

CUMBERLAND COUNCIL SCHOOLS FORUM

Report Title: School Funding Formula 2024-25

Meeting date: 2 November 2023

Report of: Dan Barton, Assistant Director, SEND, Education & Inclusion

1.0 Executive Summary

- 1.1 This paper presents the outcome of the Schools Forum consultation with all Cumberland schools and academies on the school funding formula for 2024/25.
- 1.2 On 17 July 2023 the Education & Skills Funding Agency (ESFA) announced details of the Dedicated Schools Grant (DSG) funding arrangements for 2024/25. These figures were amended on 6 October 2023 following the discovery of an error by ESFA relating to pupil numbers and affordability of the National Funding Formula (NFF). Following the update to the indicative funding figures published by the ESFA in October the information included in the consultation was updated and the consultation was extended slightly.
- 1.3 The Cumberland Schools Forum is asked to review the results of the consultation and make a recommendation to Executive on the formula that should be used in 2024/25 to allocate funding to schools and academies and the principles to apply if there is a shortfall or a balance remaining in the Schools Block after calculating the school budget shares.

2.0 Link to Council Plan Priorities

- 2.1 Ensuring that schools are funded appropriately is supportive of the Council Plan “to improve the health and wellbeing of its residents” and the priority to “address inequalities and enable its residents to access opportunities that will empower them to achieve their goals.”

3.0 Recommendation

- 3.1 Based on the consultation responses the Schools Forum is recommended to support Option 1 that:

- The NFF is implemented in Cumberland in full in 2024/25, impacting maintained schools from April 2024 and academies from September 2024 and;
- After taking into account the growth fund budget, any residual balance up to a maximum of 0.5% to be transferred from the Schools Block into the High Needs Block and;
- Any balance remaining in the Schools block after transfer of a maximum of 0.5% to be allocated to schools through the school funding formula and;
- If the NFF is not affordable, the basic per pupil factor values in the formula will be reduced.

4.0 Rationale & Evidence for the Recommendation

Background

- 4.1 A national funding formula was introduced for schools from 2018/19 and since then local authorities have been able to decide in consultation with their schools and Schools Forum whether to use the NFF to allocate funding to schools or to apply a locally determined schools funding formula, within some restrictive parameters set by the ESFA. In 2023/24 the DfE began the first year of transition towards a direct NFF whereby all schools (including academies) will be funded using one single NFF and placed further restrictions on local flexibility.
- 4.2 In 2023/24 the Executive members for Cumbria decided that the NFF would be used to allocate funding to schools and academies in Cumberland, as in previous years since the introduction of the NFF in 2018/19. When the final DSG Schools Block allocation for Cumberland was published by the ESFA in December 2022 and after applying the NFF in full and taking into account the Growth Fund budget of £0.343m there was an affordability gap of £0.519m resulting in a small reduction in the basic per pupil funding factor compared to the NFF value of -0.42%. As there was no balance remaining in the Schools Block after applying the funding formula on this basis there was no transfer to the High Needs Block to support the budget pressures in 2023/24.
- 4.3 On 17 July 2023 the ESFA announced details of the DSG funding arrangements for 2024/25. These were presented to Schools Forum at its meeting on 20 September 2023 who agreed with the local authority's recommendation to consult all Cumberland mainstream schools and academies on adopting the NFF in 2024/25 and to seek views on the principles to be applied if there is a shortfall or balance remaining in the Schools Block after allocating the funding on this basis, namely:
- if there a shortfall reduce the basic per pupil factor values;
 - If there is a balance remaining transfer up to 0.5% to the High Needs Block and allocate any leftover balance thereafter, to schools by increasing basic per pupil funding factor values in the formula.
- 4.4 The consultation opened on 25 September for a period of 3 weeks. However, subsequent to this, the ESFA announced on 6 October that it had made an error relating to pupils numbers and affordability of the NFF and published

revised provisional Schools Block DSG allocations for local authorities. The impact of the ESFA error was a reduction in the NFF factor values which were originally to increase by 2.4% after taking into account the roll in of the Mainstream Schools Additional Grant but the increase has now reduced to 1.4%.

- 4.5 The figures in the Schools Forum consultation with Cumberland schools and academies were revised and the deadline for responding was extended to Friday 20 October 2023, a copy of the revised consultation document is at Appendix 1 and the revised illustrative impact on schools is at Appendix 2.

Consultation Outcomes

- 4.6 In total 26 schools responded to the consultation with 23 (88%) agreeing with the Schools Forum recommendation that the NFF should be used to allocate funding to schools in 2024/25. A total of 17 (65%) agreed that if there was a shortfall in the Schools Block the basic per pupil factor values in the formula should be reduced. A total of 24 (92%) respondents agreed that a transfer from the Schools Block to the High Needs Block should be actioned if there is a balance remaining in the Schools Block.
- 4.7 A summary of the results and comments made by respondents are at Appendix 3. Although the number of schools responding to the consultation is low there is clear support for the proposals. Therefore, the Schools Forum is asked to consider the outcome of the consultation and recommend to Executive one of the below options.
- 4.8 The final decision on the school funding formula for 2024/25 will be made by Executive at its meeting on 12 December 2023.

5.0 Options

- 5.1 Schools Forum can:

Option 1

- Recommend that the NFF is implemented in Cumberland in full in 2024/25, impacting maintained schools from April 2024 and academies from September 2024 and;
 - After taking into account the growth fund budget, any residual balance up to a maximum of 0.5% to be transferred from the Schools Block into the High Needs Block and;
 - Any balance remaining in the Schools block after transfer of a maximum of 0.5% to be allocated to schools through the school funding formula and;
 - If the NFF is not affordable, the basic per pupil factor values in the formula will be reduced.

Or:

Option 2

- Recommend that the NFF is implemented in Cumberland in full in 2024/25, impacting maintained schools from April 2024 and academies from September 2024 and;
 - Any balance remaining in the Schools block after taking into account the growth fund to be allocated through the school funding formula and;
 - If the NFF is not affordable, the basic per pupil factor values in the formula will be reduced.

5.2 It should be noted if Schools Forum recommend Option 2 there is a risk that, due to the requirement that local authorities to move their local formula closer to the NFF, 'topping up' the NFF factor values by allocating additional funding through the formula will create greater turbulence for some schools in future years. It may also make applying the NFF in full unaffordable in future years as the additional funding would be built into the schools budget share baselines, but the funding for this is not reflected in the notional school budgets used by the ESFA to calculate local authority level core NFF funding.

6.0 Financial & Other Relevant Implications

6.1 Financial implications are considered throughout this report. No equality/legal/ implications have been identified.

25 October 2023

Appendices:

1. Cumberland School Funding Formula 2024/25 - Consultation Document
2. Cumberland School Funding Formula 2024/25 - Illustrative Impact of 2024/25 National Funding Formula
3. Cumberland Schools Funding Formula 2024/25 – Consultation Responses

REPORT AUTHOR

Contact:

Name Amanda Chew
Post title Service Accountant
Email: amanda.chew@westmorlandandfurness.gov.uk



Working for **Cumberland Council** and
Westmorland & Furness Council