

Schools Forum – 21 March 2024

Schools Budget 2024-25

Executive Summary

Schools

- The request to transfer 0.5% of Schools Block DSG to High Needs has been approved by the Secretary of State
- The growth fund budget has been set at £2.6m. Any underspend will be used to contribute towards repayment of the DSG deficit as per the deficit management plan.
- The final education functions levy has been set at £57.93 per pupil
- School budgets have been set using the National Funding Formula (NFF)
- The minimum funding guarantee (MFG) has been set at 0.5%
- To ensure the NFF is affordable within the schools block DSG allocation, gains have been capped at 1.25%

Early Years

- Early Years funding base rates have been set at £5.08 per child per hour for 3- & 4-year-olds, £7.56 per child per hour for 2-year-olds and £9.48 per child per hour for under 2-year-olds.
- An Early Years contingency has been set at 0.76% of the Early Years Block funding.
- Any underspend on Early Years contingency will be returned to providers as a one-off payment in the following financial year if affordable.

High Needs

- Staffordshire's High Needs Block (HNB) funding for 24/25 has increased by £5.4m compared to 2023/24
- The HNB budget has been supplemented by a further 0.5% transfer from the Schools Block (c £3.2m) approved by the Secretary of State
- Special School budgets have been set to provide for a Minimum Funding Guarantee of 0.0% (and no capping of gains)

Recommendation

1. That the Schools Forum notes the content of this report.

Report of the Director of Finance

Central Provisions

2. The Schools Forum considered the indicative level of planned central expenditure for 2024-25 at its November meeting, giving approval to the budget provision for a range of areas, to enable the local authority to meet the DfE timescale of submitting individual school budgets to ESFA in mid-January. This section of this report updates the Schools Forum with the final figures used within that approval.
3. There are four categories of centrally retained budgets within the Schools Budget:
 - De-delegated items
 - Central School Services Block (CSSB)
 - Central Schools Expenditure
 - Education Functions (previously funded by the Education Services Grant)
4. De-delegated items are those which have been retained centrally to be managed by the local authority on behalf of its maintained schools following the vote of the Schools Forum. These amounts are transferred from the local authority to academies through the ESFA and academies meet the related costs directly. In its annual vote on 9 November the Schools Forum voted to de-delegate for the same services in 2024-25 as in 2023-24. Therefore, this funding will continue to be held centrally to meet these costs on behalf of maintained schools. Insurance provision continues to be provided through the DfE's Risk Protection Agreement. Funding for this service will be transferred from SCC to the DfE.
5. Expenditure within the Central School Service Block (CSSB) was also considered at the November 2023 Schools Forum meeting. Members agreed that ongoing funding allocated within this block should be retained centrally for the purposes outlined in the report. This block also includes funding for Historic Commitments. The only funding retained centrally for Historic Commitments for 2024-25 is £924,130 for prudential borrowing.
6. Central Schools Expenditure areas include funding for infant class size and growth funding. Growth funding is allocated to the local authority on a formula basis. The allocation for 2024-25 is £3.3m. This funding has been used to fund growth above the census in the NFF. The remaining funding is held centrally to meet commitments under the infant class size and exceptional growth fund policies. The amount retained centrally is £2.6m. Any underspend will contribute towards repayment of the DSG deficit as per the deficit management plan.
7. At the November meeting, maintained schools approved a levy per pupil for Education Functions of £57.87. Due to a slight change in the number on roll at maintained schools, the final levy for 2024-25 has been set at £57.93 per pupil.

Individual School Budgets

8. This element of the schools' budget represents by far the largest part of the funding for the majority of schools. Formula Budgets are now based on the National Funding Formula (NFF) as approved by Schools Forum in December 2017 and Cabinet in January 2018.

9. The NFF includes a minimum per pupil funding level. For 2024-25 the minimum funding levels per pupil are £4,610 for primary, £5,771 for Key Stage 3 and £6,331 for Key Stage 4.
10. The budget also includes a Minimum Funding Guarantee (MFG) of +0.5% per pupil from the 2023-24 baseline. This ensures schools are protected from excessive year on year changes due to changes in their pupil characteristics.
11. Within the NFF, the core funding factors have been increased by 1.4% and free school meals funding rates have increased by 1.6%.
12. The split sites funding factor has been formularised and added to the NFF from 2024/25. This replaces funding through the local Staffordshire split sites funding policy. All phases of school can now qualify for split sites funding where they have two or more sites separated by a public highway or railway.
13. The mainstream schools additional grant (MSAG) paid separately in 2023/24 has been rolled into the NFF by adding the grant funding rates to the relevant factor in the NFF.
14. The request to transfer 0.5% of schools block DSG funding to High Needs has been approved by the Secretary of State. £3.2m has been transferred.
15. To ensure the NFF is affordable within the Schools Block DSG allocation, gains have been capped at 1.25%. A summary of School Budgets for 2024-25 with a comparison to 2023-24 budgets has been included in Appendix 1. This also includes the impact of the high needs funding switch on individual school budgets. Sixth form funding has been excluded.
16. Schools will continue to receive the Teacher's Pay Additional Grant (TPAG) during 2024/25.

Early Years Funding

17. The government's 2023 Spring budget announced additional funding for the existing early years entitlements for working parents, by extending the 30 hours free childcare offer from the point their child is 9 months old continuously through their early years to the start of school removing the barriers to work.
18. This introduction will be rolled out in stages (on a phased basis):
 - From April 2024, all eligible working parents of 2-year-olds can access 15 hours per week.
 - From September 2024, all eligible working parents of children aged 9 months up to 3 years old can access 15 hours per week.
 - From September 2025, all eligible working parents of children aged 9 months up to 3 years old can access 30 hours free childcare per week.
19. The Council consulted with early years providers on the additional entitlements in November/December 2023. The results of the consultation alongside the proposed funding formulae were presented to Schools Forum in January 2024 for them to consider and comment.

20. A workshop was held on the 30th of January 2024 with the Early Years Reference Group, a group of Early Years Providers, where the following was discussed:
- Breakdown of Government funding to Staffordshire
 - Past and present consultations
 - Staffordshire funding formula; rationale, rates, and budgets.

The discussions had during the workshop and subsequent response from the Early Years Reference Group were considered alongside the final proposals.

21. The funding for Early Years continues to follow the national Early Years Funding Formula.
22. The early years national funding formula allocates funding to local authorities. The rate consists of a base rate and an uplift for additional needs, based on measures of free school meals; Disability Living Allowance and English as an additional language. This is all subject to an Area Cost Adjustment.
23. For 2024-25, Staffordshire County Council has been awarded a national funding rate of £5.47 per hour for 3- & 4-year-olds, £7.66 per hour for 2-year-olds, and £10.40 per hour for under 2-year-olds.
24. The Disability Access Fund (DAF) has increased by £82, from £828 to £910 per eligible child per hour to support access to the free entitlements. The government has extended eligibility for the DAF to all children accessing the entitlements from 2024-25
25. The Early Years Pupil Premium (EYPP) has increased by 6p, from 62p to 68 pence per hour per eligible child. The government has also extended eligibility for the EYPP to all children accessing the entitlements from 2024-25.
26. Local authorities are required to pass at least 95% of early years funding to providers. The early years funding central expenditure was approved by School Forum on 9 November 2023, with an overall pass-through rate of 97.6%.
27. The base rate has been set as follows:
- 3- & 4-year-olds has been set at £5.08 per hour per child, also applying for 30-hour entitlements.
 - 2-year-olds has been set at £7.56 per hour per child.
 - The rate for under 2-year-olds has been set at £9.48 per hour per child.
28. For 3- & 4—year olds, deprivation rates have been set at £0.20 (lower rate) and £0.30 (upper rate). These rates have been maintained at the same amount as in 23/24.
29. No additional funding supplements, including deprivation, have been used for the 2-year-old rate and under 2-year-old rate.
30. A contingency fund of £0.7m has been set up to manage fluctuations in demand figures from year to year. This is equivalent of 0.76% of the whole Early Years DSG Block, which is lower than the 1% threshold advised by the workshop. Any unspent contingency will only be distributed if affordable i.e. after consideration of all payments to the sector including SENIF.

31. The Special Educational Needs Inclusion Fund (SENIF) for 2024/25 is to be set at £2.0m. This is split between the Early Years block (£1.6m) and High Needs block (£0.4m).

High Needs Funding

32. The Schools Forum has a consultative role in the financial arrangements for pupils with Special Education Needs (SEN). The amount of funding that Staffordshire receives is determined by the high needs national funding formula (NFF).

33. The Government has confirmed Staffordshire's 2024/25 High Needs Block allocation to be c £132.4m. This is a net increase of c £5.4m (4%) compared with 2023/24. Whilst this is in line with expectation, it is significantly lower than in previous years and will not keep pace with the actual rising costs and demand. Staffordshire will continue to lobby for both additional funding and a fair and equitable mechanism for addressing cumulative deficits that should not impact on the Council's already stretched general resources.

34. In 2022, given the accumulated (and growing) High Needs Block deficit, the Council brought forward a DSG 'deficit management plan' (DMP), outlining the actions that could be taken to address and mitigate the existing shortfall as far as possible. The DMP sits alongside wider service transformation plans and, working in partnership with Schools Forum, will be reviewed regularly throughout the year and going forward and updated as and when decisions are made.

35. Alongside other actions within the DMP, the Council sought approval from Schools Forum for a 0.5% block transfer from the Schools Block to the High Needs Block for 2024/25; this is equivalent to c £3.2m and will be invested to fund the Council's transformation programme. Whilst acknowledging the pressure on high needs funding, Schools Forum did not support this request. The Council subsequently made a disapplication request to the Government for the transfer, which has been approved by the Secretary of State for Education.

36. As a result, and net of additional funding from the 0.5% funding switch, the total 2024/25 High Needs Budget is c £135.6m. It is Staffordshire's intention to pass on the budget increase in full next year for the provision of SEND support; none of this funding rise will be used to repay the historical deficit, which, at the end of the current financial year (23/24) will likely be over £30m. Even with the block transfer, a further significant overspend is anticipated in 2024/25.

37. For 2024/25 Special School budgets will be set based on:

- a Minimum Funding Guarantee of 0%; ensuring that funding for all Special Schools, on a like for like basis, are maintained at current levels. This is in line with Government guidance for a MFG of 0% in 2024-25.
- there will be no capping of school gains

38. Special Schools continue to be funded on a place plus top-up basis, the value of which is £10,000 in line with Government guidelines. Staffordshire County Council has commissioned 2,890 places at Staffordshire Special Schools, of which 2,313 places are at academies (at the time of writing this report).

- In April 2022 the Council introduced a new Education Banding Tool (EBT) to help calculate top up funding in a fair and consistent way. Following a planned review of the EBT during Summer 2023, the decision was made, from 1 August 2023, to suspend use of the EBT to calculate the top-up funding for Staffordshire pupils with an EHCP and therefore, from this date we have reverted to previous funding models for mainstream and special schools. We remain committed to the EBT and are currently undertaking a remodelling of both mainstream and specialist band values, ensuring the quality assurance steps are in place, as well as a review of the EBT formula, with the intention of reinstating the EBT from autumn 2024 with the assurance that all issues experienced have been resolved and funding is broadly cost neutral.

39. Pupil Referral Units (PRUs) continue to be funded as school-like entities on a place plus top-up basis. For 2024/25 Staffordshire County Council has commissioned 354 places at Staffordshire PRUs at a value of £10,000 per place in line with Government guidance.

Funding next year will also include the following:

- Single rolled pupils will receive top up payments (TRIG-8) of £7,675, no change from 23/24, in line with 0% MFG allocated to special schools. Charges for school commissioned preventative places have been aligned at £50 for all key stage years.
- A further 'lump sum' contribution will be made of £0.134m for fixed overheads in line with other school funding arrangements (up from £0.128m in 2023/24).
- One pupil referral unit provides hospital-based tuition (the Darwin Centre) and receives a set payment to reflect these costs. The total budget allocation for hospital-based tuition at this PRU setting is £0.199m, no change from 23/24 in line with 0% MFG for other schools.

40. The budgets for special schools and PRUs are detailed in Appendix 2.

41. Provision will continue to be made for Post-16 high needs colleges and independent providers in line with latest forecasts (circa £6m). In addition to this, the Council has commissioned 641 places FE colleges for the academic year 2024/25.

42. There are currently special units attached to three mainstream schools. Places in the units are included in the main formula budget and top up funding is received from the High Needs Block to ensure each placement is funded at £10,000 in line with Government guidelines. The total number of places for 2024/25 within these schools is 35. Plans to open a further SEN funded unit in Autumn 24 will mean that there are an additional 6 places from September.

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List of background papers:

Schools Forum 9 November 2023: Item 10 - Schools Budget 2024-25: De-delegation Central Expenditure and Education Functions