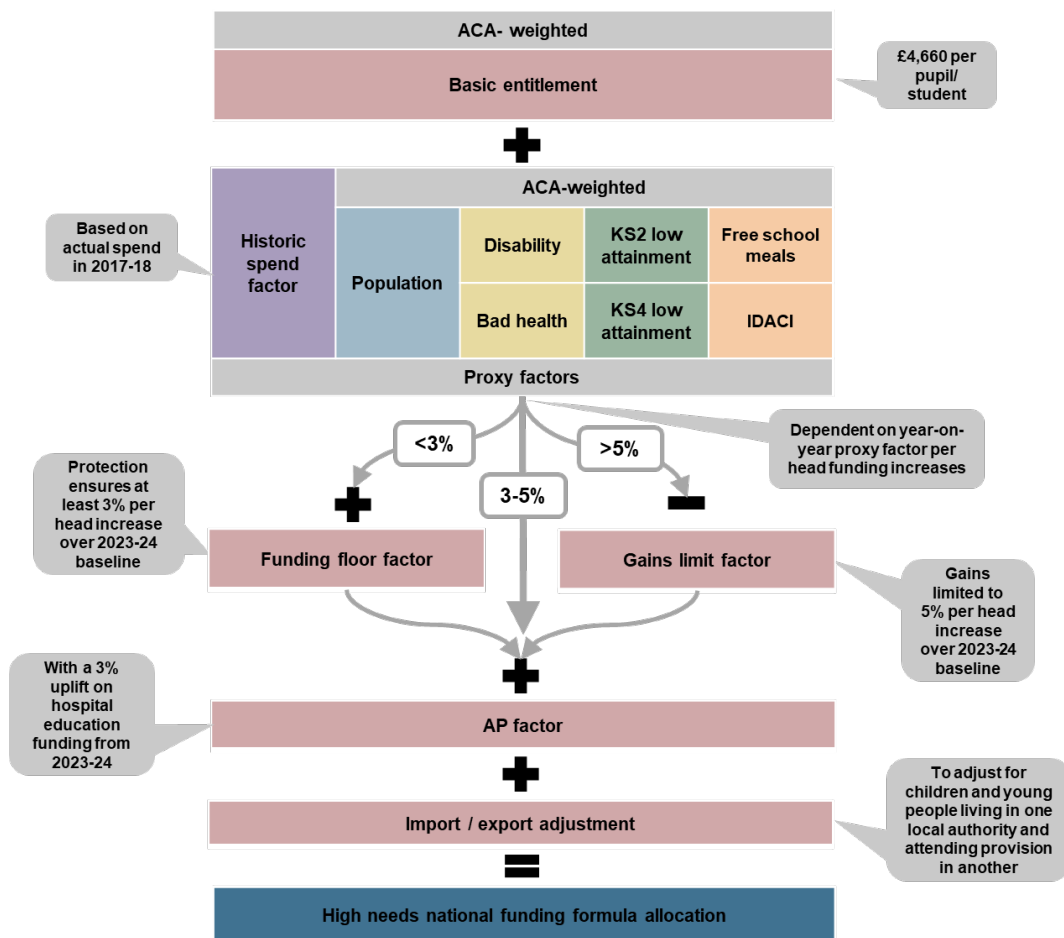


Figure 3: This illustrates the formula factors that are used to calculate high needs funding allocations through the NFF. The diagram shows the eleven factors which reflect the level of need in an area, as well as the funding floor and gains limit factors which ensure that all authorities receive an increase in funding of between 3% and 5% per head of their 2-18 population.

The basic entitlement factor and the historic spend factor are designed to reflect aspects of the local SEND system. The basic entitlement factor gives a set amount of funding (£4,660) per pupil based on the number of pupils in special schools (including those in independent special schools), performing the same role as its counterpart within the mainstream schools NFF. The historic spend factor provides every local authority with a set percentage (50%) of their 2017-18 spending on high needs to reflect past spending patterns, given the constraints that the local demand for and supply of provision will continue to place on future spending.

The proxy factors within the formula reflect the characteristics of the population within a local authority. We use proxy factors in the high needs NFF rather than prevalence of SEND or levels of education health and care (EHC) plans in each local authority. The population factor sets out the number of children and young people aged 2-18 living within a local area, and the 6 SEND and AP proxy factors

allocate funding more specifically based on levels of attainment, deprivation and health/disability.

The weightings for each of these factors differ depending on whether the formula is providing a local authority with funding for SEND, AP or both. The weightings in each case, which are the same in the 2024-25 formula as in previous years, can be seen in figure 4 below.

Figure 4 – Factor weightings in the high needs NFF

Proxy factor type	Proxy factor	SEND weighting (90%)	AP weighting (10%)	Combined weighting
Population	Population factor	50%	50%	50%
Deprivation factors	FSM	8.33%	25%	10%
	IDACI	8.33%	25%	10%
Health and disability factors	Children in bad health	8.33%	0%	7.5%
	DLA	8.33%	0%	7.5%
Low attainment factors	KS2 low attainment	8.33%	0%	7.5%
	KS4 low attainment	8.33%	0%	7.5%

Figure 4: This table illustrates the weightings for each of the proxy factors in the high needs national funding formula. The figure highlights that the population factor receives the largest weighting, accounting for 50% of these elements of the funding formula. The other factor weightings reflect the extent to which the factors act as proxies for SEND, and the likely need for AP. A combined weighting is then shown for each factor.

Further information on the factors within the high needs NFF can be found in the high needs NFF technical note¹¹.

¹¹ [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114222/nff_tables_2024_2025.pdf).

Annex C: The impact of tightening restrictions on local formulae in 2023-24 and expected impacts for 2024-25

Introduction

Moving to a direct NFF¹², will ensure that all mainstream schools in England are funded on a fair and equitable basis. This will complete the reforms started in 2018 when the NFF was first introduced to ensure that all schools were funded based on a consistent assessment of need.

For the first time in 2023-24, as part of our preparations for moving towards a direct NFF, we required local authorities to move their local formulae closer to the NFF. Local authorities were required to use all the NFF factors (and only the NFF factors) in their local formulae; and to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2022-23, unless they were already “mirroring” the NFF (factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF).

In the response to our 2022 consultation *Implementing the Direct NFF* which we published earlier this year, we confirmed that we will continue with a careful approach to transition, recognising the significant change that moving to a direct NFF represents. Therefore, as in 2023-24, in 2024-25 local authorities will be required to move 10% closer to the NFF than the previous year, and we will continue to set a 2.5% threshold for mirroring.

In the 2023-24 [policy document](#) we set out the expected impact of local formulae “tightening” requirements on local funding formulae for 2023-24. In this document we summarise the actual impact of initial “tightening” in 2023-24 and the expected impacts of further tightening requirements in 2024-25.

In summary, we have seen a significant increase in the number of local authorities which mirror the NFF in 2023-24 – from just over half in 2022-23, to just over two-thirds in 2023-24. Additionally, all local authorities met the minimum requirements set for tightening in 2023-24 and a substantial number went further – of the 72 local authorities who were not mirroring the NFF in 2022-23 61 moved at least one factor more¹³ than the 10% tightening requirement.

¹² The NFF is used to calculate a notional allocation for every school in England, which the Government aggregates for all the schools in each local authority to create a total allocation for that local authority. Local authorities then set their own local formulae to distribute their total allocation between all the schools in their area. Schools (both maintained schools and academies) receive their budget allocation based on their local authority’s formulae.

¹³ We counted local authorities where factors had moved by 11% or more.

We have not proposed a fixed target date by which the direct NFF will be in place. The path to the direct NFF, and the pace at which we move along it, will be informed by ongoing feedback as we proceed.

Approach to analysis

This annex provides a narrative analysis of the impact of tightening requirements in 2023-24 and the expected impact of the 2024-25 tightening requirements. It sets out what the expected impact of tightening local formulae will be on schools in particular local authorities, and types of schools more generally.

As we transition to the NFF, we will maintain the protection offered through the minimum funding guarantee (MFG) to minimise disruption for schools. This will protect schools from sudden drops in their per pupil funding levels in cases where local factor values decrease.

The school funding operational guide provides further detail on the tightening requirements for local authorities, and the allowable factor value ranges for each authority in 2024-25 are published here: [Pre-16-schools-funding-local-authority-guidance-for-2024-to-2025](#).

The comparison between the local factor values and the NFF factor values is made with the Area Cost Adjustment (ACA) removed from all the NFF factors used by the local authority. As such, the required movement towards the NFF for each individual local authority is a movement to the NFF value from the local values as adjusted by the removal of that authority's ACA. Throughout the discussion in this note, references to local values should be taken to mean the ACA-removed local values.

We have only included the sparsity factor in our analysis where that local authority has schools which are eligible for sparsity through the NFF. Otherwise, we have assessed the factor values that each local authority uses in their local formulae, whether these are greater or less than the equivalent NFF factor value and the extent to which they have moved closer to the NFF values in 2023-24.

There are a wide range of approaches that local authorities take in setting their local formulae, and it is not possible to cover each variation in this analysis. This analysis does not aim to extend to each of those variations between factors in the formulae and the interactions this produces. Where factor values do not mirror the NFF, we have not focused on the magnitude of divergence, but rather whether this is above or below the NFF value.

One reason why local formulae may depart from the NFF is because the local authority is making a funding block transfer, typically to support high needs. As confirmed in the response to the 2022 consultation Implementing the Direct NFF there will be continued flexibility to transfer funding to high needs budgets under the direct NFF. Until that point

we intend that the current approach to block transfers will remain a part of the NFF system.

It is not possible to foresee or model the exact impact that tightening local formulae will have at school level; individual schools' actual allocations will be affected by a wide range of factors, including, crucially, changes to the number and characteristics of their pupils. As such, where we describe the impact, this is in general terms. The effect of the tightening requirements on particular schools will depend on how local authorities use the remaining flexibility in their local formulae, including factors such as whether they choose to move more than 10% closer to the NFF values; whether and how they make use of the 2.5% flexibility offered by the mirroring threshold; the level of the MFG; and the extent to which they manage any affordability pressures through capping and scaling the funding increases of individual schools.

It is important to note that tightening will not have any impact on the distribution of funding across different local authorities, as it does not affect the total amount of funding each local authority is allocated through the NFF. Instead, the tightening requirements will only impact the distribution of funding between schools within local authorities.

We will conduct further analysis for future years following the same format as this analysis.

Overall patterns of movement

We have seen a significant increase in the number of local authorities which mirror the NFF in 2023-24 – now just over two-thirds of local authorities do so, compared to half of local authorities in the year before¹⁴.

In our 2023-24 NFF policy document we outlined three categories of local authorities depending on their 2022-23 local formulae:

- Local authorities that already mirror the NFF.
- Local authorities that already mirror the NFF in most factors¹⁵.
- Local authorities whose formulae are substantially different from the NFF¹⁶.

¹⁴ There are 153 local authorities with education responsibilities in England. Two of these; the Isles of Scilly and the City of London are not funded through the NFF. Therefore, this analysis focusses on the 151 local authorities who receive funding through the schools NFF.

¹⁵ We describe local authorities as mirroring in most factors where they mirrored at least 7 of the 9 factor local authorities are required to tighten. The nine factors in this analysis are: basic entitlement, FSM, FSM6, IDACI, English as an additional language, low prior attainment, mobility, lump sum, and sparsity. This excludes premises factors (rates, PFI, split sites and exceptional premises) which were all determined locally in 2023-24, and minimum per pupil levels (MPPLs) which are already compulsory for all.

¹⁶ We describe local authorities as substantially different from the NFF where at least 3 of 9 factors do not mirror the NFF.

In this analysis we have continued to use the same categories. The headline movement between these categories is outlined in Table One¹⁷. It shows that, in addition to an increase in the number of local authorities that mirror the NFF, we have also seen a decrease in the number of local authorities who are substantially different from the NFF.

Table One: Movement between categories from 2022-23 to 2023-24

Financial Year	Local authorities that mirror the NFF	Local authorities that mirror the NFF in most factors	Local authorities whose formulae are substantially different from the NFF.
2022-23	78	42	30
2023-24	106	24	21

Review of tightening impacts in 2023-24 and expected impacts in 2024-25

Wider impacts: Capping and Scaling and the Minimum Funding Guarantee

We have deliberately taken a gradual approach to the transition to the NFF. We set a 2.5% mirroring threshold, to avoid significant affordability pressures which would lead to a large expansion of capping and scaling and/or disapplication requests¹⁸.

This approach has been borne out in the changes we have seen in 2023-24.

On the MFG, in line with the trend seen over previous years, the overall funding through the MFG decreased from £253m in 2022-23 to £164m in 2023-24. 128 local authorities saw a decrease in the funding of the MFG, while 21 local authorities saw an increase in MFG funding in 2023-24.

We allowed local authorities to seek to disapply the MFG for affordability reasons¹⁹ (that is, to ensure that the local authority could set a local formula that complied with our rules, that would not cost more than their total NFF allocation). However, for 2023-24, we did

¹⁷ In 2022-23 78/150 local authorities mirrored the NFF. One of these local authorities was Cumbria. Cumbria local authority has since been reorganised into two new unitary authorities - Cumberland Council and Westmorland and Furness Council.

¹⁸ We received one disapplication request to disapply the MPPLs. Kent gained approval to set a lower value in the context of their safety valve agreement.

¹⁹ This would mean setting an MFG below 0%.

not receive any requests from local authorities to disapply the MFG on affordability grounds. 17 local authorities set their MFG below the 0.5% value, and 13 set it at 0%. Schools funded through the MFG in these local authorities therefore will have seen no increase to pupil-led funding per pupil in 2023-24.

The number of local authorities capping and scaling gains stayed broadly the same in 2023-24 as in 2022-23 (increasing from 31 to 32). However, the total amount deducted through capping and scaling increased from £26m to £43m.

Affordability constraints resulting from the tightening requirements appears to be the cause of the increased use of capping and scaling in some local authorities. However, in some local authorities, an increased use of block transfers and/or an increase in the percentage transferred can also explain the increase in capping and scaling. Examples are discussed in the detailed analysis sections below.

Local authorities with a large proportion of schools funded through the floor

There are other factors which will affect the distributional impact of the tightening requirements. A notable one relates to local authorities where a large proportion of schools are funded through the NFF funding floor.

The funding floor in the NFF is the national equivalent of the local authorities' MFG. In local authorities where a large proportion of schools attract additional funding through the floor, local authorities can afford to set their formula factors above the NFF levels. As these local authorities are required to move their formulae closer to the NFF, these factor values will decrease (or at least increase at a lower rate than the NFF factor values). As a result, we expected that in these local authorities in 2023-24 that schools would be funded less through their core factors and more through the MFG – and the majority of schools in these local authorities would see their per pupil funding increase in line with the MFG.

Overall, we have not seen this trend materialise. Nationally, the proportion of schools funded through the MFG has decreased from 21% in 2022-23 to 16% in 2023-24. Focusing on London in particular (where local authorities have historically higher levels of funding), of the 32 local authorities funded through the NFF²⁰, 26 have seen a reduction in the number of schools funded through the MFG. 31% of schools in London are now funded through the MFG compared to 43% in 2022-23.

Two local authorities which have seen a big reduction in the proportion of schools on the MFG include Greenwich and Lewisham²¹. Each of these local authorities were mirroring

²⁰ City of London is excluded here.

²¹ In Greenwich the proportion of schools on the MFG decreased from 81% to 38% between 2022-23 and 2023-24. In Lewisham the proportion decreased from 78% to 46% between 2022-23 and 2023-24.

the NFF in 2022-23, and so it is clear that the reduction in MFGs is not driven by tightening towards the NFF. In these local authorities, schools will have moved off the MFG as funding towards the core factors increased in the 2023-24 schools NFF.

Six London local authorities saw the proportion of schools funded through the MFG increase. Of these the most significant increases were seen in Hackney, and Hammersmith and Fulham.

In Hackney in 2023-24 the local authority significantly reduced the proportion of funding through the basic entitlement factor, bringing it much closer to the NFF. As a result, we can see that the proportion of schools funded through the MFG increased from 34% to 77%. In total over £1m more funding was allocated through the MFG in 2023-24 than in 2022-23.

In 2022-23 Hammersmith and Fulham was categorised as departing significantly from the NFF. In 2023-24 the local authority tightened all factors significantly more than the 10% required and as a result the local authority is now mirroring the NFF. As schools have seen funding through their core factors decrease, more have been funded through the MFG. The proportion of schools funded through the MFG increased from 32% to 51% and the amount allocated through the MFG increased by over £600,000.

In 2024-25 we expect that as core factor values rise the overall trend will be for the number of schools funded through the MFG to decrease. However, there are still two local authorities (Hackney and Newham) which have some factor values significantly above the NFF which we expect will see an increase in spending through the MFG as factor values decrease (or at least increase at a lower rate than the NFF factor values) and schools are funded less through their core factors and more through the MFG.

Local authorities that mirror the NFF

In 2022-23 there were 78 local authorities (of 150 local authorities in England) whose formula factor values were all within 2.5% of the NFF factor values²², and were therefore deemed to mirror the NFF for the purpose of the tightening criteria²³.

Local authorities who were already “mirroring” the NFF were not required to move their factor values closer to the NFF in 2023-24. Therefore, for over half of local authorities (52%) there was no distributional impact from the tightening requirements.

In 2023-24 a further 27 local authorities now mirror the NFF. This means 106 local

²² This includes local authorities who mirror the NFF in all factors except sparsity, but have no schools who would be eligible for sparsity funding.

²³ ESFA guidance, (Schools block funding formulae 2022 to 2023: analysis of local authorities' schools block funding formulae - GOV.UK (www.gov.uk)), counts 74 local authorities mirroring the NFF. That guidance uses a threshold for mirroring the NFF of local authority factor values within 1% of NFF values in 2022-23, rather than the 2.5% that is used for the tightening criteria. The ESFA comparison also excludes mobility, whereas this analysis includes it.

authorities'²⁴ formulae mirrored the NFF in 2023-24. These 106 local authorities will, therefore, not be affected by the tightening requirements in 2024-25 – except by being restricted in their ability to move away from the NFF values.

Local authorities that mirror the NFF in most factors

This section focusses on local authorities that mirror the NFF in most factors. We describe local authorities as mirroring in most factors where they mirrored at least seven of the nine factors local authorities are required to tighten.

2022-23

In 2022-23, 42 local authorities mirrored the NFF in at least seven out of the nine factors local authorities were required to tighten. Where these local authorities departed from the NFF it was, for the most part, in the sparsity, mobility, lump sum or basic entitlement factors, or a combination of these. There were nine local authorities who differed from the NFF through one of the deprivation, low prior attainment and English as an Additional Language factors.

2023-24

In 2023-24, 23 of these 42 local authorities moved to mirroring the NFF. The remaining 19 all continued to mirror the NFF in at least seven of nine factors. A further five local authorities moved from significantly departing the NFF to mirroring in most factors in 2023-24.

Therefore, in total there are 24 local authorities²⁵ who mirror the NFF for at least seven out of the nine factors which local authorities will be required to tighten in 2024-25. Where these local authorities depart from the NFF it is, for the most part, in the mobility, lump sum or sparsity factors, or a combination of these. There are seven local authorities who differ from the NFF through one of the basic entitlement, English as an Additional Language and/or deprivation factors. The expected impact of tightening in these local authorities is discussed below.

Sparsity

The sparsity factor allocates additional funding to small and remote schools, recognising the challenges these schools face.

Table Two: Local authorities which mirror the NFF in most factors but do not mirror for sparsity.

²⁴ Table A

²⁵ Table B

Local authorities which mirrored the NFF in most factors but did not mirror for sparsity in 2022-23.	Of which, local authorities which newly mirror for sparsity in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for sparsity in 2023-24.
16	9	9

Nine²⁶ of the 16 local authorities which did not mirror the NFF for sparsity in 2022-23 now mirror the NFF factor values for sparsity.

Of the six local authorities which remained as mirroring in most factors in 2023-24 but not for sparsity, all moved the minimum amount of 10%²⁷ towards the NFF values in 2023-24. As expected, given the small fraction that sparsity funding accounts for within the local authorities overall funding levels, the movement towards the NFF did not require local authorities to make any significant changes to other factor values in order to afford the increased sparsity factor value.

For example, in Devon all factor values which moved, moved 10% or more closer to NFF values. Where some factors had previously mirrored the NFF these remained as mirroring exactly (0.00%).

As a result of tightening requirements, three additional local authorities, whose local formula was substantially different to the NFF in 2022-23, joined the category of mirroring in most factors of the NFF but not for sparsity in 2023-24, giving a total of nine.

Of the nine local authorities which nearly mirror the NFF but do not for sparsity, eight have lower sparsity factor values than the NFF. Small, remote schools in these local authorities would be expected to benefit from the further tightening requirement in 2024-25 as these local authorities are required to bring their formulae closer to the NFF. As we saw in 2023-24, as the cost of increasing the sparsity factor in these local authorities will only constitute a very small fraction of these local authorities' overall funding levels we do not expect that these local authorities would be required to make any significant changes to other factor values in order to afford the increased sparsity factor. This means that the per pupil impact of tightening on other schools in these local authorities is expected to be small or non-existent.

One local authority has higher sparsity factor values than the NFF. If there is a negative impact for any of these schools as a result of tightening in 2024-25, they will be protected from drops in funding through the MFG. While the MFG protects schools from losses in pupil-led funding, year-on-year changes in school-led funding are also included in the protection. The MFG (and the NFF floor) were specifically designed in this way in order to protect schools from losses in school-led funding – whether through the lump sum or sparsity – as local formulae transition towards the NFF.

In addition to varying factor values, some local authorities use a different sparsity methodology to the NFF. In 2023-24, two of the nine local authorities which nearly mirror

²⁶ Halton is not included here. The local authority mirrored the NFF for most factors but not for sparsity in 2022-23. In 2023-24 the local authority no longer had any sparse schools.

²⁷ 10% movement includes movement at exactly 10% and up to 11%. Throughout we have counted movement as above the tightening requirements when it was equivalent to 11% or more.

the NFF but not for sparsity used a different methodology. As was the case in 2023-24, we will not be requiring local authorities to mirror the NFF methodology for 2024-25.

Mobility

The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.

Table Three: Local authorities which mirror the NFF in most factors but do not mirror for mobility.

Local authorities which mirrored the NFF in most factor but did not mirror for mobility in 2022-23.	Of which, local authorities which newly mirror for mobility in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for mobility in 2023-24.
14	11	4

Out of the 14 local authorities that nearly mirrored the NFF but not for mobility in 2022-23, eleven moved to mirror the NFF in the mobility factor in 2023-24. In these local authorities, ten did not previously include a mobility factor at all, and one had a lower factor value. As these 11 moved to mirror the NFF, schools within these local authorities which have high numbers of mobile pupils will have benefited from this change. For example, in Central Bedfordshire c. £300,000 was allocated to mobility in 2023-24, where previously no funding had been provided.

The cost of increasing the mobility factor in these local authorities constituted only a very small fraction of these local authorities' overall funding. Therefore, the increased mobility funding will not have had any significant impact on other factor values.

As a result of tightening requirements, one additional local authority joined the category of mirroring the NFF in most factors but not for mobility (giving a total of four²⁸).

Of these four local authorities, three moved the required 10% towards the NFF and one local authority moved closer than required.

In these local authorities, schools with high numbers of mobile pupils would be expected to benefit from the further tightening requirement in 2024-25. As seen in 2023-24, these local authorities would not be required to make significant changes to other factor values in order to afford the increased mobility factor as the total proportion of NFF funding towards mobility in these local authorities is small²⁹.

²⁸ Table D.

²⁹ NFF funding for mobility constitutes between 0.018% and 0.081% of total NFF funding in these local authorities; and the local authority is only required to move the value of their mobility factor 10% closer to the NFF value.

Lump sum

All schools receive a lump sum.

Table Four: Local authorities which mirror the NFF in most factors but do not mirror for the lump sum.

Local authorities which mirrored the NFF in most factors but did not mirror for the lump sum in 2022-23.	Of which, local authorities which newly mirror for the lump sum in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for the lump sum in 2023-24.
10	5	7

Out of the 10 local authorities that nearly mirrored the NFF but not for the lump sum in 2022-23, five moved to mirror the NFF in the lump sum factor in 2023-24. Of these, one previously had a lump sum lower than the NFF and four³⁰ had higher. In the four whose lump sum was previously higher, whilst schools in these local authorities will have received less funding through the lump sum, a greater share of funding will have been allocated via the pupil-led factor values.

As a result of tightening requirements, two additional local authorities joined the category of mirroring the NFF in most factors but not for the lump sum (giving a total of seven³¹).

Five of these local authorities have a lower lump sum factor value in the local formulae than the NFF. Of these five, two moved the required 10% towards the NFF and three moved closer than required in 2023-24. As a result, all schools in these local authorities will have received a greater lump sum value in 2023-24 compared to 2022-23. There were no discernible effects on other factors to support the increase to the lump sum. In three local authorities no other factor values decreased relative to the NFF. In two local authorities, whilst other factor values did decrease, these remained as mirroring the NFF – therefore any changes were overall marginal.

In 2024-25 as these local authorities continue to move their factor values closer to the NFF, the lump sum value their schools receive will increase, with particular benefit to small (typically primary) schools where the lump sum makes up a larger portion of their overall budget. The effect on other schools in these local authorities will depend on how the local authority chooses to pay for this increase.

Two of the remaining local authorities which are mirroring the NFF in most factors but do

³⁰ Bedford Borough, Portsmouth, Essex and West Sussex. Essex and West Sussex had a higher primary lump sum but the secondary lump sum mirrored the NFF.

³¹ Table E

not mirror for the lump sum have a higher lump sum factor in at least one phase in their local formulae than the NFF. Both LAs moved their lump sum values closer to the NFF than the 10% tightening requirement - moving between 21% and 71% closer. For example, in Kingston upon Thames the lump sum values are now about 11% higher than the NFF, having moved closer by over 60 % in 2023-24. This will have reduced the school-led funding that schools in the local authority received in 2023-24. As expected, the decrease in the lump sum freed up funding in the local formulae for other factors, allowing Kingston upon Thames to move its basic entitlement values closer to the NFF³².

As these two local authorities further tighten their formulae in 2024-25 schools in these local authorities will see a reduction in their school-led funding. The decrease in the lump sum will free up funding in the local formulae, and the net impact on individual schools will depend on how the local authorities choose to redirect that funding. Small primary schools, which are more reliant on the lump sum than larger schools, could be expected to lose out relative to other schools. However, all schools will be protected from sudden drops in their funding through the MFG. As noted above, year-on-year changes in school-led funding are included in the MFG protection – with the MFG specifically designed that way to protect schools from losses in school-led funding as local formulae transition towards the NFF.

Basic entitlement

All pupils attract basic entitlement funding. The amount a pupil attracts depends on which key stage they are in. The basic entitlement factor distributes the majority of funding in the NFF, and changes to the basic entitlement can therefore be particularly significant in terms of determining schools’ overall funding levels.

Table Five: Local authorities which mirror the NFF in most factors but do not mirror for basic entitlement.

Local authorities which mirrored the NFF in most factors but did not mirror for basic entitlement in 2022-23.	Of which, local authorities which newly mirror for basic entitlement in 2023-24.	Local authorities which mirror the NFF in most factors but do not mirror for basic entitlement in 2023-24.
4	1	3

Out of the four local authorities that nearly mirrored the NFF but not for basic entitlement in 2022-23, one, West Northamptonshire, moved to mirror the NFF in 2023-24³³. In doing

³² Values moved from 1.3% below the NFF in 2022-23 to 0.22% below in 2023-24.

³³ The local authority also moved the IDACI Secondary D amount per pupil. All other values were already mirroring.

so, they increased the value of the basic entitlement factor value, creating a budget pressure in the local formula. This affordability pressure was managed by capping and scaling. The local authority went from not using any capping or scaling in 2022-23, to deducting a total of about £2.6m³⁴ through capping and scaling in 2023-24. The MFG threshold was set at 0.5%.

No additional local authorities joined this category of mirroring the NFF in most factors but not for basic entitlement following tightening requirements in 2023-24 (therefore, three³⁵ local authorities remain in this category). All of these three moved closer by more than the 10% required under tightening requirements. These three all have basic entitlement values, in at least one school phase, higher than the NFF values.

In 2022-23 the Basic Entitlement factor for Primary in Barking and Dagenham was much higher than the NFF. Following tightening in 2023-24 the local authority now mirrors the NFF in all factors with the exception of primary basic entitlement. In Essex, the factor values for all three phases moved closer to the NFF, with both the primary and KS4 factor values moving significantly. The primary and KS3 values now mirror the NFF, with the KS4 value slightly higher than the NFF.

In Hackney the basic entitlement factor was significantly higher than in the NFF in 2022-23. In 2023-24 the factor moved c. 27 % closer to the NFF values across all three phases, however, all three remain significantly above the NFF factor values. As predicted, and in line with a reduction to the basic entitlement funding the level of funding distributed through the MFG increased in 2023-24. The total funding allocated through the MFG increased by 67%, from £1.7m in 2022-23 to £2.8m in 2023-24.

Local authorities whose formulae are substantially different from the NFF

2022-23

In 2022-23 30 local authorities departed significantly from the NFF. We defined this group as including local authorities whose local formula factors diverged in at least three out of nine factors from the NFF.

2023-24

Of the 30 local authorities, four moved to mirror the NFF in 2023-24 and a further five moved to mirror in at least seven of nine factors.

Of the four local authorities who moved to mirror the NFF, all moved by significantly more than the 10% requirement. None of these local authorities used capping and scaling.

³⁴ This represents 0.8% of the total Schools Block in West Northamptonshire.

³⁵ Table F

Whilst the funding spent on the MFG decreased in three of the local authorities, indicating increased funding through the formula factors, in one local authority (Hammersmith and Fulham) it increased. With the exception of the FSM factor, all factors had previously been set significantly above NFF values in Hammersmith and Fulham. As the local authority moved to mirror the NFF, therefore, less funding was allocated through the factors leading to an increased MFG.

There are 21³⁶ local authorities who continue to depart significantly from the NFF in at least three of the nine factors that local authorities will be required to tighten in 2024-25.

Where these local authorities depart from the NFF it is, for the most part, in the deprivation and/or other additional needs factors, or a combination of these. The expected impact of tightening in these local authorities is discussed below.

Deprivation factors typically higher than the NFF

Table Six: Local authorities whose formulae are substantially different from the NFF and have deprivation factors typically higher than the NFF.

Local authorities whose formulae were substantially different from the NFF and which had deprivation factors which are typically higher in 2022-23.	Of which, local authorities which newly mirror for deprivation in 2023-24.	Local authorities whose local formulae are substantially different from the NFF and have deprivation factors which are typically higher in 2023-24.
3	2	2

In 2022-23 three local authorities targeted funding to deprived pupils through typically higher local deprivation factor values compared to the NFF, balanced against lower basic entitlement factor values, or a lower lump sum. (By “typically higher” we mean local authorities where at least one deprivation factor is higher than the NFF, with the rest mirroring the NFF.)

One of the local authorities, Bromley, is now mirroring the NFF in 2023-24. As expected, the move towards the NFF, and reduction in the deprivation factors, was balanced by the overall increase in NFF deprivation factor funding in 2023-24 and so deprivation funding remained at c. 7% of the proportion of funding allocated within the local authority.

In Windsor and Maidenhead, all deprivation factors now mirror the NFF. However, the lump sum and sparsity remain lower than the NFF. The local authority has also managed to reduce the level of capping and scaling in 2023-24. As in Bromley, the tightening of

³⁶ Table G

deprivation factors towards the NFF was balanced by the overall increase in NFF deprivation factor funding in 2023-24. In 2022-23 deprivation factors were allocated 3.8% of funding, and in 2023-24 this increased to 4.1%.

Following the tightening requirements in 2023-24, an additional local authority has joined the category of being substantially different from the NFF and having deprivation factors typically higher (it had previously had some deprivation factor values higher, and some lower, than the NFF). There are now two local authorities in this group (Croydon and Bristol)³⁷.

Deprivation factors remain higher than NFF values in Bristol. With the exception of FSM6 (which moved 90% closer) deprivation factors moved by the required minimum value of 10%. Overall deprivation funding changed from 12.6% of funding in 2022-23 to 12.5% of funding in 2023-24 as the local factor moved closer to the NFF values.

In Bristol, all three basic entitlement values are lower than the NFF values. As Bristol further tightens towards the NFF (by increasing basic entitlement and reducing deprivation funding) the net impact on schools will be reduced as all schools should receive more funding through basic entitlement, though schools with significant numbers of more deprived pupils may lose some funding. Croydon mirrors all deprivation factors bar the IDACI A Primary and Secondary funding amounts, which are higher than the NFF values. As these tighten there will be a small reduction in funding through deprivation. However, at present the local authority has a lower basic entitlement value for KS4 pupils. As this moves closer to the NFF schools will receive more funding through this factor. The net impact on deprivation funding in Croydon and Bristol will depend on the specific circumstances of each authority.

Any school losing out from a decrease in the value of the deprivation factors as these local authorities move towards the NFF will be protected by the MFG.

Deprivation factors typically lower than the NFF

Table Seven: Local authorities which are substantially different from the NFF and have deprivation factors typically lower than the NFF.

Local authorities whose local formulae were substantially different from the NFF and which had deprivation factors which are typically lower in 2022-23.	Of which, local authorities which newly mirror for deprivation in 2023-24.	Local authorities whose local formulae are substantially different from the NFF and have deprivation factors which are typically lower in 2023-24.
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³⁷ Table H

6	2	4
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Of the six local authorities which had deprivation factors typically lower than the NFF in 2022-23 two (Thurrock and Merton) moved to mirror the NFF deprivation factors in 2023-24. North East Lincolnshire continues to mirror all deprivation factors with the exception of FSM, which it moved significantly closer in 2023-24. Due to other tightening movements the local authority has moved to the category of mirroring the NFF in most factors and so is discussed in the preceding section.

Thurrock moved all factor values by over the 10% required, allowing them to move much closer to the NFF – and into the category of mirroring the NFF in most factors. The local authority did not need to cap and scale any gains to deal with affordability pressures created by tightening.

Merton had several factors below the NFF values in 2022-23. In 2023-24, the LA moved to mirroring the NFF in most factors, and all factors which were not previously mirroring moved more than the 10% required. One factor, the lump sum, remains as not mirroring the NFF and is lower than the NFF value. The LA did not need to cap and scale gains to afford these movements towards the NFF.

A further local authority joined this category in 2023-24 (Wokingham³⁸) giving a total of four local authorities³⁹ who are substantially different from the NFF and have deprivation factors typically lower than the NFF.

Of these four local authorities, three moved at least some deprivation factor values closer than the 10% required under tightening rules in 2023-24. None of these local authorities needed to cap and scale gains to afford this movement towards NFF values.

In these four local authorities, schools with high numbers of pupils which meet deprivation indicators would be expected to benefit from the further tightening requirement in 2024-25. Kensington and Chelsea has a higher basic entitlement factor than the NFF, and so we would expect the local authority to use this to ease the affordability pressures that tightening of deprivation factors may cause in 2024-25. The effect within the local authority should be to rebalance funding towards pupils with deprivation indicators. In the remaining three local authorities, no factor values are above the NFF. Therefore, to support tightening and the affordability pressures it may cause in 2024-25 local authorities may have to utilise capping and scaling or use flexibility around the level of MFG they set.

³⁸ In 2022-23 Wokingham's local formulae was substantially different from the NFF and it had deprivation factors both above and below the NFF.

³⁹ Table I

Local authorities which have some deprivation factor values that are higher than the NFF values, and others lower.

Table Eight: Local authorities which were substantially different from the NFF and had some deprivation factors higher and some typically lower than the NFF.

Local authorities whose formulae were substantially different from the NFF and had deprivation factors both above and lower than the NFF in 2022-23.	Of which, local authorities which newly mirror for deprivation in 2023-24.	Local authorities whose formulae are substantially different from the NFF and have deprivation factors both above and lower than the NFF in 2023-24.
17	1	14

In 2022-23 17 local authorities had higher values for some deprivation factors than the NFF, and lower values for others, giving a mixed picture overall. One of these local authorities (Hammersmith and Fulham) moved to mirror the deprivation factors in the NFF in 2023-24. Two also moved category, with one now having at least one deprivation factor higher than the NFF (Croydon) and the other moving to factor values typically lower than the NFF (Wokingham). These two local authorities have been discussed above.

Of the 14 local authorities⁴⁰ that have deprivation factors both above and below the NFF in 2023-24, ten moved at least one factor value more than the 10% required closer to the NFF. Six of these local authorities saw a decreased use of the MFG⁴¹, suggesting overall factor value increases. None of these six were required to increase the use of capping and scaling to make the tightening requirements more affordable. (Four of them did not cap or scale gains at all, and the other two deducted less in capping and scaling than in 2022-23.)

Focusing on the four local authorities which moved at the 10% rate required, all four saw either a decrease in the use of the MFG or no change. However, in three of these local authorities the use of capping and scaling increased. In Wandsworth capping and scaling increased by c. £1.9m. No funding was transferred to other blocks and so it is likely that this was caused by the movement of factor values towards the NFF, and a reduction in the use of the MFG as factor values increased. In Sandwell, the local authority capped and scaled gains to the value of c. £2.6m. £450,000 of this can be explained by a block transfer to the Central Schools Services Block (CSSB). The

⁴⁰ Table J

⁴¹ Camden, Southwark, Westminster, Haringey, Manchester and Hertfordshire.

remainder is likely to be substantially due to the tightening requirements.

As these two local authorities move their factor values further towards the NFF values in 2024-25, the use of capping and scaling may increase. The impact of tightening on the remaining local authorities will depend on how their local authorities respond to the tightening requirements as well as the schools' specific pupil cohorts. For some schools, the effect may be small, if the effect of moving closer to the NFF is simply to shift the funding that the school receives from one deprivation factor to another.

Impact of tightening on other additional needs

In addition to deprivation there are three other additional needs factors; English as an additional language (EAL), mobility and low prior attainment.

Table Nine: Local authorities which were substantially different from the NFF and have diverged from the NFF in respect of the other additional needs factors.

Local authorities whose formulae were substantially different from the NFF and which have diverged from the NFF in respect of the other additional needs factors in 2022-23.	Of which, local authorities which newly mirror for other additional needs in 2023-24.	Local authorities whose formulae are substantially different from the NFF and have diverged from the NFF in respect of the other additional needs factors in 2023-24.
28	8	19

Eight local authorities moved to mirror the additional needs factors in 2023-24. Of these eight, four now mirror the NFF across all factors, three are mirroring in most factors (in at least seven of nine factors) and one now mirrors for additional needs but still departs significantly from the NFF. Six of the eight previously had lower attainment factor values than the NFF. Therefore, as a result of tightening schools with pupils with these characteristics will have been allocated more funding through these factors in 2023-24. A further local authority (Slough) moved to mirroring the NFF in most factors but is not mirroring across all additional needs factors.

Within the remaining 19⁴² local authorities which still do not mirror the other additional needs factors and are substantially different from the NFF, nine moved the required 10% closer to the NFF values in the other additional needs factors and 10 moved closer than the 10% required in at least one of these factors. Of the 19 local authorities, three saw an increase in capping and scaling of gains in 2023-24 which may have been the result of

⁴² Table K

affordability pressures caused by tightening. In Sandwell this was £2.6m, in Wandsworth it was c. £1.9m and in Hillingdon this was c. 100,000.

Nine of these local authorities⁴³ currently target less funding through these other additional needs factors in their local formulae compared to the NFF, by having typically lower other additional needs factors than the NFF. (As before, this means that they have at least one additional needs factor that is lower than the NFF value, and no additional needs factors that are above the threshold for mirroring the NFF value.) As these local authorities move closer to NFF values, schools with high proportions of pupils with other additional needs should see more funding allocated through these additional needs factors.

A further nine local authorities⁴⁴ have higher values for some additional needs factors than the NFF, and lower values for others, giving a mixed picture overall. One local authority, Newham, targets more funding through the other additional needs factors in their local formulae compared to the NFF. The impact on schools in Newham, and the other nine local authorities, will depend on how the local authorities adjust other parts of their local formulae to repurpose the funding.

Conclusion – impacts in 2023-24

This analysis shows that many local authorities moved their local formula closer to the NFF factor values than required under tightening rules for 2023-24. Indeed, of the 72 local authorities who did not mirror the NFF in 2022-23, 61 went beyond the minimum requirements, and moved at least one of their factor values more than 10%⁴⁵ closer to the NFF.

Overall, there are now only 21 local authorities which have local formulae substantially different to the NFF and a large majority (106) are now mirroring. Further tightening requirements in 2024-25 will therefore only impact the 45 local authorities who do not currently mirror the NFF.

The gradual approach adopted to tightening has ensured that local authorities avoided significant affordability pressures which would have resulted in a large expansion of capping and scaling and/or disapplication requests. We will continue with this gradual approach in 2024-25, setting a mirroring threshold at 2.5% and requiring a 10% movement closer to NFF values on tightening.

⁴³ Table L

⁴⁴ Table M

⁴⁵ We calculated this based on an 11% or above movement.

Local authorities that mirror the NFF in 2023-24

Table A: Local authorities that mirror the NFF in 2023-24

Barnet	Hampshire	Richmond upon Thames
Bath and North East Somerset	Harrow	Rochdale
Bedford Borough	Havering	Rutland
Bexley	Herefordshire	Salford
Birmingham	Hounslow	Sefton
Blackpool	Isle of Wight	Shropshire
Bolton	Islington	Solihull
Bournemouth, Christchurch & Poole	Kent	Somerset
Bracknell Forest	Kingston upon Hull	South Gloucestershire
Bradford	Knowsley	South Tyneside
Bromley	Lambeth	Southampton
Buckinghamshire	Lancashire	Southend on Sea
Bury	Leeds	Staffordshire
Calderdale	Leicester	Stoke-on-Trent
Cambridgeshire	Leicestershire	Suffolk
Central Bedfordshire	Lewisham	Sunderland
Cheshire East	Lincolnshire	Sutton
Cheshire West And Chester	Luton	Tameside
Cornwall	Middlesbrough	Thurrock
Coventry	Milton Keynes	Torbay
Cumberland	Newcastle upon Tyne	Tower Hamlets
Darlington	Norfolk	Trafford
Derby	North Lincolnshire	Wakefield
Derbyshire	North Northamptonshire	Waltham Forest
Doncaster	North Somerset	Warrington
Dorset	North Yorkshire	West Northamptonshire
Dudley	Northumberland	West Sussex
Durham	Nottingham	Westmorland and Furness
Ealing	Nottinghamshire	Wigan
East Riding of Yorkshire	Oldham	Wiltshire
East Sussex	Oxfordshire	Wirral
Gateshead	Peterborough	Wolverhampton
Gloucestershire	Plymouth	Worcestershire
Greenwich	Portsmouth	York
Halton	Redbridge	
Hammersmith and Fulham	Redcar and Cleveland	

Local authorities that mirror the NFF in most factors (in at least seven of nine factors) in 2023-24

Table B: Local authorities that mirror the NFF in most factors in 2023-24

Barking and Dagenham	Kingston upon Thames	Slough
Barnsley	Kirklees	Stockton-on-Tees
Blackburn with Darwen	Liverpool	Surrey
Devon	Medway	Swindon
Enfield	Merton	Telford and Wrekin
Essex	North East Lincolnshire	Warwickshire
Hackney	North Tyneside	West Berkshire
Hartlepool	Reading	Windsor and Maidenhead

Table C: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for sparsity.

Devon	Hartlepool	Telford and Wrekin*
Blackburn with Darwen	North East Lincolnshire	West Berkshire
Enfield	Swindon	Windsor and Maidenhead

*Has a higher sparsity factor value

Table D: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for the mobility factor.

Liverpool	Swindon	Warwickshire
Slough		

Table E: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for the lump sum factor.

Merton*	Reading*	Windsor and Maidenhead*
Kingston upon Thames***	Stockton-on-Tees*	
Medway*	Surrey**	

*Lump sum values are lower than the NFF.

** Primary lump sum value mirrors the NFF and secondary lump sum is higher.

*** Lump sum values both higher than the NFF.

Table F: Local authorities which mirror the NFF in most factors in 2023-24 but do not mirror for the Basic entitlement factor.

Barking and Dagenham	Essex	Hackney
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Local authorities whose formulae are substantially different from the NFF in 2023-24

Table G: Local authorities whose formulae are substantially different from the NFF in 2023-24.

Camden	Hillingdon	Southwark
Brent	Kensington and Chelsea	St Helens
Brighton and Hove	Manchester	Stockport
Bristol	Newham	Walsall
Croydon	Rotherham	Wandsworth
Haringey	Sandwell	Westminster
Hertfordshire	Sheffield	Wokingham

Table H: Local authorities whose formulae are substantially different from the NFF and whose deprivation factors are typically higher than the NFF.

Bristol	Croydon
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Table I: Local authorities whose formulae are substantially different from the NFF and whose deprivation factors are typically lower than the NFF.

Kensington and Chelsea	Sheffield	Wokingham
Rotherham		

Table J: Local authorities whose formulae are substantially different from the NFF and who have some deprivation factor values that are higher than the NFF values, and others lower.

Camden	Hillingdon	Stockport
Brent	Manchester	Walsall
Brighton and Hove	Sandwell	Wandsworth
Haringey	Southwark	Westminster
Hertfordshire	St Helens	

Table K: Local authorities whose formulae are substantially different from the NFF and which diverge in respect of other additional needs factors.

Camden	Kensington and Chelsea	Stockport
Brent	Manchester	Walsall
Brighton and Hove	Newham	Wandsworth
Bristol	Rotherham	Westminster
Haringey	Sandwell	Wokingham
Hertfordshire	Southwark	
Hillingdon	St Helens	

Table L: Local authorities whose formulae are substantially different from the NFF and who target less funding through other additional needs factors than the NFF.

Camden	Kensington and Chelsea	St Helens
Haringey	Rotherham	Walsall
Hertfordshire	Southwark	Wokingham

Table M: Local authorities whose formulae are substantially different from the NFF and who have higher values for some other additional needs factors than the NFF, and lower values for others, giving a mixed picture overall.

Brent	Hillingdon	Stockport
Brighton and Hove	Manchester	Wandsworth
Bristol	Sandwell	Westminster



Department
for Education

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SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report outlines the working principles that are being considered for the development of Bradford's formula funding arrangements for 2024/25 for the Schools and High Needs Blocks.

Date (s) of any Previous Discussion at the Forum

These principles have not yet been considered specifically for 2024/25 but follow from principles established in the Forum's previous formula funding recommendations and decision making.

Background / Context

Please see Document QF for discussion on the Early Years Block and the Early Years Single Funding Formula (EYSFF). This report here follows from Document QG that is presented to this meeting.

The background and principles that are presented here are intended to be considered, prior to the finalisation of the Authority's formal proposals for formula funding arrangements for 2024/25. The Authority expects consultation reports to be presented to the Schools Forum at the next meeting, with these consultations published immediately after. Following this timetable, responses to these consultations will be considered by the Forum at its December meeting. The Schools Forum will be required to make its final recommendations on 2024/25 DSG and formula funding arrangements at its January 2024 meeting.

As we set out in July 2023 (Document QD), we expect that our recent decisions will inform how we will respond to announcements concerning 2024/25 financial year DSG and formula funding arrangements and changes.

Recently within the Schools Block, we have:

- Not transferred monies from the Schools Block to the High Needs Block (no transfers since 2019/20).
- Moved to fully mirror the DfE's National Funding Formula (NFF) for mainstream formula funding. We would expect to continue to mirror the NFF in 2024/25, subject to affordability.
- Adopted, as required, the DfE's mandatory minimum levels of pupil-led funding (MFLs).
- Identified how significant decisions about the Minimum Funding Guarantee (MFG) are for the formula allocations that are received by individual mainstream schools and academies, especially in the primary phase. This is again likely to be a key recommendation for the Schools Forum to make for 2024/25. We set the MFG at the maximum permitted positive 0.5% in 2023/24.
- Closely considered the financial impact of the lag in data, most recently between the October 2021 Census (on which the DSG is funded in 2023/24) and the October 2022 Census (on which schools and academies are funded in 2023/24). Ultimately, this lag increased the cost of our 2023/24 formula by £1.07m, which was covered by surplus balances. Lag is expected again in 2024/25 and we must set out our formula funding proposals with caution.
- Continued to use our local formulae for split-sites and PFI funding (DSG Affordability Gap), prior to the DfE's 'hard' National Funding Formula being extended to cover these elements. We have identified that the funding of PFI is a specific area to watch in the development of the Schools Block NFF. The DfE has confirmed that a new mandatory NFF-led spit sites factor will be introduced for 2024/25.
- Identified issues related to falling rolls and to under-subscription, especially in the primary phase, following demographic changes. We established a Falling Rolls Fund for the primary phase in 2019/20. No allocations have yet been made from this fund (no schools or academies have been eligible). We continue to operate a Growth Fund, which is now principally funding the remaining growth in the secondary phase. The DfE has consulted on changes to both Falling Rolls and Growth Fund arrangements for 2024/25.
- Highlighted how the forecasted net reduction in pupil numbers in Bradford, as a result of demographic changes, will reduce the headroom that exists within the Schools Block, which will have implications for the affordability of our formula funding proposals in the lead up to the 'hard' National Funding Formula.
- Amended our definition of Notional SEND budgets for mainstream primary and secondary schools and academies in 2023/24, to improve the fairness of this definition and to bring us closer to the average of similar local authorities.
- Continued to operate de-delegated funds, largely unchanged in recent years, but with the addition at April 2022 of de-delegation for the purpose of replicating the DfE School Improvement Monitoring & Brokering Grant (SIMB), which has now ceased.

Background / Context

- Mainstream primary and secondary schools and academies in 2023/24 have received a new Mainstream Schools Additional Grant (MSAG). The DfE stated, at the time of its initial announcement, that the intention is to merge this grant into core formula funding in 2024/25.

Recently within the High Needs Block:

- At April 2020, we introduced a new Banded Model for the allocation of 'top-up' funding for EHCPs. We also introduced a new Day Rate Model for the funding of the PRUs / Alternative Provision Academies for pupils permanently excluded. These models were substantially uplifted in both 2021/22 and in 2022/23 and were further uplifted in 2022/23 and in 2023/24.
- For mainstream primary and secondary schools and academies, we introduced, initially for 2021/22 and in trial for one year, an amended SEND Funding Floor mechanism. The Floor seeks to financially support schools and academies that have higher proportions of pupils with EHCPs, in support of inclusion. We decided to continue this Floor in 2022/23, unchanged. In deciding to continue the Floor in 2023/24, we adjusted the eligibility trigger with the aim of incrementally controlling growth in cost and seeking to keep the scope of the mechanism as originally intended.
- Crossing over with the Schools Block, we amended our definition of Notional SEND budgets for mainstream primary and secondary schools and academies in 2023/24.
- We have reviewed and re-shaped responsibilities, between the High Needs Block and mainstream schools and academies, in respect of the funding of school-led Alternative Provision.
- We have identified the critical significance, for the development of our high needs formula funding models, of the DfE's publications and consultations on the outcomes of the national SEND and Alternative Provision Review. Whilst the DfE has indicated that this represents a longer-term programme of change, the Review will be significant to the future of high needs provision and high needs funding. Although the details of the future changes in funding systems, that are indicated by the Review's publications so far, are still to be known, the Review does strongly indicate, for example, an increased focus on early intervention, on mainstream inclusion and on alternative provision, as well as the introduction of a national system of banding for the allocation of EHCP top-up funding. The DfE's High Needs Block operational guidance for the 2024/25 financial year, however, has confirmed that the values of place-element funding (£10,000 and £6,000), and the positions of the main 'levers' of the high needs place-plus funding system, remain unchanged. Local authorities continue to hold responsibility for calculating and allocating top-up funding.
- We have had conversations with the Schools Forum, including within a working group, about the surplus balance that was held within the High Needs Block at the end of the 2021/22 financial year. We presented a final report to the Forum's 6 July 2022 meeting (Document OR), in which the Authority explained the rationale for the retention of the majority of the surplus balance and set out a plan to begin additional investment, focused on supporting inclusion. The estimated value of this investment, initially for the 2022/23 academic year, was £920,000. The impact of this investment is to be assessed prior to decisions being taken about continuation.
- The Authority presented to the Schools Forum on 11 January 2023 the latest version of the DSG Management Plan (Document PP). Within this plan, the Authority stated that our forecast currently identifies that there is clear risk of a cumulative deficit building within our High Needs Block by the end of the 2025/26 financial year, as a result of recurrent structural in-year over spending, and that the risk of cumulative deficit by the end of the 2026/27 financial year is then high. We stated that our forecast identifies that mitigating action will need to be taken in order to prevent the accrual of a cumulative deficit balance within our High Needs Block, and that this will be a piece of work for the Authority to discuss within the Schools Forum during 2023. We indicated that mitigating action would need to be considered within the 2024/25 DSG and formula funding decision making cycle. Following the presentation of an update in May 2023, The Schools Forum resolved that a working sub-group of Forum members is convened at the point that the Authority has developed a draft (or outline) of a strategic mitigation plan, which is expected early in the autumn term.

For both the Schools and the High Needs Blocks, we signalled to the Schools Forum in July 2023 that the 2024/25 DSG setting and formula funding round will be challenging. This is because we anticipated that the DSG settlement levels (increases) may be lower in 2024/25 than in recent years and that we are likely to have significantly less budget headroom within which to construct our formula funding arrangements. We identified that this would happen at a time when costs in schools, academies and in other providers are increasing and when the financial position of our High Needs Block is expected to substantially worsen.

The purposes of this report are to set out the background, thoughts and principles that are being developed for Schools and High Needs Block formula funding for the 2024/25 financial year, to check with the Schools Forum that 'we are on the right lines', and to allow Forum members the opportunity to provide feedback, in advance of more formal consultation documents being presented.

Details of the Item for Consideration

Forum Members are invited to (remotely) attend a 'Formula Funding Working Group' session, on Wednesday 27 September (8am) or Thursday 28 September (8am) or Tuesday 3 October (8am). As in previous years, these sessions will enable Forum Members to consider in more detail the impact of national formula funding decisions and to explore and guide the proposals for 2024/25 for Bradford's Schools and High Needs Block formula funding arrangements that are anticipated will be set out for consultation in October.

Please note that the Authority will contact the District Achievement Partnership to arrange to directly discuss the proposals for the continuation of EHCP Banded Model (the special school funding formula) for 2024/25.

Schools Block – Mainstream Primary and Secondary Formula Funding

We are in an extended period of system change, one of the most significant changes being the movement towards a 'hard' National Funding Formula (NFF) for the calculation of mainstream primary and secondary core formula funding allocations. To give context to our proposals that will come forward for next year, it is helpful to provide a little more detail about the recurrent decisions that we have taken in the Schools Block at and since the NFF was first introduced by the DfE at April 2018:

- In 2018/19, we replaced our local formula with the DfE's National Funding Formula, using this to calculate individual formula allocations for both primary and secondary phases. We have continued this 'mirroring' policy in each year since, adopting annual changes in the NFF construction and uplifts in formula variable values. We have also adopted, as required, the Minimum Levels of per Pupil Funding (MFLs).
- We have set a Minimum Funding Guarantee (MFG - protecting / ensuring a minimum increase in individual maintained school and academy per pupil funding year on year) as follows. For the last 4 years, we have set our MFG with reference to the maximum level that has been permitted by the Regulations, which in 2023/24 was 0.5%.
- Since 2018/19, we have not applied a ceiling, which would have capped the values of annual increases in per pupil funding received by individual maintained schools and academies. All formula funding gains, from annual data changes, have been passed through to maintained schools and academies.
- We have not transferred monies from the Schools Block to the High Needs Block since 2019/20.
- We have retained unchanged our approaches in the areas of formula funding that, up to and including 2023/24, the DfE's NFF has not covered. These are: Business Rates (NNDR) at actual cost; Split Sites; PFI (Building Schools for the Future); Growth Fund (at individual school level); Falling Rolls Fund.
- In 2023/24, following the DfE's guidance and our benchmarking, we amended our definition of Notional SEND budgets for mainstream primary and secondary schools and academies, to improve the fairness of this definition and to bring us closer to the average of similar local authorities.

Whilst the Local Authority in 2024/25 is still responsible for deciding Schools Block formula funding arrangements for the Bradford District, as in 2023/24, the DfE continues to require all authorities to use all National Funding Formula factors, and only these factors. Authorities that do not currently 'mirror' (fully use already) the NFF must move 10% closer. Authorities that currently mirror the NFF must continue to do so by staying within 2.5% of the NFF formula factor variable values. As Bradford already directly mirrors the NFF, we assess that this restriction will require minimal response within our arrangements for 2024/25. However, this does affect the extent to which we could move away from the NFF, either to allocate additional funding (via budget headroom, where available) or to reduce the cost of our formula funding arrangements in order to secure their affordability (due to the impact of data-lag).

There is only one DfE directed change, which we assess to materially affect our 2024/25 formula funding arrangements. The DfE has introduced a new NFF-factor for the allocation of additional funding to split sites schools and academies. This is a mandatory split sites factor, which all authorities must now use.

For 2024/25, the DfE has clarified and updated its guidance on the operation of Growth and Falling Rolls Funds and has directed some new mandatory requirements. However, our assessment is that these directions and updates do not materially alter our local Growth Fund and Falling Rolls Fund arrangements. We will take the opportunity to re-draft our criteria, to make the wording of these clearer, and we are likely to propose amendments to the triggers that are applied in the allocation of our Falling Rolls Fund, but these changes are not assessed to be material to the actual allocation of Growth and Falling Rolls Funding to schools and academies in 2024/25.

Other than these changes, there is a great deal of continuity in 2024/25:

Details of the Item for Consideration

- The funding of PFI (Building Schools for the Future) continues not to be included in DfE's National Funding Formula and we will continue to apply local arrangements. There currently is no timescale for the inclusion of PFI funding in the NFF.
- The construct of the National Funding Formula is the same as it was in 2023/24, incorporating the same factors and how these are applied.
- The Minimum Levels of Per Pupil Funding (MFLs) are still in place and continue to be mandatory. The Minimum Funding Guarantee (MFG) is also still in place.
- Local authorities continue to have the flexibility to set their own Growth Fund and Falling Rolls Fund mechanisms but must now comply with DfE's updated guidance and new mandatory requirements.
- The existing framework for the de-delegation of funding from maintained schools continues unchanged.
- Although the DfE has updated its guidance on Notional SEND, and has encouraged authorities to continue to review, this guidance still stops short of prescribing local arrangements. Authorities continue to have flexibility to define their own Notional SEND budgets. However, the DfE has asked that authorities in particular review the sufficiency of their Notional SEND budgets and has stated that the DfE may intervene (to require authorities to amend their definitions for the purpose of increasing Notional SEND budgets) where these budgets are assessed to be too low.
- There are no changes in operational guidance, which alter the way SEND funding works for mainstream schools and academies in 2024/25 e.g. the £6,000 threshold (element 2) is still £6,000.
- We will need to continue to absorb the cost of the 'lag' in data. In 2024/25, this will be the lag between the funding of schools / academies on October 2023 Census data and the funding of the Dedicated Schools Grant (DSG) Schools Block on October 2022 Census data.
- We will need to continue to manage the cost of Business Rates (NNDR) and changes in cost.

Responding to the settlement, and the changes that have come from the continued movement towards the 'hard' NFF, there are 7 core decisions that we need to take on Bradford's 2024/25 Schools Block mainstream primary and secondary funding formula arrangements. These are:

1. Whether we transfer budget from Schools Block to the High Needs Block and, if we do, the value of this transfer. *(We do not anticipate proposing a transfer in 2024/25).*
2. Whether we continue to fully mirror the DfE's National Funding Formula (NFF). *(Yes)*
3. The value (% level) of the Minimum Funding Guarantee, which can be set between 0% and positive 0.5%. *(We would seek to set this at the highest value that is permitted by the Regulations, subject to affordability).*
4. Whether we continue our existing local approaches to the factors that in 2024/25 are still not covered by the National Funding Formula – Business Rates (NNDR) and PFI. *(Yes)*
5. Considering the DfE's recently updated guidance, whether we continue to take steps to review and to incrementally adjust our definition of Notional SEND budgets in the movement towards the 'hard' NFF, also having regard for updated benchmarking information. *(Subject to the completion of our current review work, we are minded to enact some small adjustments to our Notional SEND definition in 2024/25).*
6. How we would amend our mainstream primary and secondary funding formula, if necessary for affordability reasons, should the total cost of our formula substantially increase (and be unaffordable) when the October 2024 Census dataset is used. *(As we did for 2023/24 arrangements, we will wish to consider further with the Schools Forum the options that will be available, and to give warning to schools and academies about these options within our published Schools Block consultation document).*
7. Whether we continue to retain the funds that are currently managed centrally within the Schools Block and agree the criteria for eligibility and for allocation of these funds.
 - a. Growth Fund. *(Yes)*
 - b. Falling Rolls Fund (primary phase). *(Yes – with some amendments to the triggers).*
 - c. Funds de-delegated from mainstream maintained primary and secondary schools. *(This will be further discussed in detail in a separate report that will be presented to the Schools Forum at the October meeting).*

Details of the Item for Consideration

Our current Schools Block modelling, including the assumption that we will continue to directly mirror the NFF and set an MFG at the maximum 0.5%, indicates that our total Schools Block spending in 2024/25 can be afforded within our total Schools Block funding, without reliance on the deployment of reserves. This modelling, however, whilst using estimates of October 2023 Census numbers and estimates of other costs e.g. Growth Fund and PFI, is still based on the October 2021 dataset for schools and academies and so does not yet bring in the additional cost of data-lag. Schools and academies will be funded in 2024/25 using the October 2023 Census-based dataset (where FSM, IDACI, Low Prior Attainment, EAL and Pupil Mobility data will change). As we stated earlier in this report, the cost of data 'lag' in 2023/24 was £1.07m and was £0.95m in 2022/23. Our modelling at this stage also does not factor in any adjustment to Business Rates costs in 2024/25. These are matters that we will need to continue to monitor and to consider with the Schools Forum.

High Needs Block and Place-Plus Funding

The DfE's High Needs Block operational guidance for 2024/25 confirms the continuation of the existing technical funding system and confirms that the value of place-led funding (£10,000) and that the positions of the other main 'levers' of the high needs place-plus funding system, including the £6,000 threshold and notional SEND arrangements, remain unchanged. Authorities continue to be permitted to transfer up to 0.5% of the Schools Block to the High Needs Block, with the approval of the Schools Forum. We have not put forward a proposal for transfer since 2019/20 and we do not anticipate proposing a transfer in 2024/25.

On current estimates, our High Needs Block allocation in 2024/25 is £122.10m, which is £5.20m higher than received in 2023/24. This represents an increase of 4.5% in cash terms and 5.0% in per pupil terms. The annual growth in High Needs Block funding is to be allocated across four main pressures, a) growth in the cost of provision (as a result of inflation and increases in salaries costs), b) growth in the number of EHCPs and in the needs of pupils with EHCPs reflected in their placement costs, c) continued expansion of high needs specialist places capacity (special school and resourced provision places), and d) expansion of central support SEND services capacity in response to increased demand.

Whilst this also needs to be considered as part of the Authority's strategic deficit mitigation plan for the High Needs Block, it is already clearly evident that it will be necessary to prioritise continuing to meet the cost of growth in the number of EHCPs and requirement for specialist placements, and of the expansion of high needs places capacity, over uplifting the values of top-up funding in 2024/25. We currently estimate that we will need to deploy in 2024/25 a very substantial proportion of the High Needs Block brought forward balance. This estimate is made, prior to the inclusion of wider mitigation action, but does assume that we have already taken steps to control expenditure, including having exercised 'restraint' in uplifting top-up funding and in controlling the cost of the SEND Funding Floor. In assessing our overall position, and formula funding options, it is important to highlight that significantly higher values of High Needs Block funding are being allocated already to both the specialist and mainstream sectors, as a result of our recent substantial uplifts in top-up funding, and, for mainstream schools and academies, as a result of the growth in the number of pupils on roll with EHCPs. The 'stacking' facility in our Banded Model has also increased funding levels per pupil. We assess that our approaches to top-up funding are now much stronger, due to the changes that we have made since April 2020. Our approaches must remain affordable.

We are currently developing our high needs funding formula approach for 2024/25 on the basis that

- Subject to further mitigation plan development work, we do not anticipate making application or technical construction changes to our existing EHCP Banded Model, nor to our existing PRU / AP Academy Day Rate Funding Model, other than to amend the top-up funding values that these models allocate. We expect to follow the same approach to amending values as we took in 2023/24 (with reference to the fixed £10,000 and £6,000 contributions, meaning that bands change by different percentages). We will comply with the terms of the DfE's Minimum Funding Guarantee for Special Schools / Academies.
- The former Teacher Pay / Teacher Pensions Grants will continue to be allocated to high needs providers, separately from place-element and top-up funding, on a fixed place-led basis using 2023/24 values.
- We will continue to pass through to special schools, special school academies, PRUs and alternative provision academies, the additional "3.4% place-element" funding that was allocated in 2023/24, as required by the DfE and the 2024/25 DSG Conditions of Grant.
- We expect to continue unchanged the setting needs-led factors within our specialist setting model e.g. small setting protection and split sites, with the variables retained at 2023/24 values.
- We are minded to slightly amend our definition of Notional SEND for mainstream schools and academies.
- Subject to further mitigation plan development work, we expect to continue our existing SEND Funding Floor mechanism in support of Element 2 funding for SEND and EHCPs in mainstream primary and secondary settings, but with continued review and amendment of the eligibility trigger.

Details of the Item for Consideration

Overview - Use of DSG surplus balances within the 2024/25 Planned Budget (ESTIMATE)

Presented to the Schools Forum, under matters arising, is a summary of the final carry forward balances that were held within the DSG at the end of the 2022/23 financial year. In total, we held £36.856m.

On current modelling, which is very indicative and is based on possible proposals, as outlined, we estimate that we may use around £15.25m of balances within the 2024/25 planned budget, as summarised in the table below. This is primarily in the High Needs Block.

Block	March 2023 Balance	2023/24 Budget	2024/25 Budget	Remaining Balance
Schools Block	£5.391m	£1.787m	£0.000m	£3.604m
High Needs Block	£26.594m	£4.200m	£14.000m	£8.394m
Early Years Block	£4.639m	£0.957m	£1.100m	£2.582m
Central Schools Services Block	£0.232m	£0.054m	£0.150m	£0.028m
Total	£36.856m	£6.998m	£15.250m	£14.608m

It must be emphasised that this is very rough modelling, which is based on a series of estimates, prior to any consultation. It has been constructed for 2024/25 DSG 'planning' purposes – so that we can assess what we are likely to be able to afford to propose in terms of formula funding. Please also note that the modelling assumes that there isn't any change in the values of balances between March 2023 and March 2024 i.e. there aren't any further over or under spends in 2023/24, other than balances that were allocated within the 2023/24 planned budget (agreed in January 2023). Please also note we have not differentiated between committed and uncommitted balances in the table above. Some values within these balances are already committed to specific items. It also assumes that the specific funding issue in the Early Years Block (as explained under agenda item 7) is not resolved by the DfE. Whilst the numbers will most certainly move (both up and down), and are subject to further discussions and consultations, this modelling indicates at this time:

- That we are likely to need to use (including deliberate planned use) surplus balances across all 4 DSG Blocks in 2024/25.
- These balances go beyond covering 'one-off' spending or 'blips' in expenditure. We will be using balances in some instances to support recurrent expenditure, which is an approach which we have previously sought to restrict. This is one of the markers of the reduction in the 'headroom' that we have within the DSG, as a result of the lower settlement and the reduction in pupil numbers from demographic changes. The spending of balances on recurring items is arguably less concerning for the Schools Block for the longer term, as the 'hard NFF' is expected to take away most of the pressure that remains on our local DSG. However, it is a concern, to varying degrees, for the other 3 blocks. We discuss the position of the Early Years Block in the separate report to this meeting. We will discuss the position of the Central Schools Services Block with the Forum in the October meeting.
- The High Needs Block is of most concern. This estimate is made, prior to the inclusion of wider mitigation action (it shows an unmitigated forecast) but does assume that we have already exercised 'restraint' in uplifting top-up funding and in controlling the cost of the SEND Funding Floor. Whilst still based significantly on estimates of growth in spending (there is a lot here that is very uncertain), this forecast emphasises that we now need to plan our spending with caution and begin to take mitigating actions in order to achieve a balanced High Needs Block position going forward.
- Where the DfE does not resolve the specific funding issue in the Early Years Block (as explained under agenda item 7 – the 22 weeks vs. 26 weeks issue), this issue may exhaust the surplus balance that is carried forward into 2025/26 within the Early Years Block.

Implications for the Dedicated Schools Grant (DSG) (if any)

As set out in the report (this is an item for information)

Recommendations

- (1) The Schools Forum is asked to consider and to comment on the working principles.**
- (2) Members are invited to attend a 'Formula Funding Working Group' session.**
- (3) Members are asked for feedback on how best to communicate as early as possible this term with schools, academies and other providers about arrangements for 2024/25 (in advance of more formal consultation beginning in October).**

List of Supporting Appendices / Papers (where applicable)

None

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Schools Forum Meetings Schedule & Work Programme for the 2023/24 Academic Year

Schedule of Meetings

- | | |
|---|------------------|
| • Wednesday 13 September 2023, 8am | REMOTE |
| • Wednesday 11 October 2023, 8am | CITY HALL |
| • Wednesday 6 December 2023, 8am | REMOTE |
| • Wednesday 10 January 2024, 8am | CITY HALL |
| • Wednesday 17 January 2024, 8am <i>PROVISIONAL MEETING</i> | <i>CITY HALL</i> |
| • Wednesday 6 March 2024, 8am | REMOTE |
| • Wednesday 22 May 2024, 8am | REMOTE |
| • Wednesday 10 July 2024, 8am | REMOTE |

Proposed Work Programme

Autumn Term 2023

Key Dates / Announcements

- 8 September – Deadline for responses to the DfE’s Early Years Block 2024/25 consultation.
- October to December - expected announcements, following the autumn spending settlement, covering post 16 funding for 2024/25, as well as wider recurrent grants e.g. Pupil Premium Grant, and teacher pay and pensions support funding.
- Autumn - expected further guidance, consultations and announcements on the outcomes of the DfE’s national SEND and Alternative Provision system and funding reviews.
- Autumn – expected further announcements and consultations on the development of the Schools Block (and Central Schools Services Block) ‘hard’ National Funding Formula.
- 5 October 2023 – Schools’ October Census.
- Mid-December – ESFA publication of the dataset from the October 2023 Census, on which 2024/25 financial year allocations for mainstream primary and secondary schools / academies will be calculated.
- Mid-December – DfE expected to confirm Early Years Block and entitlement funding arrangements for 2024/25.
- Mid-December – DfE to confirm our 2024/25 DSG allocation.

Key Planned Business

- Consideration of the 2024/25 Schools Block, Early Years Block, High Needs Block and Central Schools Services Block settlements for 2024/25 and operational guidance for formula funding. Key messages for schools, academies and other providers.
- Consideration of the implications of the ‘hard’ National Funding Formula reforms. Work-streams from any further announcements.
- Consideration of the implications of the SEND and Alternative Provision system and funding reviews. Work-streams from any further announcements.
- Consideration of the autumn spending review & implications for e.g. post 16 funding and for the position of recurrent grants in 2024/25.
- High Needs Block affordability (deficit mitigation), strategic development of places and alternative provision. High Needs Block places commissioning for 2024/25. Consideration of the annual places sufficiency statement. Continued detailed work on the High Needs Block funding, deficit projection and provision matters (strategic multi-year financial planning & forecasted deficit mitigation and management planning).
- Early Years Single Funding Formula review for 2024/25, and other early years funding matters, including the impact and financial management of the extension of the entitlements and the position of the protected funding of maintained nursery schools.
- Bradford’s Primary, Secondary, Early Years and High Needs 2024/25 formula funding consultations & consideration of responses. The Schools Forum to agree the formulae for the 2024/25 financial year.
- The review of items to be de-delegated / held centrally within the DSG for 2024/25.
- Consideration of the Council’s wider (Children’s Services) budget position 2024/25.

- Presentation on the work of the Children’s Trust.
- Update on 2023/24 DSG contingencies and central funds actual and forecasted spending (view on values of DSG balances to be held at the end of 2023/24).
- Continued discussion on matters relating to falling rolls in mainstream primary & secondary schools and academies. Consideration of the DfE-led changes to the Falling Rolls and Growth Funds in 2024/25 and our response.
- Growth Fund allocations for the 2023/24 academic year (secondary phase).

Spring Term 2024

Key Dates / Announcements

- 18 January – Schools’ January Census & Early Years Census.
- 22 January – deadline for the submission of the final APT to the ESFA, with values of the Schools Block mainstream formula factors fixed at this point.
- 28 February – deadline for publication of 2024/25 budgets for maintained schools (not including early years funding).
- March - publication of final Post 16 allocations for 2024/25.
- 31 March – deadline for publication of 2024/25 Early Years Single Funding Formula allocations.
- 30 April – completion of S251 Budget Statement to the DfE.

Key Planned Business

- Matters carried from the Forum’s autumn term meetings.
- The Forum’s final and formal recommendations on all aspects of DSG funding for 2024/25, including school & early years budgets, high needs and centrally managed items. The Forum to exercise its statutory powers. Evaluation of the anticipated impact of 2024/25 DSG recommendations.
- Further consideration of the implications of the ‘hard’ National Funding Formula reforms. Continuation of work-streams.
- Further consideration of the implications of the national SEND and Alternative Provision system and funding reviews. Continuation of work-streams.
- Continued consideration of our early years entitlement funding arrangements and the financial position of the Early Years Block, including / especially in the context of the extension of the entitlements beginning April 2024.
- Update of Bradford’s DSG management plan.
- Continued detailed work on the High Needs Block funding, deficit projection and provision matters (strategic multi-year financial planning & forecasted deficit mitigation and management).
- Consideration of the 2022/23 Exclusions Report.
- Review of Scheme for Financing Schools for 2024/25 (and directed revisions).
- Review of Schools Forum membership and composition for September 2024. Responses to any directed Schools Forum Regulations changes (including from the National Funding Formula review).
- Continued discussion on issues related to falling rolls (in particular across early years and primary phases).
- Agreement of allocations from the 2023/24 Schools Block Falling Rolls Fund.
- Further information, discussion and consideration of the financial impact of the conversion of maintained schools to academy status.
- Consideration of wider DSG and school / academy budget-level cost pressures in 2024/25, implications and strategies for supporting these.

Summer Term 2024

Key Dates / Announcements

- 1 April – closedown of maintained school accounts for the 2023/24 financial year (carry forward balances).
- 1 April – planned beginning of the extension of the early years entitlements for working parents.
- 15 May – deadline for submission of Governor Approved Budgets (maintained schools) for 2024/25 to the Local Authority.
- 16 May – Schools’ May Census.
- Early Years DSG Block updated for January 2024 pupil numbers. The Early Years Supplementary Grant will also be confirmed at this point.

Key Planned Business

- Matters carried from the Forum’s spring term meetings.
- Further consideration of Forum membership for September 2024 & election of the Chair & Vice Chair of the Schools Forum. Annual review of the Forum’s conduct of meetings and procedural matters document.
- Anticipated significant volume of review work and discussion required for our 2025/26 DSG funding arrangements (begin these earlier than usual).

- Continued consideration of the implications of the 'hard' National Funding Formula reforms. Work-streams from consultations / announcements for 2025/26 arrangements.
- Continued consideration of the implications of the national SEND and Alternative Provision system and funding reviews. Work-streams from consultations / announcements for 2025/26 arrangements e.g. our high needs delegated funding model.
- Continued consideration of our early years entitlement funding arrangements and the financial position of the Early Years Block, including / especially in the context of the extension of the entitlements beginning April 2024.
- Continued detailed work on the High Needs Block funding, deficit projection and provision matters (strategic multi-year financial planning & forecasted deficit mitigation and management).
- Review of school balances held at 31 March 2024 (maintained schools).
- Initial confirmation of DSG balances held at the end of 2023/24.
- Update on pupil planning and the impact of Academies & Free Schools. Continued discussion on issues related to falling rolls and under subscription (in particular across early years and primary phases).

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