

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOL FUNDING FORMULA 2024-25

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 Local Authorities are required to inform Education & Skills Funding Agency (ESFA) by 22 January 2024 of their school funding formula details following consultation with all schools.

2. BACKGROUND INFORMATION

- 2.1 On 19th December 2023 the ESFA published the 2024-25 Dedicated Schools Grant (DSG) Allocations, based on October 2023 School Census data. The allocation for North Lincolnshire is £180.511m (£167.638m in 2023/24) after deductions for National Non Domestic Rates (NNDR) and the direct funding of high needs places by ESFA.
- 2.2 The element of DSG available for the Individual Schools Budget (ISB), for all mainstream schools is £138.308m before deductions for the funding of NNDR directly by the ESFA.

	2024/25	2023/24
Schools Block (£m)	138.308	131.631
Deduction for NNDR (£m)	2.037	1.650
Schools Block after deduction for NNDR (£m)	136.271	129.981

- 2.3 The Operational guide sets out how individual school budget (ISB) shares can be calculated. To continue the introduction of the National Funding Formula (NFF) the Department for Education (DfE) again direct that all local authorities move closer to the NFF so that resources are distributed based on the individual needs and characteristics of every school in the country.
- 2.4 North Lincolnshire Council's local formula now reflects the NFF for all factors, except the Exceptional Premises factor (listed buildings). NFF factor values have increased in 2024-25 (appendix 1).
- 2.5 This report sets out the final proposals for the North Lincolnshire schools funding formula.

3. OPTIONS FOR CONSIDERATION

- 3.1 MFG: Local authorities have the freedom to set the Minimum Funding Guarantee (MFG) between 0 and 0.5%
- 3.2 Sparsity Factor: The sparsity factor has been incorporated into the formula and modelled with the following options
- (a) Option 1 - Fixed Sum: £1.163m. With distance taper: £1.210m
 - (b) Option 2 - NFF values: £0.899m. With distance taper: £0.911m
- 3.3 Exceptional Factor: At the meeting in November 2023 the Schools Forum agreed to support the continued use of an Exceptional Factor for Listed Building Premises costs. This is an optional factor.
- 3.4 Educational Functions: In previous years, the local authority has set a single rate per pupil for both primary and secondary maintained schools to ensure a 50% contribution towards the cost of providing statutory duties for Educational Functions that it carries out. The rate was static for several years and from 2023-24 increased to £8.19 per pupil. However, the current rate is insufficient to cover this cost. Appendix 2 gives further details of the duties covered by this funding. (Appendix 2)
- 3.5 Notional SEN: This is not a separate budget but is intended as a guide to aid school spending decisions. The DfE expect the calculation of the notional SEN budget to include:
- (a) a small part of the basic entitlement funding
 - (b) a larger part of deprivation funding, reflecting the higher prevalence of lower-level SEN amongst disadvantaged pupils
 - (c) the majority or whole of the low prior attainment factor funding, as this is the best proxy currently available for pupils with low-cost, high incidence SEN

The local authority currently calculate the notional SEN budget contributions at 5% of Basic Entitlement, 5% of Deprivation Factors and 100% of Low Prior Attainment.

- 3.6 Capping & Scaling: This allows the gains for individual schools to be capped as well as scaled back to ensure the local formulae is affordable. Capping and scaling cannot take a school below the minimum per pupil level (MPPL) and a gains cap must be set at least as high as the MFG threshold. This ensures all schools retain any gains up to the MFG threshold even when a cap is applied.

4. ANALYSIS OF OPTIONS

- 4.1 MFG: On 9th November 2023 Schools Forum endorsed the application of the MFG at the maximum level affordable. The proposed funding formula provides the maximum MFG of 0.5%. Fifteen schools will receive MFG protection with the cost varying depending on which Sparsity funding option is used.

- 4.2 Sparsity Factor: If Option 1 was chosen there would be a shortfall in funding of £352k or £345k without the distance taper and is therefore unaffordable. Option 2 including the distance taper is therefore the preferred option.
- 4.3 Exceptional Factor: Listed Building Premises funding will cost £72k in 2024-25. Two schools qualify for funding.
- 4.4 Educational Functions: To maintain a 50% contribution for Educational Functions, it is proposed that this be increased to £8.44 per pupil, an increase of 3%. This will ensure sufficient funding is available for the local authority to provide statutory duties for Educational Functions that it carries out for maintained schools.
- 4.5 Notional SEN: In line with DfE expectations, it is proposed there be an increase in the Notional SEN contribution by increasing the deprivation factors from 5% to 25%. See appendix 3 for examples of what this funding could provide.
- 4.6 Capping and Scaling: Without Capping and Scaling, the funding required would be £138.446m resulting in a shortfall of £0.138m. A cap on gains of 0.5% and remaining gains above the cap scaled back by 8.25% brings the funding formula back within the funding allocation. (Appendix 4)

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 No schools are expected to require Growth Funding or Falling Rolls Funding in 2024-25 however, costs can be met by reserves should this be required.
- 5.2 The proposed funding formula for 2024-25 will cost £138.307m.

6. OUTCOMES OF CONSULTATION

- 6.1 All schools have been consulted on the funding formula. Two responses were received.
- 6.2 Schools were asked if they agreed with the calculation of the notional SEN. One school agreed and the other felt there was insufficient funding for SEN within school budgets.
- 6.3 The consultation asked two questions in relation to de-delegation, to agree to increase the rate of de-delegation for Staff Costs and whether they support the proposal to strengthen school improvement services through de-delegation funding in 2025-26. Both schools agreed to these proposals.
- 6.4 Schools were consulted on the methodology for the Sparsity factor, One school agreed with the proposed option i.e. option 2 with distance taper.
- 6.5 All schools were consulted on the Exceptional Factor – Premises, allowing recognition of additional cost pressures faced by schools that have premises with grade II listed buildings status. One respondent agreed.

6.6 Local authorities are directed to set a Minimum Funding Guarantee (MFG) of between nil and +0.5%; the consultation asked whether the maximum affordable MFG should be used; both schools agreed.

7. RECOMMENDATIONS

7.1 Schools Forum endorse the distribution of the individual schools budget using the proposed funding formula:

- (a) MFG set at maximum of 0.5%
- (b) Sparsity Factor using NNF values and the distance taper
- (c) Exceptional Factor for listed buildings premises to be applied
- (e) Notional SEN contribution from deprivation factors increased to 25%
- (f) A cap on gains of 0.5% and scaled back by 8.25% to be applied

7.2 Maintained school representatives of the forum approve the contribution of £8.44 per pupil toward the cost of Education Functions that the LA provides on behalf of maintained schools.

STRATEGIC LEAD FINANCE

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Scunthorpe

North Lincolnshire

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Date: 10/01/24

Background Papers used in the preparation of this report –

Schools Revenue Funding 2024-25: Operational Guide – Dec. 2023

National Funding Formula for Schools and High Needs Policy Document 2024-25

Funding Formula Factor Values				
Pupil-Led Factors	2024-25		2023-24	
	Primary	Secondary	Primary	Secondary
AWPU - Primary	£3,562		£3,394	
AWPU - Secondary KS3		£5,022		£4,785
AWPU - Secondary KS4		£5,661		£5,393
Deprivation				
FSM	£490	£490	£480	£480
FSM Ever 6	£820	£1,200	£705	£1,030
IDACI Band F	£235	£340	£230	£335
IDACI Band E	£285	£450	£280	£445
IDACI Band D	£445	£630	£440	£620
IDACI Band C	£485	£690	£480	£680
IDACI Band B	£515	£740	£510	£730
IDACI Band A	£680	£945	£670	£930
English as an Additional Language	£590	£1,585	£580	£1,565
Mobility - children starting school outside of normal entry dates	£960	£1,380	£945	£1,360
Prior Attainment	£1,170	£1,775	£1,155	£1,750
Other Factors				
Lump Sum	£134,400	£134,400	£128,000	£128,000
Sparsity	£57,100	£83,000	£56,300	£81,900
Minimum Per Pupil Funding Level (MPPL)	£4,610	£5,995	£4,405	£5,715

Educational Functions

Ongoing functions and responsibilities the local authority holds for maintained schools	
General Duties grant ends 2017/18. Contribution proposed from DSG Maintained Schools	£ Amount
Statutory and Regulatory duties:	
<p><i>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services</i></p> <p><i>Budgeting and accounting functions relating to maintained schools</i></p> <p><i>Functions relating to the financing of maintained schools</i></p> <p><i>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration</i></p> <p><i>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies</i></p> <p><i>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools</i></p> <p><i>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting)</i></p> <p><i>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body</i></p> <p><i>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body</i></p> <p><i>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost</i></p> <p><i>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff; determination of conditions of service for non-teaching staff; appointment or dismissal of employee functions</i></p> <p><i>Consultation costs relating to staffing</i></p> <p><i>Compliance with duties under Health and Safety at Work Act</i></p> <p><i>Investigation and resolution of complaints relating to maintained schools</i></p> <p><i>Provision of information to or at the request of the Crown relating to schools</i></p> <p><i>School companies</i></p> <p><i>Functions under the Equality Act 2010</i></p> <p><i>Establish and maintaining computer systems, including data storage</i></p> <p><i>Appointment of governors and payment of governor expenses</i></p>	25,000
25,000	
Education Welfare:	
<i>Inspection of attendance registers</i>	0
0	
Asset management:	
<p><i>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</i></p> <ul style="list-style-type: none"> <i>• appropriate facilities for pupils and staff (including medical and accommodation)</i> <i>• the ability to sustain appropriate loads</i> <i>• reasonable weather resistance</i> <i>• safe escape routes</i> <i>• appropriate acoustic levels</i> <i>• lighting, heating and ventilation which meets the required standards</i> 	82,000

<ul style="list-style-type: none"> • adequate water supplies and drainage • playing fields of the appropriate standards <p><i>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</i></p> <p><i>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</i></p>	2,000
84,000	
Central support services:	
<p><i>Clothing grants</i></p> <p><i>Provision of tuition in music, or on other music-related activities</i></p> <p><i>Visual, creative and performing arts)</i></p> <p><i>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics)</i></p>	18,000
32,000	
Premature retirement and redundancy:	
<i>Dismissal or premature retirement when costs cannot be charged to maintained schools</i>	0
0	
Monitoring national curriculum assessment:	
<i>Monitoring of National Curriculum assessments</i>	59,000
59,000	

Notional Funding Illustrative examples**Primary School with 220 pupils**

Factor	Pupil Numbers	Unit Value (£)	Total (£)	Of which notional SEN budget contribution		Of which notional SEN budget contribution	
Basic Entitlement	220	3562	783,640	5%	£39,182	5%	£39,182
Low Prior Attainment	62	1170	72,540	100%	£72,540	100%	£72,540
FSM	70	490	34,300	5%	£1,715	25%	£8,575
FSM6	75	820	61,500	5%	£3,075	25%	£15,375
IDACI Band F	110	235	25,850	5%	£1,293	25%	£6,463
IDACI Band E	1	285	285	5%	£14	25%	£71
IDACI Band D	5	445	2,225	5%	£111	25%	£556
IDACI Band C	0	485	0	5%	£0	25%	£0
IDACI Band B	0	515	0	5%	£0	25%	£0
IDACI Band A	0	680	0	5%	£0	25%	£0
					£117,930		£142,762
A notional budget of £142,762 could pay for 9 pupils with High Needs at 6,000 totalling £54,000 plus 25 pupils with SEN support at £3,500 (average) totalling £87,500.							

Secondary School with 750 pupils

Factor	Pupil Numbers	Unit Value (£)	Total (£)	Of which notional SEN budget contribution		Of which notional SEN budget contribution	
Basic Entitlement (KS3)	480	5022	2,410,560	5%	£120,528	5%	£120,528
Basic Entitlement (KS4)	270	5661	1,528,470	5%	£76,424	5%	£76,424
Low Prior Attainment	210	1775	372,750	100%	£372,750	100%	£372,750
FSM	260	490	127,400	5%	£6,370	25%	£31,850
FSM6	310	1200	372,000	5%	£18,600	25%	£93,000
IDACI Band F	90	340	30,600	5%	£1,530	25%	£7,650
IDACI Band E	40	450	18,000	5%	£900	25%	£4,500
IDACI Band D	75	630	47,250	5%	£2,363	25%	£11,813
IDACI Band C	95	690	65,550	5%	£3,278	25%	£16,388
IDACI Band B	95	740	70,300	5%	£3,515	25%	£17,575
IDACI Band A	15	945	14,175	5%	£709	25%	£3,544
					£606,965		£756,020
A notional budget of £756,020 could pay for 50 pupils with High Needs at 6,000 totalling £300,000 plus 130 pupils with SEN support at £3,500 (average) totalling £455,000.							

Capping and Scaling Factors

Pupil Led Factors	Total with 0.5% capping & 8.25% scaling factors applied	Total no capping and scaling factors applied
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	99,914,768	99,914,768
2) Deprivation	15,108,844	15,108,844
3) English as an Additional Language (EAL)	962,423	962,423
4) Mobility	142,101	142,101
5) Low prior attainment	8,763,499	8,763,499
Other Factors		
6) Lump Sum	10,214,400	10,214,400
7) Sparsity factor	910,885	910,885
8) Fringe Payments	-	-
9) Split Sites	-	-
10) Rates	2,037,484	2,037,484
11) PFI funding	-	-
12) Exceptional circumstances - Premises Listed Buildings	72,220	72,220
13) Additional funding to meet minimum per pupil funding level	170,558	170,558
Total Funding for Schools Block Formula (excluding MFG Funding Total)	138,297,181	138,297,181
14) Minimum Funding Guarantee	148,932	148,932
Less capping and scaling deduction	- 139,347	-
Net Minimum Funding Guarantee	9,585	148,932
Total Funding for Schools Block Formula	138,306,766	138,446,113