



North Tyneside  
Council

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## Item 7a

# Briefing Notes

**To:** Schools Forum

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Resources

**Date:** 9 November 2023

**Purpose of  
the Paper:**

Information	✓
Consultation	✓
Decision	✓

**Title of Briefing:** Update all schools on the funding distribution for 2024/25 and general update on school financial positions for 2023/24

### 1. Purpose of Paper:

- 1.1. This paper provides an outline of the current information available relating to 2024/25 for each funding block of the Dedicated Schools Grant (DSG) including indicative allocations (based on October 2022 census data) which were announced in July 2023.
- 1.2. This report also contains a brief update on the draft 2023/24 budget monitoring position after the first set of monitoring visits to schools.

### 2. Update on 2024/25 Funding Allocations

- 2.1. In line with the Department for Education's (DfE) National Funding Formula (NFF) for the schools block, in 2024/25 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. **DSG Illustrative funding 2024/25: Schools Block**

In 2024/25, as in the last 3 financial years, the Authority will receive its DSG funding based on the revised DfE NFF. In July 2023 the DfE published indicative allocations under the NFF at a school level using October 2022 census data. This shows the funding level for each mainstream school based on the NFF using the 2024/25 Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) with October 2022 pupil numbers. This information is for planning purposes only as local formulae used by each local authority can still vary from the NFF within the guidance issued by the DfE. It is anticipated that the initial DSG allocation to the Authority for 2024/25 will be published in December 2023 using the October 2023 census results.

- 2.3. On Friday 6th October 2023 the DfE published revised provisional funding allocations for 2024 to 2025 for the Schools NFF. In relation to those changes the following announcement was made:-

*“The department published the schools NFF for 2024 to 2025 in July. However, the department uncovered an error made by DfE officials during the initial calculations of the NFF. Specifically, there was an error processing forecast pupil numbers, which means that the overall cost of the core schools budget would be 0.62% greater than allocated. The department therefore issued new NFF allocations to correct that error while continuing to deliver, in full, the £59.6 billion core schools budget that has been promised.*

*The department apologises for this error. The Secretary of State has asked the Permanent Secretary to conduct a formal review of the quality assurance process surrounding the calculation of the NFF, with independent scrutiny. Improvements have already been identified to ensure similar mistakes are not repeated in the future.”*

- 2.4. The above DfE error reduced the indicative funding which had previously been shared with North Tyneside Schools by £1.300m.
- 2.5. The link to the school level NFF allocations using October 2022 census data information is shown below: -

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2024-to-2025>

- 2.6. The DfE initially proposed 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. However, the Government confirmed that these transitional arrangements will continue into 2024/25, with the earliest expected move to “hard” NFF being likely in 2025/26.
- 2.7. The ESFA has made the following key changes to the schools NFF in 2024 to 2025:
- The minimum per pupil funding levels will be set at Primary £4,610, Key Stage 3 £5,771 and Key Stage 4 £6,331
  - introducing a new formulaic approach to allocating split sites funding in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor
  - rolling the 2023 to 2024 mainstream schools additional grant (MSAG) into the NFF by:
    - adding an amount representing what schools receive through the grant into their 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 respective factors in the NFF
    - uplifting the minimum per pupil values by the mainstream schools additional grant’s basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants
  - increasing NFF factor values (on top of the amounts we have added for the mainstream schools additional grant) by:
    - 1.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum
    - 1.4% to the minimum per pupil levels (MPPL)
    - 0.5% to the funding floor
    - 1.6% to the free school meals (FSM) factor value
    - 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formulaised
  - introducing, for the first time, a methodology for calculating and allocating funding for falling rolls.

2.8. In addition, two important restrictions will continue:

- Local authorities will continue to set a Minimum Funding Guarantee in the local formula, which in 2024/25 must be between +0.0% and +0.5%. This allows them 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.

2.9. The North Tyneside illustrative allocation for the Schools block, Central Schools Services block and High Needs block in 2024/25 (using census 2022 i.e. static pupil numbers) is shown below with the 2020/21 to 2024/25 figures for comparison.

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

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 Indicative £m	2023/24 to 2024/25 £m
Schools	126.794	137.231	140.373	147.654**	155.303**	7.649
Central School Services	2.051	1.877	1.724	1.621	1.554	(0.067)
High Needs	22.319	26.709	30.092	33.342	34.747	1.405
Early Years Block	12.771	13.946	14.673	15.597	15.597 <sup>T</sup>	0.000
<b>TOTAL</b>	<b>163.935</b>	<b>179.763</b>	<b>186.862</b>	<b>198.214</b>	<b>207.201</b>	<b>8.987</b>
Change per Year £m		15.828	7.099	11.352	8.987	
Change per Year %		9.66%	3.95%	6.07%	4.54%	
PUF	£4,083	£4,425	£4,539	£4,771	£5,039	
SUF	£5,427	£5,841	£5,988	£6,277	£6,604	
MPPF: Primary	£3,750	£4,180	£4,265	£4,405	£4,610	
MPPF: Secondary	£5,000	£5,415	£5,525	£5,715	£5,995	

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

<sup>T</sup> No information from DSG, so based on last year.

- 2.10. The Early Years Block value for 2024/25 is based on 2023/24 rates and uses prior year pupil numbers, as the DfE have not published this information at time of writing.
- 2.11. Key changes to Early Years Funding:  
In the Governments 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 will be able to access 15 hours of free childcare per week (38 weeks a year),
  - From September 2024 this will be 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).
- 2.12. The DfE have not yet published the outcome of their consultation on expanding the Early Years entitlements however the Local Authority are currently modelling potential new rates for 2024/25 which will be discussed with Early Years subgroup on 24<sup>th</sup> November 2023.

### **3. High Needs Block Update for 2023/24**

- 3.1. Schools Forum will recall as reported at the September 2023 meeting, the High Needs block outturn in 2022/23 was an overspend of £17.391m. The forecast for the High Needs Block as at 30<sup>th</sup> September 2023 is an anticipated in-year pressure of £2.832m reflecting continued demand for special school places within the Authority leading to a cumulative deficit position of £10.474m which is in-line with the DSG Management Plan. A breakdown of the in-year pressure is shown in Table 18.

**Table 2: Breakdown of High Needs Pressure at 30<sup>th</sup> September 2023**

Provision	2023/24 Budget £m	Sept 2023 Forecast £m	Forecast Variance £m
Special Schools and PRU	22.387	22.696	0.309
ARPS /Mainstream Top-ups	6.065	5.880	(0.185)
NMSS/ISP	4.305	4.328	0.023
Commissioned Services / Other EOTAS	3.160	3.177	0.017
Provision for unknown requests	0.000	0.092	0.092
<b>TOTAL</b>	<b>35.917</b>	<b>36.174</b>	<b>0.257</b>
DSG High Needs Funding	(33.606)	(33.342)	0.264
<b>In-Year Planned Deficit</b>	<b>2.311</b>	<b>2.832</b>	<b>0.521</b>
2022/23 Bal B/F	10.112	9.592	(0.521)
Safety Valve Funding 23/24	(1.950)	(1.950)	0.000
<b>Deficit C/F to 24/25</b>	<b>10.474</b>	<b>10.474</b>	<b>0.000</b>

#### **4. Early Years Block Update for 2023/24**

- 4.1. Schools Forum will recall, the Early Years block outturn for 2022/23 was a surplus of £0.337m. In the 2023 Spring Budget the DFE announced additional funding to increase the hourly funding rates for early years providers to deliver the existing early years entitlements. For 2023 to 2024 this funding will be known as the Early Years Supplementary Grant (EYSG). This is a new funding stream with effect from September 2023.

#### **5. 2023/24 Budget Monitoring for Schools**

- 5.1. As reported in July 2023, that the overall level of school balances at the end of March 2023 was (£0.382m) compared to £3.398m as at March 2022. This represented a decrease in balances of £3.780m.
- 5.2. In-year monitoring for 2023/24 is progressing well with the schools and schools finance support. Budget Monitoring 1 is not yet finalised, schools are at different stages of completion and support is ongoing.

- 5.3. There were 14 schools identified with planned deficits in 2023/24, deficit clinics and follow up meetings continue from those held in July and are ongoing throughout October and November.
- 5.4. The Education and Skills Funding Agency (ESFA) have offered further support to schools in the form of School Resource Management Advisors (SRMAs). Four of the deficit schools who weren't part of the 2022/23 SRMA reviews are awaiting visits. The SRMAs will work through the schools' finances and management structure to then provide a report to these schools and the Authority after the autumn term.

## 6. Schools in Financial Difficulty Funding

- 6.1. The opening balance for de-delegated funds for Schools in Financial Difficulty (SiFD) funding in 2023/24 was £0.578m. This balance is available to fund applications submitted by schools and considered by Schools Forum Finance Sub-Group. The sub-group met on 16<sup>th</sup> October 2023, where school representatives presented applications for funding. The subgroup recommend that School's Forum approve funding of £0.419m as outlined in table 3.

**Table 3: Finance Sub-Group Recommendations for SiFD Funding**

School	2023/24 SiFD Funding
Longbenton	£57,381
Wallsend St Peters	£30,000
Forest Hall	£41,137
Holystone	£65,000
Greenfields	£67,494
Balliol	£67,000
Benton Dene	£91,427
<b>TOTAL</b>	<b>£419,439</b>

- 6.2. The Authority has also been allocated £1.868m by the Department for Education (DfE) from its additional funding to support schools in financial difficulty in 2023/24. The DfE are providing £20 million to local authorities who have the most significant maintained school deficits. This funding has been allocated proportionately among local authorities who have aggregated school-level deficits which represent more than 1% of their total maintained schools' income.

- 6.3. Schools Forum are asked to note that the Local Authority propose to allocate this funding on a straight-line basis based on school deficit balances as at 31<sup>st</sup> March 2023 after funding recommendations from Schools Forum have been agreed and applied as per table 4 below.

**Table 4: Proposal to allocate additional DfE Funding**

<b>School</b>	<b>2023/24 Additional DfE Funding</b>
Monkseaton High	£805,649
Coquet Park	£7,409
Norham High	£578,743
Greenfields	£1,526
Whitehouse Primary	£6,392
Silverdale	£6,392
Holystone	£9,878
Balliol Primary	£4,358
Wallsend St Peters	£9,007
Ivy Road Primary	£21,645
Longbenton High	£238,182
Beacon Hill	£178,969
<b>TOTAL</b>	<b>£1,868,148</b>

## **7. Central Block Funding for 2024/25**

- 7.1. The make-up of the Central School Services Block (CSSB) has changed from 2019/20. Funding is comprised of a historic commitments' allocation and a formula-based amount for ongoing functions. Table 4 shows the impact of the indicative funding for 2024/25, which reflects the DfE's plan to reduce funding of CSSB. The historic commitments element has been reduced by 20% per annum, in line with strategic DfE published plans.



**Table 5: Indicative allocations for North Tyneside CSSB 2024/25 compared to prior years DSG funding**

	20/21	21/22	22/23	23/24	*24/25	Annual Change	
	£m	£m	£m	£m	£m	£m	%
Historical Commitments	1.244	0.995	0.796	0.637	0.510	(0.127)	(20.0%)
Ongoing Functions	0.807	0.882	0.928	0.984	1.044	0.060	6.14%
<b>Total</b>	<b>2.051</b>	<b>1.877</b>	<b>1.724</b>	<b>1.621</b>	<b>1.554</b>	<b>(0.067)</b>	<b>(4.13%)</b>
Change per Year	(0.292)	(0.174)	(0.153)	(0.103)	(0.067)		
	(12.46%)	(8.48%)	(8.15%)	(6.09%)	(6.64%)		

\* 2024/25 Funding is indicative

7.2. Forum will recall that the 2023/24 decrease in CSSB funding (£0.103m) was met by reducing funding on the following functions:

- Termination of Employment Costs (£0.100m).
- Education Improvement Partnership (£0.020m)

The total reduction to the above services was £17,000 higher due to an increase in National Copyright Licences central charge.

7.3. The 2024/25 indicative reduction in CSSB (£0.067m) will need to be taken from the remaining functions funded by CSSB on behalf of schools. The relevant services will be reporting back to Forum in January 2024 to ratify these changes and to agree any services, including additional functions, to be funded by de-delegation.

7.4. The remaining 2023/24 CSSB funding allocations are shown in table 5 below.

**Table 6: CSSB Funding Allocations by Function for 2023/24**

<b>Budgets which now form part of the CSSB</b>	<b>CSSB 2023/24 £m</b>
Budget to fund the Schools Support Service	0.415
Budget to support vulnerable schools.	0.052
Budget for the Education Improvement Partnership (secondary schools)	0.040
Budget to support the informational requests of the Schools Forum and improved budgetary awareness across all schools	0.030
Collective contribution to ongoing pension costs incurred when allowing teachers to leave schools prematurely	0.525
Schools admission service	0.141
Former Education Services Grant (Retained)	0.244
National Copyright Licences	0.174
<b>Total CSSB Funding</b>	<b>1.621</b>

## 8. Recommendations:

- 8.1. Having read this report and clearly understanding the information provided, Schools Forum is asked to:
1. Note the update on indicative allocations for each of the four Dedicated Schools Grant funding blocks;
  2. Note the reported 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.
  5. Note the Local Authority proposal for the allocation of the additional £1.868m SIFD funding.
  6. Note the impact on funding the Authority's services via CSSB from the decisions in 2023/24 and the expected additional impact in 2024/25.
- 8.2. 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