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| Committee: | Schools' Forum |
| Meeting Date: | 21 st November 2024 |
| Title: | Schools Block Funding Formula update: 2025-26 |
| Author: | Michael Quinton, Senior Accountant - CYP |
| Decision making / consultative / information: | Information |
| Who can vote? | N/A |

Decision Making and Information

1. The paper provides an update to the National Funding Formula (NFF) for 25-26. All factors used in 25-26 will be the same as those used in 24-25 for Suffolk and will be a continuation of the agreement Schools' Forum have reached over the past 7 years.
2. Schools' Forum will be asked to continue to follow the NFF at the January meeting once final allocations are received from the Department for Education (DfE).

Reason for recommendation

3. To provide an update on the back of a summary policy note provided by the DfE to local authorities on the 5th November 2024.

Who will be affected by this decision?

4. The funding formula used to calculate school budgets for 25-26 will affect all LA maintained schools, free schools, and academies.

Main body of report

5. The provisional DSG allocations for the Schools, High Needs and Central School Services blocks are usually published in the July of each year. This gives local authorities time to plan and consult where necessary on the funding for the forthcoming year.

6. With the timing of the general election, this was not the case this year and it is only recently that information has started to be shared regarding the NFF for 25-26 after the October budget announcement.
7. As part of this, the Government has announced an additional £2.3bn for mainstream schools and young people with high needs for 2025-26, compared to 2024-25. This means that overall core school funding will total almost £63.9bn next year, after accounting for technical adjustments.
8. £1bn of this funding increase is being allocated to the high needs budget in 2025-26, recognising the continued increase in costs. After accounting for increases in high needs funding, the remaining £1.3bn will be allocated to schools.
9. The mainstream schools' elements of TPAG, TPECG 2024 and CSBG will be rolled into the schools NFF for 2025 to 2026. See Annex A for a breakdown of these amounts.
10. To recap the pupil-led factors used in the NFF for 25-26 are:
 - the basic entitlement factor – every pupil will attract this funding. There will continue to be different factor values for primary pupils, key stage 3 pupils and key stage 4 pupils.
 - FSM factor – pupils who are eligible for free school meals will attract this funding. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil.
 - FSM6 factor - all pupils who are recorded as eligible for free school meals, or who have been at any point in the last 6 years, attract funding through this factor. The value of this factor will vary depending on the phase (primary or secondary) of the pupil.
 - Income Deprivation Affecting Children Index (IDACI) – this funding is based on the 2019 area-based IDACI measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into 7 bands A to G, with A representing the most deprived areas and G the least deprived.
 - Low Prior Attainment (LPA) – pupils will attract this funding if, at primary, they did not achieve the expected level of development in the early years foundation stage profile assessment, and at secondary, did not achieve the expected standard in key stage 2 in any of reading, writing or maths.
 - English as Additional Language (EAL) - pupils will attract this funding if they entered state education in England during the last 3 years, and their first language is not English
 - mobility factor – this factor allocates funding to schools with a high proportion of pupils who have an entry date in the last 3 years which is not typical (in most cases, if their first recorded appearance on the school's roll was other than the October census)

11. School-led factors used are:

- lump sum - every school attracts a lump sum through the NFF irrespective of its size or phase
- sparsity factor - eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest appropriate (for example, same phase) school, and the average number of pupils per year group.
- premises – the NFF in 2025 to 2026 will continue to allocate funding to reflect the costs associated with a school’s premises and overheads:
 - rates - for local accounting purposes, rates funding allocations will continue to notionally feature in the NFF allocation publication for all schools, including schools in billing authority areas where rates are paid directly by the Department for Education (DfE). Actual allocations to schools in those areas will not include funding for rates
- split sites – this factor targets extra funding to schools which operate across more than one site.
- exceptional circumstances – rent for a small number of schools which qualify for this factor

12. The final DSG allocations for 24-25 will be confirmed in December, based on updated October 2024 census information which will then be used to set 25-26 school budget allocations.

13. Local authorities have the freedom to set the MFG in their local formulae between -0.5% and +0.0% per pupil to protect schools from excessive year-on-year changes.

14. The NFF continues to include a minimum per pupil level factor (MPPL), which sets a minimum per pupil funding that each school attracts through the NFF. This minimum refers to the level in £ of per-pupil funding schools attract through the NFF. These values for 24-25 are:

- Primary - £4,955
- Secondary - £6,465

High Needs Block (HNB) Deficits

15. As mentioned at the last Schools’ Forum meeting please see the **table 1** below providing an update and summary of the deficit position for Suffolk’s statistical neighbours.

Table 1

| Statistical Neighbours | | | |
|-------------------------------|---|-------------------------------|---------------------|
| LA | HNB cumulative position 23-24 - £m | Total HNB funding - £m | Deficit as % |
| Dorset | -59.5 | 53.2 | 113.2% |
| Devon | -115.0 | 112.1 | 102.7% |
| Somerset | -56.0 | 83.7 | 66.7% |
| Norfolk | -81.5 | 135.2 | 60.7% |
| Gloucestershire | -49.3 | 93.0 | 52.7% |
| Suffolk | -54.0 | 107.2 | 50.5% |
| Worcestershire | -35.0 | 86.0 | 40.7% |
| Cornwall | -25.0 | 75.5 | 32.9% |
| Shropshire | -2.4 | 39.3 | 5.1% |
| Lincolnshire | 0 | 126.4 | 0.0% |
| East Sussex | 0 | 82.1 | 0.0% |

16. The table shows that Suffolk are not alone in holding a significant deficit reserve position against the HNB. The table is sorted to show the overall deficit position as a % of the total HNB funding.

17. Those Local Authorities in the Safety Valve programme include: Devon, Dorset and Norfolk. These LAs are being asked to reform services and set savings targets.

Annex A

Provisional NFF Funding Rates Comparison

| | 2024/25 NFF | | 24/25 Grant Funding | | CSBG Uplift | | 2025/26 NFF | | Changes (£) | | Changes (%) | |
|----------------------------------|-------------|-------------|---------------------|-----------|-------------|-----------|-------------|-------------|-------------|-----------|-------------|-----------|
| | Primary | Secondary | Primary | Secondary | Primary | Secondary | Primary | Secondary | Primary | Secondary | Primary | Secondary |
| Basic per Pupil Funding | | | | | | | | | | | | |
| Primary pupils | £3,562.00 | | £213.00 | | £51.00 | | £3,847.00 | | £21.00 | | 0.56% | |
| KS 3 pupils | | £5,022.00 | | £300.00 | | £71.00 | | £5,422.00 | | £29.00 | | 0.54% |
| KS 4 pupils | | £5,661.00 | | £339.00 | | £80.00 | | £6,113.00 | | £33.00 | | 0.55% |
| Additional Needs Funding | | | | | | | | | | | | |
| IDACI B1 Primary | £235.00 | | £0.00 | | £0.00 | | £235.00 | | £0.00 | | 0.00% | |
| IDACI B2 Primary | £285.00 | | £0.00 | | £0.00 | | £285.00 | | £0.00 | | 0.00% | |
| IDACI B3 Primary | £445.00 | | £0.00 | | £0.00 | | £445.00 | | £0.00 | | 0.00% | |
| IDACI B4 Primary | £485.00 | | £0.00 | | £0.00 | | £490.00 | | £5.00 | | 1.03% | |
| IDACI B5 Primary | £515.00 | | £0.00 | | £0.00 | | £520.00 | | £5.00 | | 0.97% | |
| IDACI B6 Primary | £680.00 | | £0.00 | | £0.00 | | £685.00 | | £5.00 | | 0.74% | |
| IDACI B1 Secondary | | £340.00 | | £0.00 | | £0.00 | | £340.00 | | £0.00 | | 0.00% |
| IDACI B2 Secondary | | £450.00 | | £0.00 | | £0.00 | | £450.00 | | £0.00 | | 0.00% |
| IDACI B3 Secondary | | £630.00 | | £0.00 | | £0.00 | | £635.00 | | £5.00 | | 0.79% |
| IDACI B4 Secondary | | £690.00 | | £0.00 | | £0.00 | | £695.00 | | £5.00 | | 0.72% |
| IDACI B5 Secondary | | £740.00 | | £0.00 | | £0.00 | | £745.00 | | £5.00 | | 0.68% |
| IDACI B6 Secondary | | £945.00 | | £0.00 | | £0.00 | | £950.00 | | £5.00 | | 0.53% |
| FSM | £490.00 | £490.00 | £0.00 | £0.00 | £0.00 | £0.00 | £495.00 | £495.00 | £5.00 | £5.00 | 1.02% | 1.02% |
| FSM 6 | £820.00 | £1,200.00 | £188.00 | £277.00 | £45.00 | £68.00 | £1,060.00 | £1,555.00 | £7.00 | £10.00 | 0.69% | 0.68% |
| Low Prior Attainment | £1,170.00 | £1,775.00 | £0.00 | £0.00 | £0.00 | £0.00 | £1,175.00 | £1,785.00 | £5.00 | £10.00 | 0.43% | 0.56% |
| EAL | £590.00 | £1,585.00 | £0.00 | £0.00 | £0.00 | £0.00 | £595.00 | £1,595.00 | £5.00 | £10.00 | 0.85% | 0.63% |
| Mobility | £960.00 | £1,380.00 | £0.00 | £0.00 | £0.00 | £0.00 | £965.00 | £1,385.00 | £5.00 | £5.00 | 0.52% | 0.36% |
| School Led Funding | | | | | | | | | | | | |
| Lump sum per school | £134,400.00 | £134,400.00 | £8,006.00 | £8,006.00 | £1,915.00 | £1,915.00 | £145,100.00 | £145,100.00 | £779.00 | £779.00 | 0.55% | 0.55% |
| Split Sites | £80,600.00 | £80,600.00 | £0.00 | £0.00 | £0.00 | £0.00 | £81,000.00 | £81,000.00 | £400.00 | £400.00 | 0.50% | 0.50% |
| Sparsity | £57,100.00 | £83,000.00 | £0.00 | £0.00 | £0.00 | £0.00 | £57,400.00 | £83,400.00 | £300.00 | £400.00 | 0.53% | 0.48% |
| Minimum per Pupil Funding | | | | | | | | | | | | |
| MpPFL | £4,610.00 | £5,995.00 | £257.00 | £350.00 | £62.00 | £83.00 | £4,955.00 | £6,465.00 | £26.00 | £37.00 | 0.53% | 0.58% |

Note 1: The column '24/25 Grant Funding' sets out the rolled in value of the 3 grants from 2024/25 (TPAG, TPEG and CSBG). The column 'CSBG uplift' sets out the additional funding rolled into the baseline to reflect the full year cost of the 2024 teachers' pay award.

Note 2: 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.

