

Divisions Affected - ALL

CABINET MEMBER: Children, Education & Young People's services

23 January 2024

Formal Approval of Schools Funding Formula 2024/25

Report by Director of Children's Services

RECOMMENDATION

1. **The Cabinet Member is RECOMMENDED to** approve the final funding formula for 2024/25 for submission to DfE.

Executive Summary

2. The final funding formula for schools and academies for 2024/25 needs to be formally approved politically before submission to the DfE in January 2024. Schools Forum has been consulted in development of the funding formula for 2024/25 as a statutory consultee, but the decision on the final formula is made by the local authority.
3. The basis of the allocation through the National Funding Formula is determined by Central Government.

Introduction

4. The local authority is required to set the funding formula for all pupils of statutory school age for each financial year. This includes all maintained schools and academies (including free schools, studio schools and university technical colleges). It is established after consultation with Schools and Schools Forum about any proposed changes.
5. The local authority is responsible for making the final decisions on the formula but must gain political approval before the final formula for the 2024/25 financial year is submitted to the Department for Education (DfE). This must be completed in January 2024.

The National Funding Formula

6. In 2018/19 the government implemented national funding formulae for the Schools, High Needs and the Central Services Schools Block (CSSB) with local discretion on implementation up to and including for 2024/25.

7. 2018/19 saw the introduction of the national funding formula (NFF) for schools. This reform meant that for the first time, school funding was distributed to Local Authorities according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities continue to be responsible for distributing money between schools.
8. Oxfordshire has consulted with all schools and academies and Schools Forum annually and it was agreed to implement the NFF as closely as possible subject to affordability.
9. The DfE has made some changes to the National Funding Formula for 2024-25, as follows:
 - Introducing a formulaic approach to allocating split sites funding to ensure consistency across authorities.
 - The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 1.4%.
 - Minimum per pupil funding levels provides that every primary school will receive at least £4,610 per pupil, and every secondary school at least £5,995.
 - Funding floor to ensure that every school will attract at least 0.5% more pupil-led funding per pupil, compared to its 2024-25 allocation.
 - Rolling the 2024-25 mainstream schools additional grant (MSAG) into the schools NFF to ensure that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.
10. It is clear from the feedback through the consultation with the schools that increase in the NFF and the inclusion of the MSAG will fall significantly short of the actual cost pressures which schools are facing. This is very likely to emerge as a financial risk in 2024-25 for example through increases in schools' deficit balances.

Outcome of Consultation with Schools and Schools Forum

11. Consultation with schools was carried out from 19 October 2023 to 9 November 2024. The results of the consultation were discussed at the Schools' Forum meeting on 9 November 2023.
12. As Oxfordshire is implementing the NFF as closely as possible, there was no need to consult on this decision. Schools were consulted on options for adjusting the national funding formula to provide the target contribution, £0.660m to maintain the Growth Fund.

Consultation on Transfer to High Needs Block

13. Dedicated School Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2024-25 (meaning funding can only be spent on the services/provisions covered by the blocks).

However, the DfE guidance allows for some transfer between blocks as stated below:

- The Schools Block will be ring-fenced in 2024 to 2025, however local authorities are able to transfer up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum.
 - If local authorities wish to transfer any funding out of the schools block in 2024 to 2025, the department expects to see evidence of recent discussion and the schools forum vote.
 - To make such a transfer, local authorities should consult with local maintained schools and academies and the schools forum should take these views into account before making their decision.
14. The current position on High Needs is a forecast deficit of £21.1m (based on November (P8) forecast) which is made up of the budget deficit of £18.3m agreed by Cabinet (May 2023) plus an additional pressure of £2.8m due to top-up and place demand.
 15. This position will be set out in greater detail in the paper on DSG and High Needs Budget to be presented to Cabinet on 30 January.
 16. The authority took the decision for last year, 2023/24 to transfer £2.38m from the Schools Block to the High Needs Block (using its discretion to transfer up to 0.5%). The Schools Forum opposed the decision which necessitated a request to the Secretary of State to confirm the decision which was provided. The approach for 2024/25 doesn't include a proposal for a transfer to the High Needs Block.

Oxfordshire Funding Formula

17. The School Funding Formula for 2024/5 has been modelled to replicate the NFF.
18. In line with timescales in previous years, the DSG settlement was announced on 19 December 2023.
19. At the meeting of Schools Forum on 17 January 2023, Schools' Forum will be consulted on a model that delivers the National Funding Formula including a contribution to the Growth Fund of £0.66m which is in line with the provisional agreement.

The formula factor rates for Oxfordshire are shown in table 1 below.

Table 1 - Schools Funding Formula 2024-25

Funding Factors - Full National Funding Formula (NFF) with ACA	NFF - Primary Unit Value 2024-25	NFF - Secondary Unit Value 2024-25
Area Cost Adjustment (ACA) – A multiplier that is applied to basic per pupil, additional needs and formula elements of school led funding for Oxfordshire	1.02304	1.02304
1. Basic per-pupil funding		
Age Weighted Pupil Unit (AWPU) - Basic Entitlement	£3,644.07	
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS3		£5,137.71
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS4		£5,791.43
2. Deprivation		
Free School Meal eligibility	£501.29	£501.29
Ever6 FSM	£838.89	£1,227.65
Targeted Deprivation – IDACI Band F	£240.41	£347.83
Targeted Deprivation – IDACI Band E	£291.57	£460.37
Targeted Deprivation – IDACI Band D	£455.25	£644.52
Targeted Deprivation – IDACI Band C	£496.17	£705.90
Targeted Deprivation – IDACI Band B	£526.87	£757.05
Targeted Deprivation – IDACI Band A	£695.67	£966.77
4. English as an additional Language (EAL)	£603.59	£1,621.52
5. Pupil Mobility	£982.12	£1,411.80
6. Low Prior Attainment	£1,196.96	£1,815.90
7. Lump sum - as NFF (amended for 0.5% transfer below)	£137,496.58	£137,496.58
8. Sparsity	£58,415.58	£84,912.32
10. Split Sites - (ACA not applicable)	3 Academies at £30,000	
11. Rates	As Actual Rates	
13. Exceptional Premises factors	As Actual Rents	
14. Minimum per pupil level (MPPL)	£4,610	£5,995
- Key Stage 3		£5,187
- Key Stage 4		£6,331
Minimum Funding Guarantee (MFG)	0.50%	
Growth Fund Contribution	£660,000	
DSG Schools Block Funding	£m	
Total Funding allocated through the Schools Funding Formula as NFF	£509.18	

20. Feedback from the consultation with Schools' Forum will be presented verbally to the Cabinet Decision meeting.
21. The amounts allocated by each factor in the annexes are subject to further checks and amendments leading up to and following submission to the DfE by 22 January 2024.

Financial Implications

22. The report deals with the funding formula for schools and academies for 2024/25 and there are no further financial or staffing implications discussed in this report. Schools and academies are responsible for managing the deployment of the delegated funding they receive.

Comments checked by:

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Legal Implications

23. There are no legal implications.

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Staff Implications

24. There are no new or additional staffing implications.

Equality & Inclusion Implications

25. Where the local authority continues to have discretion in funding decisions made, priority will be given to the needs of vulnerable pupils and the Council's aims of raising attainment, narrowing the attainment gap and safeguarding children.

Sustainability Implications

26. There are no new or additional sustainability implications.

Risk Management

27. The key risk is the affordability of the formula within the funding envelope of the grant & that has been considered in the main body of the report.

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