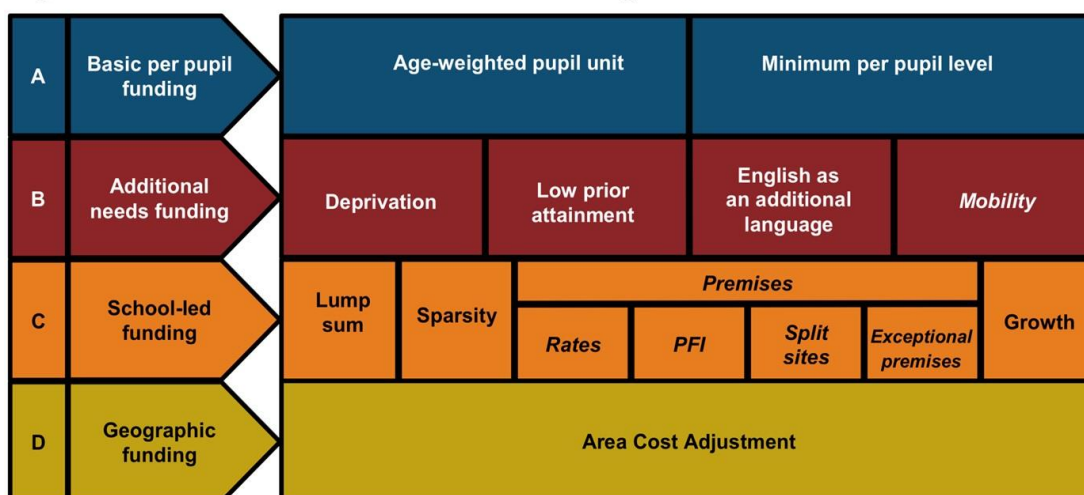


## Mainstream Schools Formula 2024-25

### National Funding Formula

1. The Schools NFF to provide funding for mainstream schools comprises factors as shown in Figure 1.

**Figure 1: Factors in the schools national funding formula**



*Note that the PFI factor and area cost adjustment are not applicable to BCP*

2. The detail of the NFF factors and funding values for 2024/25 is included in Appendix 3a
3. The local formula to pass funding on to mainstream schools must be designed to a DfE template, the authority pro-forma tool (APT). This must be approved by the DfE prior to budgets being notified to schools. The DfE ensure the budget calculations adhere to the regulations and any variations (dis-applications of the regulations) have the appropriate approvals from the Schools Forum and/or the DfE.
4. The APT format is aligned to the NFF, but there are some differences in how the local formula must operate and the two cannot match exactly. A significant difference is the minimum funding guarantee (MFG) which is a mechanism in the local formula to protect schools from a significant reduction in per pupil funding compared with the previous year. The NFF uses this mechanism but instead compares to the previous year NFF rather than the local formula. There is also a possible capping mechanism to limit the percentage of per pupil funding gains in the local formula that is no longer used in the NFF.
5. The detail of the local formula has become increasingly regulated each year. In 2024/25, there remains only local discretion within defined limits in the unit value set for each formula factor. Most of the data used in the final local formula is supplied by the DfE in mid-December each year and there is no longer discretion in how it can be used.
6. In recent years, the local formula has adopted the NFF in full. All schools receiving their NFF full allocations in 2024/25 generates average funding growth for school budgets of 2%.

7. The impact of adopting the NFF as the local formula for 2024/25 to fund the 91 BCP mainstream schools would be as follows:
  - a) **Minimum per pupil funding level (MPPFL)** impacts on 28 schools (31%). Budgets are increased to the MPPFL where the NFF allocations otherwise would provide less funding than national mandatory minimum levels (typically for schools with high performing pupils from more affluent backgrounds). The MPPFL unit values increased at the same level as the basic entitlement in 2024/25 and with pupil characteristic data rising, fewer schools need funding topped up.
  - b) **Minimum funding guarantee (MFG) per pupil funding protection of an increase of 0.5%** for 10 schools (11%) where the NFF provides less than a 0.5% increase from the previous year allocation. Some of these schools have received minimum per pupil increases since the NFF was introduced as they are moving towards longer term lower funding levels (those with higher levels of deprivation). Other schools can be drawn in annually as the MFG protects against the level of the previous year funding, and pupil characteristic data reduces).
  - c) The remaining 53 schools are fully **formula funded** with changes in NFF allocations compared with 2023/24 driven by the uplift in most NFF formula factor unit values and data changes from the October 2023 school census.

### **Consultation with Schools and Schools Forum**

8. The initial consultation with schools from 15 November to 7 December included the full details of how the funding formula works and the levels of the high needs funding gap. It sought views regarding how the local formula could reduce NFF funding values to release funding for a transfer to support the high needs block.
9. There was no support in the responses to the consultation for any NFF allocations to be reduced but there was support (65% of responses) to allow surplus funding to be transferred and this was agreed by Schools Forum at the December 2023 meeting.
10. The consultation responses included that if a level of transfer was to be agreed then there was more support for capping the largest gains than any other method.
11. At the time of the consultation with schools the latest DSG management plan available was that based on the work on the delivering better value (DBV) consultants. The outcome of the plan was included in the documentation, and this showed few savings being achieved in the near future with the funding gap and cumulative deficit continuing to rise annually.
12. By the time of the 13 December Schools Forum meeting the DSG management plan had been updated in preparation for the Safety Valve (SV) submission and this was considered at the meeting. This plan extended the time period to seven years and showed more progress being made to reduce the funding gap in the initial years but then it started growing again from year 4 with the cumulative deficit by the end of year 7 at £256m.
13. In finalising the plan for the SV submission, the assumptions in the plan continued to be refined and the period extended to 15 years to enable more places to be created through capital schemes with children able to be educated in lower cost placements in the later years. The funding gap was shown to be resolved by year 15 as shown in the plan at Appendix 2.

14. It was considered with the Schools Forum on 15 January 2024 alongside final proposals for the mainstream schools formula to take account of a transfer to high needs.

### **Mainstream Formula Options Considered**

15. The following options were included in the January 2024 report to Schools Forum.

#### **Option 1: Maximum transfer to close the 2024/25 high needs funding gap**

16. This option illustrates the scale of the high needs funding shortfall.

Two sub options modelled:

- a. Option 1a: all schools contributing and requiring additional DfE approval to reduce the MPPFL alongside the MFG below 0%. This gives a range of individual school, per pupil, movements, compared with 2023-24, from a reduction of 7.1% to a maximum reduction of 10.7% (excluding Livingstone which cannot be capped), with some schools recovering budget through pupil numbers growth, while those with falling rolls lose a greater %.
- b. Option 1b: if instead those schools with MPPFL allocations were excluded from contributing, then those schools would still see an increase (unless falling roll) and other schools would see greater reductions. Per pupil movements are in the range of a reduction of 28.9% to an increase of 1.6% (for the MPPFL schools) but the maximum transfer with this option is £14.1m.

#### **Option 2: Maximum transfer Schools Forum can agree without further DfE approval needed of £1.3m (0.5%)**

17. Three sub options modelled:

- a. Option 2a: All schools contributing. This could be achieved by:
  - i. reducing MPPFL by 0.45% (requiring DfE approval)
  - ii. setting an MFG of 0.4% (within the regulations)
  - iii. reducing the basic entitlement by 0.45% (within the 2.5% tolerance permitted)

Per pupil movements are in the range of a reduction of 0.9% to an increase of 9.9%

- b. Option 2b: Capping per pupil gains (the preferred method in the responses from schools in the consultation should a transfer be agreed) at 1.47%. This option is within the regulations and if agreed by Schools Forum requires no further DfE consideration. Per pupil movements are in the range of a reduction of 0.8% to an increase of 3.7%
  - c. Option 2c: Basic entitlement reduction 0.74% (no capping) implemented. This is option is also within the regulations.
18. A cap can be implemented as a single threshold (for example, no per pupil gains above 1%) or by also scaling (for example, all those with per pupil gains above 1% give up a proportion of the gain). Modelling has used a cap only.

### **Option 3: Funding transfers at 1%**

19. Two sub options:

- a. Option 3a with all schools contributing. This scenario gives a range of individual school per pupil movements from a reduction of 1.2% to an increase of 9.4%. The MFG has been set at 0% in this scenario to ensure all schools contribute a proportion of their NFF. Legislation allows an MFG between 0% and 0.5%, the maximum an MFG school can therefore contribute here is 0.5% with other schools having to find, on average, more.
- b. Option 3b: Capping per pupil gains (the preferred method in the responses from schools in the consultation should a transfer be agreed) at 0.35%. This requires the MFG to be set at 0.35% in line with the cap which is within the regulations.

### **Recommendations from the Schools Forum**

20. By the time of the January 2024 Schools Forum meeting the final safety valve submission had been made on 12 January and this included for 2024/25 a schools block transfer of 0.5% with consideration of formula options 1 and 3 no longer needed.
21. Schools Forum did not support any transfer to high needs above surplus schools block funding. The main recommendation of Schools Forum, therefore, is that the local mainstream formula should replicate the NFF.
22. However, if a transfer of 0.5% was requested of the Secretary of State (SoS) by the Council and it was agreed then it was recommended that all schools should contribute funding to the transfer, including those with MPPFL allocations (option 2a).
23. In recognition that reducing the MPPFLs to enable all schools to contribute also required SoS approval, in the event that is not agreed then the recommendation was that instead the formula should replicate the NFF with a cap implemented for those schools with the greatest per pupil increases compared with 2023/24 (option 2b).

## Mainstream School Funding Formula 2024/25

Funding Factor	23-24 NFF unit rate	24-25 NFF unit rate	24-25 Option 2a unit rate	24-25 Option 2b Unit rate
Primary (Years R-6)	£3,513	£3,562	£3,545.97	£3,562
Key Stage 3 (Years 7-9)	£4,953	£5,022	£4,999.40	£5,022
Key Stage 4 (Years 10-11)	£5,583	£5,661	£5,635.52	£5,661
Primary - FSM	£480	£490	£490	£490
Primary - FSM6	£809	£820	£820	£820
Primary - IDACI Band F	£230	£235	£235	£235
Primary - IDACI Band E	£280	£285	£285	£285
Primary - IDACI Band D	£440	£445	£445	£445
Primary - IDACI Band C	£480	£485	£485	£485
Primary - IDACI Band B	£510	£515	£515	£515
Primary - IDACI Band A	£670	£680	£680	£680
Secondary – FSM	£480	£490	£490	£490
Secondary - FSM6	£1,182	£1,200	£1,200	£1,200
Secondary - IDACI Band F	£335	£340	£340	£340
Secondary - IDACI Band E	£445	£450	£450	£450
Secondary - IDACI Band D	£620	£630	£630	£630
Secondary - IDACI Band C	£680	£690	£690	£690
Secondary - IDACI Band B	£730	£740	£740	£740
Secondary - IDACI Band A	£930	£945	£945	£945
Primary - EAL	£580	£590	£590	£590
Secondary - EAL	£1,565	£1,585	£1,585	£1,585
Primary - LPA	£1,155	£1,170	£1,170	£1,170
Secondary - LPA	£1,750	£1,775	£1,775	£1,775
Primary - Mobility	£945	£960	£960	£960
Secondary - Mobility	£1,330	£1,380	£1,380	£1,380
Lump Sum	£132,510	£134,400	£134,400	£134,400
Primary MPPFL	£4,524	£4,610	£4,589.25	£4,610
KS3 MPPFL	£5,671	£5,771	£5,745.03	£5,771
KS4 MPPFL	£6,223	£6,331	£6,302.51	£6,331
Business Rates	£1,384,127	£1,553,111	£1,553,111	£1,553,111
Joint use agreements	£113,450	£117,100	£117,100	£117,100
Split sites	£230,288	£154,714	£154,714	£154,714
MFG	0.5%	0.5%	0.4%	0.5%
Cap on per pupil increase	no cap	no cap	no cap	1.47%

Options 2a and 2b require approval from the Secretary of State to allow a transfer of 0.5%. Option 2a requires further approval to reduce the MPPFL's below the NFF values.