
Subject: School Funding Arrangements – 2024/25
Cabinet Member: Cllr Abdul Abdullahi
Report Number: 7

Item: 5d

Purpose of Report

1. This report: provides a summary of the national arrangements published by the DfE and details the areas for review to inform local arrangements.

Recommendations

2. The Schools Forum is asked to:
 - Note the indicative information provided by the DfE for the funding arrangements for financial year 2024/25
 - Consider and confirm their agreement to consult on the transfer of 0.5% from the Schools to the High Needs block to support schools with high number of pupils with Education, Health and Care Plans (EHCP):

Relevance to the Council's Corporate Plan

3. The Council has an oversight of the Dedicated Schools Grant (DSG) and is responsible for the management and allocation of the funding to all schools in their area. The Council has to ensure the local arrangements are in line with the regulations governing school funding and aim to meet the needs of Enfield's children and young people (CYP).

Main Consideration for the Schools Forum

4.1 INTRODUCTION

The DfE published information regarding the funding arrangements for 2024/25 that include indicative allocation for the DSG and information on the additional funding to be made available in 2024/25 and a response to the consultation mainstream schools National Funding Formula (NFF) they carried out in Autumn 2022.

This paper provides a brief summary of the DfE publication and also highlights areas of review, which **need** to be considered locally.

4.2 SCHOOLS BLOCK

The DfE has indicated overall funding for mainstream schools NFF is increasing by 2.7% per pupil in 2024/25. Enfield's overall indicative allocation, based on October 2022 data, is £316.4m, an increase of 2.57%. It should be noted the level of increase individual schools receive may vary to reflect any contextual changes reported on the October 2023 Pupil Census.

4.3 HIGH NEEDS BLOCK

The DfE advised nationally the total high needs funding will increase by a further £440m, or 4.3%, in 2024/25, following the £970m increase in 2023-24 and £1b increase in 2022/23. This brings the total high needs budget to £10.54 billion, an increase of over 60% since 2019/20.

It should be noted that this increase should be measured from 2013/14 when there was a period when there was no increase to reflect the impact of the SEND Reforms and consequent changes in demand for support.

For 2024/25, Enfield's indicative allocation using October 2022 data is £77.8m, an increase in funding of £1.9m.

4.4 EARLY YEARS BLOCK

(a) Supplementary

In July 2023, the DfE confirmed £204m of supplementary funding will be provided to local authorities (LAs) through a new one-off early years supplementary grant (EYSG) from September 2023 for 2023/24 financial year. The funding to LAs will apply from September 2023 to enable the hourly rate provided to LAs to be increased, thereby apply an increase to the hourly rate paid to providers for the period September 2023 to March 2024. Table 1 details the increase in Enfield's rate.

Table 1: Change in Early Years Hourly Rate

| Age | Rate from April 2023 | Rate: September to March 2024 | Change |
|-----------------|----------------------|-------------------------------|--------|
| 3 & 4 Year olds | £5.44 | £5.72 | £0.28 |
| 2 Year olds | £6.63 | £9.00 | £2.37 |

The increase has to be passed to providers in full unless LAs determine to set aside a contingency fund to ensure the uplift can be paid on all entitlement hours for that 7-month period, including the uplift for any increases in hours not fully captured in the January 2024 Census. The contingency set aside cannot be more than the LAs EYSG rate multiplied by the current best estimate number of entitlement hours that may not be captured in the Census.

As this is a one-off grant, it is unclear whether this funding will be incorporated into the baseline provided in 2024/25 or not.

(b) Early Years Pupil Premium (EYPP)

EYPP is currently 62p per hour per eligible child and will change from September 2023 to March 2024 to 66p per eligible child.

(c) The Disability Access Fund (DAF)

DAF is £828 per eligible child per annum. Through the EYSG, The DfE will provide an additional equivalent yearly funding rate of £53 per eligible child to be paid based on DAF eligibility which is in line with the increases made to the 3 and 4-year-old entitlements. This will result in a national effective combined equivalent yearly funding rate for DAF of £881 per eligible child. The actual EYSG payable rate for September 2023 to March 2024 period for DAF is £30.92 (equivalent to £53 multiplied by seven twelfths).

(d) Hourly Rates for 2024/25

Funding rates for 2024-25 will be announced as part of the normal autumn statement.

4.5 CENTRAL SERVICES SCHOOLS BLOCK

The 2024/25 indicative allocation for the Central Services Schools Block of £2.4m shows a small increase for statutory functions element covered by the CSSB and a reduction of 20% for historical functions to reflect the DfE's policy of phasing out historical functions from the CSSB.

4.6 DFE PROPOSALS FOR MAINSTREAM SCHOOLS

(a) Consultation response

The DfE has responded to their consultation on the mainstream schools NNF and have included the following proposals in the arrangements for 2024/25:

- Use a NFF to provide growth and falling pupil roll funds to local authorities where schools experience significant growth or fall in pupil numbers;

- Introduce a NFF to allocate split sites funding and move away from historic local authority spending decisions;
- Continue to retain local flexibility to transfer 0.5% from schools to high needs block with a corresponding adjustment to mainstream schools' funding allocations;
- Introduce a national approach to calculating schools' indicative SEND budgets and consult further on the design and operation of this approach that include aligning with the reforms in the Government's SEND and Alternative Provision Improvement Plan.

(b) Funding arrangements for 2024/25

Overall funding available through the NFF will increase by 2.7% per pupil in 2024/25, compared to 2023/24. In 2023/24, additional funding was allocated through a mainstream schools additional grant (MSAG). For 2024/25, MSAG has been incorporated in the NFF so it becomes part of individual school's core budget. The DfE has indicated that when the funding increases in 2023/24 and MSAG are taken together funding through the NFF will be 8.5% higher per pupil in 2024/25, compared to 2022/23.

The main areas of change for the 2024/25 NFF and Schools block include:

- The 2023/24 MSAG funding has been added to the following NFF proxy factors:
 - £119, £168 and £190 to the primary, Key Stage 3 and Key Stage 4 per pupil factors;
 - £104 and £152 to the primary and secondary FSM6 factors;
 - £4,510 to the school lump sum.

This will result in the basic per pupil entitlement and lump sum will increase by 2.4%. Free school meals will increase by 1.6%
- Minimum per pupil funding levels, £4,655 per primary pupil, and £6,050 per secondary pupil. This includes £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.
- A 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. Funding floor acts in a similar way to the minimum funding guarantee, which has been set to be between 0 – 0.5%
- Introducing as part of the NFF factors to allocate funding for:

(i) Split sites,

It is proposed to move away from the historic methodology used by individual LAs to allocate this funding and introduce a NFF for schools operating across two or more sites.

Currently, Enfield schools on split sites receive a lump sum of primaries £55,000 and secondary £164,086. This funding is used to support these schools with additional costs incurred due to operating across more than one site.

The DfE proposal is that schools will receive:

- Lump sum: £54,300 for each of their additional eligible sites, up to a maximum of three additional sites with the same URL as the main school site.
- Distance funding: If sites are separated by more than 100 meters. The distance funding will vary 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. The proposal is to taper eligibility for distance where distance is above the threshold of 100 meters and for funding calculation purposes up to 500m as summarised in Table 2 summarises the calculation.

Table 2: Split Site schools range of values

| Factor | Unit value |
|---|--------------|
| Basic eligibility, per additional site (up to a maximum of 3 additional sites) | £54,300 |
| Distance eligibility at least 100m from the main school site, per additional site (up to a maximum of 3 additional sites) | £0 - £27,100 |

The formula to inform distance eligibility and an example of the impact of the change for an Enfield school is attached at Appendix A.

For 2024-25, school's split sites funding will be protected against losses due to the introduction of the national split sites factor. Where a school sees a reduction in funding due to the application of the split site formula, then the school's baseline will be adjusted to reflect the loss. Similarly, where a school sees an increase in funding, then funding will be adjusted to reflect the extra funding being received due to the formula.

This change will result in no local flexibility.

(ii) Growth Factor

Currently, funding is provided to schools on a lagged basis, whereby schools receive funding in a given year based on pupil numbers from the year before. However, where possible, LAs can allocate growth funding to support schools to manage a significant increase in pupil numbers before the lagged funding system has caught up.

From 2024-25 LAs will be required to provide growth funding where a school or academy has agreed with the 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).

The data to provide funding to LAs:

- will be school postcode information to identify which middle layer super output areas (MSOAs) each school is located in;
- this information will then be used to calculate the change in number of pupils in each MSOAs between October 2022 and October 2023 pupil censuses.

Where there is a positive change funding will be allocated by multiplying the total increase in pupil number pupils by £1,550 for primary aged pupils and £2,320 for secondary aged pupils.

(iii) Falling Roll Factor

In response to their recent consultation, the DfE has confirmed for 2024/25 that the restriction that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding is removed.

However to operate a falling roll fund, LAs 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 funding provided to LAs is calculated using the middle layer super output areas (MSOAs) between the October 2022 and October 2023 an allocated where numbers on roll have decreased by 10% or more. Where the pupil count is at least 10%, then funding will be allocated. Table 3 details the calculation steps.

Total 3: LA-level funding through the falling rolls

| Calculation step | Description |
|--|--|
| 1. Total funding for primary falling rolls | Number of MSOAs where reduction in primary pupil count is at least 10% of the October 2022 primary pupil count X £140,000 X Area Cost Adjustment |

| | |
|--|--|
| 2. Total funding for secondary falling rolls | Number of MSOAs where reduction in secondary pupil count is at least 10% of the October 2022 secondary pupil count X £140,000 x Area Cost Adjustment |
| 3. Total falling rolls allocation | 1 + 2 |

5 **Local Proposals for Mainstream Schools**

5.1 Following the publication of the DfE's funding arrangements and an assessment of the Enfield's school funding arrangement against the regulations, it is proposed:

- (a) **Split Site Factor:** As the DfE are planning to adjust the baseline and ensure there is no adverse impact for individual schools on split sites, it is not proposed to consider any further changes to those being introduced nationally.

With the adjustment to the baseline, it is assumed that this change will become part of the baseline going forward.

- (b) **Falling Roll Fund Factor:** Previously, the falling roll fund factor has not been used because of the requirement that this factor could only be considered for good and outstanding schools. Now this factor has been removed, consideration has been given as to the viability of introducing this factor.

When considering the use of this factor, the SCAP data was evaluated. The SCAP data uses planning areas, which then form a borough-wide projection. Therefore, it is difficult to assess in relation to impact for individual schools, especially to confirm if the decrease in pupil numbers is 10% or above. In addition, the SCAP projections do not indicate that pupil numbers will increase within the next three years to the agreed planned admission numbers. At this stage, it is uncertain whether and how many schools would be eligible. For this reason, it is suggested analysis is carried out on the use of this factor when further notification level of funding has been received.

- (c) **Transfer of 0.5% from Schools to High Needs Block**

As stated above the DfE will not be making changes to the current framework for supporting pupils with SEND in mainstream schools, under which the NFF should enable all mainstream schools to fund from their delegated budget:

- basic per pupil costs of approximately £4,000 for all pupils at an individual school (described as Element 1)
- additional educational needs (AEN) and SEND cost of up to £6,000 for all pupils at an individual school (described as Element 2) per pupils.

Any costs related to SEND above £6,000 for pupils would require an EHCP and would be met by the LA from the HNB (described as Element 3).

Current Arrangements

Initially, Enfield did not implement the funding arrangements outlined above because the Government was still providing annual increases to the DSG and there was sufficient local flexibility to decide how DSG was allocated to meet local needs. However, this position changed and locally, it was agreed to transfer funding from the Schools Block to the High Needs block to fund additional £6,000 (Element 2) per pupil to schools with above average number of pupils with EHCPs.

The Government then introduced restriction on the use of the DSG, which included limiting the amount of funding transferred from the Schools to the High Needs block to 0.5%. For a number of years, funding has been transferred from the Schools Block to the High Needs block to support schools with high number of pupils with EHCPs. The transfer is to enable schools with above average number of pupils with EHCPs to be supported by providing a contribution towards the £6,000 per pupil (Element 2) for the number of pupils above a calculated average for each school.

It was expected that there would have been some proposals for change following the publication of the outcomes from the consultation on the SEND Reforms and the DfE Call for Evidence from mainstream schools. The only comment from the DfE was that they will publish developing a national formula to inform the notional SEN funding each school receives through their delegated budget.

Proposal

It is recommended that the 0.5% is transferred from the Schools to the High Needs Block and use a similar methodology as followed in previous year. The methodology requires the total pupil numbers to be divided by number of EHCPs to give a borough average. The borough average is divided by the number of pupils at each school to give the school average. Schools receive funding for each number above the average. It is still considered appropriate to continue with the transfer because it provides evidence of how element 2 (£6,000) has been and is continuing to be managed by schools with a high number of pupils with EHCPs and the need for this element of the funding framework to be reviewed and resolved at a national level.

Conclusions and Recommendations

- 6 The Forum's views are sought on the proposals for the local funding arrangements and agreement to the Authority consulting schools and other stakeholders on the proposal to transfer 0.5% from the Schools to the High Needs block to support schools with high number of EHCPs.

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Background Papers: DfE publications and operational guidance, regulations Schools Forum reports

Split Site Factor

The formula to inform distance eligibility is as follows:

$$\left(W = 1 - \frac{500 - d}{500 - 100} \right), \text{ where } d > 100$$

Where d is the distance between the main and other(s) sites.

For 2024-25, school's split sites funding will be protected against losses which occur due to the introduction of the national split sites factor. Where a school sees a reduction in funding due to the application of the split site formula, then the school's baseline will be adjusted to reflect the loss. Similarly, where a school sees an increase in funding, then the funding will be adjusted to reflect the additional funding being received due to the formula.

An example of the application of the formula is as follows:

St Anne's School for Girls operates on two sites and the distance is more than 500m.

| Calculation Steps | Formula for allocation | School Details | Funding for additional site |
|-------------------|--|-----------------------|---|
| Lump Sum | Multiply number of sites (up to a maximum of three) by the basic lump sum of £54,300 | 2 Sites | 1 X £54,300 = £54,300 |
| Distance | Where distance is greater than 100m, then a weighting is applied | Sites over 500m apart | $1 - (500 - 500) / (500 - 100) = 1$ Funding allocated is £27,300 / 1 = £27,300 |
| Total Funding | | | £54,300 + £27,000 = £81,300 |

For St Anne's, the change to a formulaic approach will result in a reduction of £82,786 in funding, however for 2024/25 only, the school will be protected by an increase in the baseline.