

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOLS FUNDING FORMULA 2024/2025

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To agree the local implementation of the school funding formula for the financial year 2024/25.
- 1.2 The DfE has updated the National Funding Formula (NFF) for 2024/25 with new factor values. Funding factors remain the same, but some technical changes are being made and a methodology for calculating and allocating funding for falling rolls is being introduced.
- 1.3 School funding through the NFF is increasing by 1.9% per pupil in 2024/25 compared to 2023/24.
- 1.4 The NFF will provide a minimum per pupil level (MPPL) of £5,995 for every secondary school and £4,610 for every primary school.

2 BACKGROUND INFORMATION

- 2.1 In July 2023 the DfE first published provisional National Funding Formula (NFF) allocations at local authority level for schools, high needs and central school services funding blocks for 2024/25. In October 2023 the DfE further published an amended provisional NFF in light of a technical error. The factor values needed to be reduced due to the incorrect processing of pupil numbers in the initial calculations. This error meant the overall cost of the schools NFF was underestimated.
- 2.2 The 2024/25 funding allocation is the final year of the government's three year funding settlement as announced at the 2021 Spending Review and is the second year of transition to direct schools NFF.
- 2.3 In 2024/25 local authorities are being directed to bring their local formulae a further 10% closer to the NFF. The Schools Forum has been supportive of the North Lincolnshire funding formula being close to the NFF for several years and now it matches where appropriate with some flexibility remaining

over the sparsity factor methodology. The table at appendix 1 shows the factor values.

2.4 Key Changes in 2024/25

- 2.4.1 Introducing a new formulaic approach to allocating split-sites funding in the NFF.
- 2.4.2 Rolling the 2023/24 mainstream schools additional grant (MSAG) into the NFF by adding to baselines, adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the factors in the NFF and the Minimum Per Pupil values have also been uplifted.
- 2.4.3 The MPPL levels are mandatory ensuring every primary school will receive at least £4,610 per pupil, and every secondary school at least £5,995.
- 2.4.4 The funding floor will ensure that all schools attract at least 0.5% more pupil-led funding per pupil compared to its 2023/24 NFF allocation.
- 2.4.5 Core NFF factor values have been increased by 1.4% on top of amounts added for the MSAG; except FSM which has been increased by 1.6%.
- 2.4.6 The NFF sparsity factor values have been set at £57,100 for primary schools and £83,000 for secondary schools. (2023/24 levels were £56,300 and £81,900). Different values can be set in local funding formulae to a maximum permissible value of £100,000 which remains at the 2023/24 level.
- 2.4.7 Local authorities continue to have flexibility over the sparsity factor by the option to vary eligibility by reducing the average year group size or increase the distance threshold in their local formulae. If the distance taper threshold is used it must be set 20% below the main distance threshold. The principle applied in the NFF is that the further away the school is from the main threshold, the smaller the allocation.
- 2.4.8 Local authorities will have freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0% and +0.5%.
- 2.4.9 A methodology for calculating and allocating funding for falling rolls has been introduced for the first time.

3 OPTIONS FOR CONSIDERATION

- 3.1 Illustrative local authority and school level allocations have been published for the schools' block, high needs block and central school services block. The schools block provisional allocation for North Lincolnshire is £138.996m (excluding growth factor).

- 3.2 The Local Authority will implement the mandatory MPPL of £4,610 Primary and £5,995 Secondary for 2024/25.
- 3.3 The LA is proposing to apply the MFG of +0.5% subject to affordability.
- 3.4 A school is eligible for sparsity funding in the NFF if:
- Its sparsity distance is equal to or above the main distance threshold, or above the tapered distance threshold (Between 1.6 to 2 miles for primary and 2.4 to 3 miles for secondary)
 - The average year group size is below the year group threshold. The taper on year group size allows the smallest schools to attract the maximum sparsity funding.
- 3.5 The Sparsity factor can be increased to a maximum of £100,000 and a taper or a fixed sum can be applied through the NFF. In 2023/24 NLC allocated a fixed sum and opted to use the distance taper.
- 3.6 Premises funding in the NFF is based on historic spending at local authority level rather than on up to date costs and needs. This typically includes additional funding for PFI schools, schools with split sites and schools which face costs relating to exceptional circumstances. In advance of the hard NFF the ESFA will consider whether allocations can better reflect the actual costs that schools face.
- 3.7 In 2022/23 the ESFA gave approval for the LA to use the exceptional circumstances factor relating to school premises costs for schools with premises which have listed building status. The methodology used must create a value of more than 1% of the school's budget share and apply to less than 5% of schools in the LA area. This exceptional factor was used again in 2023/24 and can continue in 2024/25.

4 ANALYSIS OF OPTIONS

- 4.1 The illustrative funding allocation is an increase of £7.366m from last years' final allocation (excluding growth funding). Final allocations will be published in December 2023 and will include any funding allocated for growth.
- 4.2 The application of the mandatory MPPL values will benefit five primary schools utilising £194k of funding.
- 4.3 If NLC apply the MFG value at the maximum permitted rate of +0.5% the adjustment would cost £197k benefitting 7 primary schools and four secondaries.
- 4.4 In the NFF schools sparsity allocations are tapered according to average year group size, so that the smaller the school the greater the allocation. Schools with a sparsity distance equal to or greater than the main distance threshold (2 or 3 miles) and an average year group size of less than half the year group threshold receive 100% of the sparsity funding for their phase.

- 4.5 Local authorities can instead determine schools' allocations by a continuous taper or a fixed lump sum. The continuous taper means schools with an average year group size of less than half the year group threshold will not receive 100% of the sparsity funding for their phase. Instead they will receive half the maximum. The fixed lump sum means all schools eligible receive the exact same sparsity amount irrespective of their size.
- 4.6 There are 21 schools that could attract sparsity funding (7 in 2023/24, 19 in 2022/23). Last year NLC were able to use schools block reserves to fund the sparsity factor at fixed values (the distance taper was also applied).
- 4.6.1 Option 1 – Using fixed values with the distance taper as used in 2023/24 is unlikely to be affordable when considered against the illustrative funding for North Lincolnshire Council.
- 4.6.2 Option 2 – Using NFF values with the distance taper is affordable based on the provisional allocation.
- 4.6.3 Both options allow the same number of schools to benefit from sparsity funding. Option 2 is closest to the NFF and should allow the MFG to be set at 0.5% giving protection to all schools if needed and is therefore preferred by the Council.
- 4.7 There are schools in North Lincolnshire that have grade II listed buildings status. These schools face additional cost pressures both in maintenance and energy efficiency. Last year the local authority was granted permission to use an exceptional factor for listed buildings and this has been continued for our local formula in 2023/24.
- 4.8 Flexibility on the use of Exceptional Factor - Premises was the subject of the 2022/23 School Funding Formula Consultation with a proposal to disallow this in future national funding formula. However, it continues to be allowed in 2024/25 and it is proposed to continue this factor in 2024/25 subject to it meeting the DfE criteria.

4 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 4.2 There is a projected increase in funding of £7.366m for North Lincolnshire schools based on October 2022 pupil numbers. This will be updated in January 2024 when October 2023 pupil numbers are known.

5 OTHER IMPLICATIONS

- 5.2 For the first time in 2024/25 the DfE will allocate funding based on growth and falling rolls and local authorities continue to have discretion over whether to operate a falling rolls fund. However for 2024/25 they will only be able to provide funding where the 2022 SCAP (annual school capacity survey) shows that places will be required in the subsequent 3 to 5 years. Also, the restriction that support could only be provided to schools judged to be 'good' or 'outstanding' at their last Ofsted inspection must be removed. The NLC Falling

Rolls Policy will be reviewed and brought to the Schools Forum in January 2024 for approval.

- 6.2 Local variation to the funding formula for mainstream schools continues to be permitted for 2024/25.

6 OUTCOMES OF CONSULTATION

- 6.2 All schools will be consulted on funding formula proposals during November and December 2023 and any feedback will be reported at the schools' forum meeting in January 2024.

7 RECOMMENDATIONS

- 7.2 The Schools Forum is requested to:
- 7.2.1 Endorse the application of the MFG at 0.5% which is the maximum permissible level provided it can be afforded.
 - 7.2.2 Note the impact of the sparsity options discussed.
 - 7.2.3 Give a view on continuing the exceptional premises factor for listed buildings.
 - 7.2.4 Final proposals for schools funding will be brought to the Schools Forum meeting in January 2024 on receipt of the final funding allocations in December 2023.

STRATEGIC LEAD – FINANCE SERVICE DESK

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Background Papers used in the preparation of this report –

National Funding Formula for schools and high needs 2024/25 October 2023
Schools Operational Guide 2024/5 REVISED October 2023

Pupil Led Factors	2024-25 NFF	
	Primary	Secondary
AWPU - Primary	£3,562	
AWPU - Secondary KS3		£5,022
AWPU - Secondary KS4		£5,661
Deprivation		
FSM	£490	£490
FSM Ever 6	£820	£1,200
IDACI Band F	£235	£340
IDACI Band E	£285	£450
IDACI Band D	£445	£630
IDACI Band C	£485	£690
IDACI Band B	£515	£740
IDACI Band A	£680	£945
English as an Additional Language	£590	£1,585
Mobility - children starting school outside of normal entry dates	£960	£1,380
Prior Attainment	£1,170	£1,775
Other Factors		
Lump Sum	£134,400	£134,400
Sparsity	£57,100	£83,000