



Northumberland

County Council

Cabinet

Tuesday, 16 January 2024

National Funding Formula & School Funding 2024-25

Report of Councillor(s) Guy Renner-Thompson, Cabinet Member for Inspiring Young People

Responsible Officer(s): Audrey Kingham, Executive Director for Children, Young People & Education

1. **Link to Key Priorities of the Corporate Plan**

These proposals are most closely linked to the Council's priority for tackling inequalities (children and young people have the best start in life and grow up well), but it is also strongly linked with the priority for achieving value and making the best spending decisions.

2. **Purpose of report**

To update Cabinet regarding the National Funding Formula (NFF) and the implications for 2024/25 School Funding in Northumberland.

3. **Recommendations**

- 3.1 Approve the proposals for the continuing implementation of the National Funding Formula for 2024/25 as agreed previously, in line with the recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools.
- 3.2 Approve the transfer of up to 0.5% funding from the Schools' Block to the High Needs Block, in line with recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools.
- 3.3 Approve the delegation of the approval of the final formula values to the Executive Director of Children Young People & Education and Cabinet Member for Inspiring Young People in line with the principles agreed at

Schools Forum on 22 November 2023, once the final budget allocations are released by the Department for Education in December 2023.

4. Key Issues

- 4.1 It remains the intention of the Department for Education (DfE) to move to a National Funding Formula (NFF). A report to Schools Forum in September 2023 confirmed Northumberland's progress as a local authority "that mirrors the NFF in all factors" following the inclusion of the full mobility factor value for 2023/24. While the ESFA classifies a local authority as mirroring the NFF if its values are all within 2.5% of the NFF values, Northumberland equalled the NFF values exactly for 2023/24, though this was only achieved with the use of an element of growth funding allocated to Northumberland to manage required growth and additional places, so there is no guarantee that we can continue to do that on a year to year basis.
- 4.2 Increasing High Needs Pressures, and the need to increase the transfer requested from the Schools Block to the High Needs Block may also affect the ability to fund schools at NFF values.
- 4.3 The DfE has published revised NFF values for 2024/25. These can be seen in APPENDIX ONE The School Forum NFF Report. Local Authorities in consultation with its Schools Forum do still have the ability to vary the values but it should be remembered that overall funding at authority level, will be calculated on NFF values so any elements above NFF values can only be done by incorporating reductions to other values elsewhere.
- 4.4 At the time of drafting the report, the final Dedicated Schools Grant (DSG) figures had not yet been released. This report has therefore been prepared on the basis of provisional figures released by the DfE in July, using October 2022 data. When the final figures are released in December 2023, these will be taken into account when setting 2024/25 budgets. Delegated powers are requested as part of the report to allow the Executive Director for Children, Young People and Education to make any minor adjustments required to values once final overall figures are known. This delegated decision will allow officers to meet the deadlines set out below by the ESFA:
- **22 January 2024** - Northumberland's Authority Pro-Forma Tool (APT) must be returned to the ESFA, this indicates the funding formula values intended for use in 2024/25, together with the level of transfer between the relevant blocks which are all subject to ESFA confirmation;
 - **29 February 2024** - All maintained schools notified of their budgets. Academies are notified separately by the ESFA using the same funding formula values.

- 4.5 The provisional 2024/25 figures based on October 2022 data are shown in the table below:

	2023-24 (as per Dec 21)	Provisional 2024/25 (based on Oct 22 Data)	Potential Change	
			£	%
Schools Block #	226,441,908	229,722,222	3,280,314	1.45%
High Needs Block	51,072,682	53,325,176	2,252,494	4.41%
Central School Services Block	2,268,989	2,167,198	- 101,791	-4.49%
TOTAL	279,783,579	285,214,596	5,431,017	1.94%
Early Years Block - not yet available for 24/25	19,157,114	n/a	-	-
# The 2024/25 figure does not include the LA Growth Fund element - which is not yet available				
- if in line with last year £896k this would add 0.39% to the % increase				

- 4.6 It should be stressed that figures for both the schools and High Needs Block will be updated with reference to the October 2023 School Census data when the final figures are released in late December.
- 4.7 Having moved in line with the National Funding Formula for 2023/24 no significant changes are anticipated, though this will be subject to the overall funding available, particularly in light of the requirement for the increased transfer from the Schools Block to the High Needs block for 2024/25.
- 4.8 A specific variation, known as a disapplication request was also agreed with Schools Forum in light of the Coquet reorganisation to allow the First School to receive additional funding for 2024/25 to reflect the retention of their year 4 students into year 5 with effect from September 2024.
- 4.9 Schools forum agreed to consult with all schools in relation to the proposed 0.5% transfer from the schools block to the High Needs Block in recognition of the increasing demands to meet the growing needs of our SEND pupil population. This if approved would be double the level of transfer (0.25%) in 2023/24. Schools have also been asked their view on the level of Minimum Funding Guarantee and the use of capping and scaling to limit the impact of large fluctuations in budget shares.
- 4.10 Although not directly linked to Cabinet approval for setting of the funding formula values. The consultation exercise was extended to ask schools a number of questions relating to SEN funding in order to develop some new principles and guidance in order to reduce the predicted overspend within the High Needs Funding Block. The results will help shape the format and ideas for further discussions with all schools.
- 4.11 The consultation with all schools was carried out between 27 November and 12 December 2023. Where the following 14 questions were asked:

Q1 - Do you support the Schools Forum Decision to seek a 0.5% transfer from schools block to high needs block for financial Year 2024/25?

Q2 - Would you be supportive of a larger transfer from schools block to high needs block in subsequent years to help address the current £3m gap in resources?

Q3 - At what level do you believe Northumberland's MFG should be set for 2024/25

Q4 - Do you support the potential use of capping and scaling as part of the 2024/25 School Budget setting process?

Q5 - Do you support a freeze or reduction in SEN banding rates at the present time, subject to review on an annual basis?

Q6 - Should Northumberland consider a fundamental review of the banding rates paid?

Q7 - Should any review of the banding rates paid be done on a "cost neutral" basis.ie a redistribution of existing funds, or seek to deliver financial savings?

Q8 - Northumberland does not currently consider any information in relation to the School Balances held by a school in relation to a request for Top Up funding, or an increase in Top Up funding. Should we?

Q9 - Do you feel you understand Notional SEN and your Schools Notional SEN figure?

Q10 - Do you support the use of a schools Notional SEN figure as a mechanism for distributing additional SEN Funding?

Q11 - Should we require schools to demonstrate how they are using their allocated Notional SEN total across the school before considering requests for Top Up payments?

Q12 - Would it help Schools if additional School Level Notional SEN payments were made at the beginning of each term rather than the end as is currently the case?

Q13 - Should Northumberland continue to make Top Up payments to learners without EHCPs?

Q14 - Should Northumberland review the scope of Top Up payments to learners without EHCPs?

- 4.12 There were 28 responses received during the consultation period. There was overwhelming support for the transfer of 0.5% from the School Block to High Needs Block with 24 schools supporting Schools Forums View. Schools in the main were also supportive of increasing the transfer further with 17 supporting this idea. In response to the question three, 27 schools felt MFG should be set at 0.5%.21 schools also supported the use of capping and scaling.
- 4.13 Feedback from the remaining questions relating to high needs funding will be reported following a wider consultation with all schools on how to address the financial challenges in meeting the increased demand to meet the needs of our pupil population.

- 4.14 As in previous years the recommendations request approval for delegated authority for the Executive Director of Children Young People & Education and Cabinet Member for Inspiring Young People to agree the final formula values, in line with the principles outlined once the final 2024/25 Schools Block figure is known in mid to late December.

5. Background

- 5.1 For 2018/19, Cabinet was informed of the decision of the Schools Forum to seek a move towards the implementation of the NFF in a measured gradual approach, in order to avoid any significant changes (“cliff edges”) when the NFF final formula was fully implemented. This approach was also supported by the majority of schools who responded in that year’s consultation exercise. This approach continued to be endorsed by both Schools Forum and the school consultation for 2019/20 and 2020/21. A two step approach was agreed with Schools Forum in November 2020 to align remaining funding values with NFF and this was achieved in 2023/24.
- 5.2 In January 2018 Cabinet also agreed the transfer of up to 1% from the Schools Block to the High Needs Block in order to assist with the increasing pressures in this area including rising numbers of pupils with Education Health and Care Plans receiving Top Up funding, and in specialist independent sector placements. Increasing costs arising from the rising number of permanent exclusions were also highlighted.
- 5.3 Funding was also sought in order to grow places in our own maintained special schools, following the outcome of the SEND consultation exercise.
- 5.4 Schools’ Forum had previously supported this transfer, and it was also part of the consultation exercise with all Northumberland Schools, who supported the 1% transfer. A transfer of 1% was again agreed for 2019/20.
- 5.5 These key pressures remained, but a combination of improved financial management and additional high needs resources meant that the requested transfer for 2020/21 & 2021/22 was reduced from 1% to 0.5%, as a contribution to the costs of SEND Support Services. While agreement was gained to a maximum of 0.5% for 2022/23, the actual transfer was reduced to 0.25% following the announcement of additional funding by the Department for Education in January 2022. 0.25% was agreed with Schools Forum and subsequently Schools for 2023/24. Continued implementation of the NFF as part of Schools Funding for 2024/25.
- 5.6 Due to a sharp increase in the number of EHCPs it has been necessary to increase the request to 0.5% for 2024/25. This has been agreed with Schools Forum and is currently out to consultation with Schools.

6. Options open to the Council and reasons for the recommendations

- 6.1 Note the delegation of final decisions on the values to the Executive Director for Children, Young People & Education, in consultation with the Cabinet Member for Inspiring Young People once final funding settlement is known. This delegated approval will ensure the final funding formula values are returned to the ESFA by 22 January 2024.
- 6.2 Approve recommendation 3.1 – *“Approve the proposals for the continuing implementation of the National Funding Formula for 2024/25 as agreed previously, in line with the recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools.”*
- 6.3 Approve recommendation 3.2 – *“Approve the transfer of up to 0.5% funding from the Schools’ Block to the High Needs Block, in line with recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools”.*
- 6.4 Approve recommendation 3.3 – *“Approve the delegation of the approval of the final formula values to the Executive Director of Children Young People & Education and Cabinet Member for Inspiring Young People in line with the principles agreed at Schools Forum on 22 November 2023, once the final budget allocations are released by the Department for Education in December 2023.*

7. Implications

Policy	Continued implementation of the NFF as part of Schools Funding for 2024/25.
Finance and value for money	Continued implementation of the NFF as part of Schools Funding for 2024/25.
Legal	Potential Changes arising in support to Schools as and when further schools academise.
Procurement	None.
Human resources	Potential issues for school staffing structures arising from budgets, depending on individual school circumstances.
Property	Further academisation of schools will affect school estate.
The Equalities Act: is a full impact assessment	No - no equalities issues identified

required and attached?	Changes arising from the implementation of the National Funding Formula will impact on children in schools, particularly when fully implemented in the future.
Risk assessment	As stated previously, there are risks arising for individual school's funding from the switch to the NFF, from the previous local formula but the LA has continually sought to mitigate these, through ongoing discussion with Schools Forum and consultation with Schools including on the proposals for 2024/25.
Crime and disorder	There are considered to be no implications arising from this report.
Customer considerations	The introduction of the National Funding Formula has implications for schools, parents and children, particularly over the longer term.
Carbon reduction	None.
Health and wellbeing	The increased funding will support all Northumberland schools to improve the educational experience and outcomes for children and young people in the county.
Wards	(All Wards);

8. Background papers

Not applicable.

9. Links to other key reports already published

[Agenda Item 8 2024-25 NFF and School Funding Consultation.pdf \(moderngov.co.uk\)](#)

10. Author and Contact Details

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