



North Tyneside  
Council

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Item 5a

# Briefing Notes

**To:** Schools Forum

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Resources

**Date:** 13 November 2024

**Purpose of  
the Paper:**

Information	✓
Consultation	✓
Decision	✓

**Title of Briefing:** Update all schools on the funding distribution for 2025/26 and general update on school financial positions for 2024/25

## 1. Purpose of Paper:

- 1.1. This paper provides an update on the current information available relating to 2025/26 for each funding block of the Dedicated Schools Grant (DSG).
- 1.2. This report also contains an update on 2024/25 allocations of Schools in Financial Difficulty funding and outlines the progress against the 2024/25 budget monitoring timetable after the first set of monitoring visits to schools.

## 2. Update on 2025/26 Funding Allocations

- 2.1. In line with the Department for Education's (DfE) National Funding Formula (NFF) for the schools' block, in 2025/26 the Dedicated Schools Grant (DSG) will continue to be comprised of four blocks covering: Schools, High Needs, Early Years and the Central School Services. Each of the four blocks has their own funding formula.
- 2.2. The Authority receives its Dedicated Schools Grant funding based on the DfE's National Funding Formula (NFF). In July 2024 the DfE published an announcement to confirm that indicative funding allocations would be delayed for 2025/26 due to the timing of the general election. They explained that they would aim to publish notional funding allocations as soon as possible after the budget announcement on 30 October 2024.

- 2.3 Previously information has been provided in July for planning purposes allowing each local authority to model what indicative funding allocations would look like. For 2025/26 there will be no modelling tool provided although it is still anticipated that the final DSG allocation to the Authority for 2025/26 will be published in December 2024 using the October 2024 census results. The Education and Skills Funding Agency (ESFA) has confirmed that there will be no substantial changes to the National Funding Formula for 2025/26.
- 2.4 As part of the process to move to the National Funding Formula, the DfE initially indicated a two-year transition period (2018/19 and 2019/20) where local authorities could continue to set a local formula to distribute funding to individual schools. These transitional arrangements have again been extended and will continue into 2025/26.
- 2.5 At a national level, as part of the 30 October budget, the Government 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 after accounting for technical adjustments. The Department is now in the process of calculating the schools and high needs national funding formulae (NFF) for 2025–26, to inform local authorities and schools of the funding they can expect to receive in 2025–26. They expect to publish the NFFs by the end of November and will provide more information regarding the NFF for 2025–26, if possible, in advance of that.
- 2.6 Schools Forum may also be aware of the increase in employers' National Insurance Contributions. The Government have said that public sector employers will be compensated for the increase in their NICs contributions, and work is underway to agree how much the DfE will receive as a result. That compensation will be additional to the £2.3bn increase announced; due to timing constraints, it will need to be provided as a separate grant, alongside the NFF, in 2025–26
- 2.7 It is assumed that two restrictions will continue in 2025/26 that:
- Local authorities will continue to set a Minimum Funding Guarantee in the local formula, which for 2024/25 was between +0.0% and +0.5%.

This allows authorities to mirror the real terms protection in the NFF, which is the Government's expectation; and

- Local authorities can only transfer up to 0.5% of their Schools block to other blocks of the DSG, with their schools' forum approval. To transfer more than this, or any amount without their schools' forum approval, they will have to make a disapplication request to the Department for Education, even if the same amount was agreed in the past two years.

2.8 The North Tyneside allocation for the Schools block, Central Schools Services block and High Needs block for 2024/25 is shown below with previous year's figures.

**Table 1: 2024/25 allocation compared with prior year actuals**

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25* £m	2025/26 Indicative £m
Schools	137.231	140.373	147.654**	157.669**	tbc
Central School Services	1.877	1.724	1.621	1.563	tbc
High Needs	26.709	30.092	32.898*	34.288	tbc
Early Years Block	13.946	14.673	14.956*	24.478	tbc
<b>TOTAL</b>	<b>179.763</b>	<b>186.862</b>	<b>197.129</b>	<b>217.998</b>	
Change per Year £m	15.828	7.099	10.267*	20.869	tbc
Change per Year %	9.66%	3.95%	5.49%*	10.59%	tbc
PUF	£4,425	£4,539	£4,771	£5,039	tbc
SUF	£5,841	£5,988	£6,277	£6,604	tbc
MPPF: Primary	£4,180	£4,265	£4,405	£4,610	tbc
MPPF: Secondary	£5,415	£5,525	£5,715	£5,995	tbc

\* Updated to reflect July 2024 DFE notification

\*\* Includes Schools Supplementary Grant (SSG) rolled in 2023/24 and Mainstream Schools Additional Grant (MSAG) rolled in 2024/25 (previously separate to DSG)

2.9 Key changes to Early Years Funding:

In the Government's 2023 Spring budget the Chancellor announced fundamental changes to expand the free childcare offer so that eligible working parents in England were able to access 30 hours of free childcare per week for 38 weeks per year from the term after their child turns 9 months to when they start school.

- From April 2024, working parents of 2-year-olds are now eligible to access 15 hours of free childcare per week (38 weeks a year),
- From September 2024 this has been extended to parents of 9 month to 3-year-olds, and
- From September 2025 working parents of 9 month to 3-year-olds will be able to access 30 free hours per week (38 weeks a year).

2.10 The DFE have also not yet published the expected value of the Early Years or Central Schools Services Block (CSSB) funding for 2025/26. As soon as indicative funding allocations are received the Local Authority will begin modelling potential new rates for Early Years for 2025/26 which will be discussed with Early Years subgroup as soon as possible.

2.11 2025/26 CSSB funding will be reported back to Forum in January 2025 to ratify any changes or reductions and to agree any services, including additional functions, to be funded by de-delegation

### **3 2024/25 Budget Monitoring for Schools**

3.1 As previously reported, the overall level of school balances at the end of March 2024 was £2.930m deficit compared to £0.382m deficit as at March 2023. This represented a decrease in balances of £2.548m.

3.2 Schools are in the process of completing the first set of monitoring for 2024/25 which is going well despite the additional challenge for schools and officers of an IT upgrade, implemented by the providers of the schools budgeting system.

### **4. 2024/25 Schools in Financial Difficulty Funding**

4.1. The opening balance for de-delegated funds for Schools in Financial Difficulty (SiFD) funding in 2024/25 was £0.422m. This is the balance available to fund applications submitted by schools and considered by Schools Forum Finance Sub-Group. The sub-group met on 30 September 2024 to discuss SiFD funding and school representatives presented applications.

4.2. The Discussions led to agreement that the criteria for SiFD funding should be more robust and the sub-group recommend that Schools Forum approve the following criteria:

- A school must come back into an in-year balance within their 3-year budget recovery plan.
- A school must have ended the previous year in deficit before any applications are considered.
- Funding will be allocated based on a school's outturn position, not budget monitor projections.
- Schools are required to remain within their deficit recovery plan to be eligible.

4.3. Based on the above criteria some school applications will now be deferred to 2025/26 so that the 2024/25 outturn position can be considered, including any improvements throughout the year. The sub-group feel this would make the allocations more prudent, based on actual balances rather than budget projections.

4.4. The sub-group recommend that School's Forum approve 2024/25 funding of £0.185m to 3 schools based on outturn balances from 2023/24, as outlined in table 2.

**Table 2: Finance Sub-Group Recommendations for SiFD Funding**

<b>School</b>	<b>2024/25 SiFD Funding</b>
Longbenton High School	£80,000
Norham High School	£80,000
St Bartholomew's Primary School	£25,000
<b>TOTAL</b>	<b>£185,000</b>

4.5. It is recommended that Norham & Longbenton will both be allocated £0.080m as a contribution towards their deficit and in recognition that both schools are on the right trajectory and their financial position is improving.

## **5. High Needs Block Update for 2024/25**

5.1. Schools Forum will recall, the High Needs block outturn in 2023/24 was a pressure of £10.494m which included Safety Valve funding of £9.750m

received up to 31 March 2024. The Authority submitted the first report to the DfE for 2024/25 on progress against the DSG Management Plan on 28 August 2024. Despite the delayed savings for 2024/25 the Authority is still on track to reach a positive in year balance on its DSG High Needs Block by the year end 2027/28. The next reporting deadline is 27 November 2024.

## **6. Early Years Block Update for 2024/25**

6.1. Schools Forum will recall, the Early Years block outturn for 2023/24 was a surplus of £1.046m. The 2023/24 surplus balance after final clawback is £0.859m, of which £0.665m is estimated as required to fund the additional week in the 2024/25 local payment schedule. The 2024/25 projection is a break-even in-year position across the Early Years Entitlements, there is no indication of any potential funding shortfall.

6.2 Following confirmation of the September 2024 teachers pay award, the DfE announced additional funding to increase the hourly funding rates for early years providers to deliver the existing early years entitlements. For 2024 to 2025 this funding will be known as the Early Years Budget Grant (EYBG). This is a new funding stream with effect from September 2024.

## **7. Recommendations:**

7.1 Having read this report and clearly understanding the information provided, Schools Forum is asked to:

1. Note the delay in indicative allocations for each of the four Dedicated Schools Grant funding blocks;
2. Note the positions on High Needs, Early Years Block funding;
3. Note the budget monitoring progress for schools;
4. Agree the Schools Forum Subgroup recommendation for allocation of Schools in Financial Difficulty funding.

7.2. Members are reminded of who is eligible to vote and the voting table is noted at Appendix A for Reference.

## Appendix A – Voting Table

North Tyneside Schools Forum Member Roles & Voting								
de-delegation Primary	de-delegation Secondary	scheme for financing schools	consultation on funding formula	General Duties	Retained Duties	all other matters	<i>last updated September 2019</i>	
1	2	3	4	5	6	7		
Voting							<b>Phase</b>	<b>Role</b>
<b>School Members</b>								
x		x	x	x	x	x	First	Head
x		x	x	x	x	x	Primary	Head
	x	x	x	x	x	x	High	Head
	x	x	x	x	x	x	Middle	Head
	x	x	x	x	x	x	Secondary	Head
<b>Other School Members Non Locality Based</b>								
x		x	x	x	x	x	Primary/ First	Governor
	x	x	x	x	x	x	Secondary/Middle	Governor
		x	x	x	x	x	Nursery	Head
		x	x	x	x	x	PRU	Head
		x	x	x	x	x	Special	Head
			x		x	x	Academy	Other
<b>Non Schools Members Non Locality Based</b>								
		x	x			x	16-19 Providers	Other
			x			x	EY PVI	Other
						x	C of E Diocese	Other
						x	RC Diocese	Other
						x	Trades Union	Other

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