



Shropshire Schools Funding Formula 2024-25

Responsible Officer:		Tanya Miles	
email:	tanya.miles@shropshire.gov.uk	Tel:	0345 6789008
Cabinet Member (Portfolio Holder):		Kirstie Hurst-Knight	

1. Synopsis

Considering the recommendations of the Schools Forum and aligned to the Education and Skills Funding Agency (ESFA) operational guidance on schools revenue funding, approval is sought from Cabinet for the proposed Shropshire Schools Funding Formula 2024/25.

2. Executive Summary

- 2.1. In July 2023, the ESFA published the 2024 to 2025 school revenue funding operational guidance for local authorities and school forums. The guidance confirmed the arrangements for distributing funding through the national funding formula (NFF) for schools, high needs and central services to schools.
- 2.2. At their meeting on 22 January 2018, Cabinet approved the recommendation from Shropshire Schools Forum to replicate the NFF, through Shropshire's local funding formula, which means 2024-25 will be the seventh year of the NFF being applied to the funding of the county's schools and academies.
- 2.3. This paper sets out the proposals, agreed by the Shropshire Schools Forum on 11 January 2024, for Cabinet approval.

3. Recommendations

- 3.1. That Cabinet accept the recommendation of Shropshire Schools Forum on the funding formula for Shropshire schools for the financial year 2024-25 for maintained schools, and the academic year 2024-25 for academies.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The Secretary of State for Education announced in September 2017 planned changes to the school funding arrangements for 2018-19 and future years, placing a requirement on local authorities to formally consult with their maintained schools and academies on the schools funding formula to be applied in their local authority area.
- 4.2. Shropshire schools were consulted in the Autumn term 2017 on the basis for distributing the Schools Block of the Dedicated Schools Grant (DSG) to Shropshire schools and academies. Following this consultation Shropshire Schools Forum recommended, and Cabinet agreed, the distribution of individual school budgets for 2018-19 and future years would be aligned with and mirror the transitional NFF announced by the Government in July 2017.
- 4.3. Local authorities continue to have responsibility for determining their local funding formulas for allocating the Schools Block to their individual schools in 2024-25. As in the current financial year 2023-24 it will be compulsory for local authorities to include the national minimum per pupil funding levels in their local formulas for 2024-25.
- 4.4. The Government has confirmed plans to move to a 'direct' NFF in the future, which will determine school funding allocations directly, rather than through local funding formulae. There is currently no indication from the Government as to when this will take place.
- 4.5. At their meeting on 11 January 2024, Shropshire Schools Forum considered the specific arrangements for 2024-25, with a view to these arrangements being approved by Cabinet at their meeting in the Spring term, in line with ESFA guidance.
- 4.6. The proposed school funding formula, in complying with the Government guidelines, does not present any identified risks either to the local authority or schools.

5. Financial Implications

- 5.1. The school funding formula is used to determine how part of the Council's DSG allocation, particularly the Schools Block, is distributed to Shropshire maintained schools and academies. The individual school 'budget shares' determined by the

formula represent a significant proportion of the annual revenue funding for maintained schools for the financial year, and funding for academies for the academic year.

- 5.2. The funding for maintained schools is distributed through the local authority, while the ESFA uses the formula to allocate funding direct to Shropshire's academies and free schools.

6. Climate Change Appraisal

- 6.1. There are no anticipated climate change implications from the proposals within this report, though it is recognised that the school leaders, governors and trustees can and do apply their delegated revenue budgets to support carbon reduction measures in the operation of their schools.

7. Background

- 7.1. The operational guidance on schools revenue funding arrangements for 2024-25 was published by the ESFA in July 2023. The guidance included updates to the NFF for 2024-25, along with new factor values and several technical changes. However, the DfE uncovered an error made by DfE officials during the initial calculations of the NFF. Specifically, there was an error processing forecast pupil numbers, which meant that the overall cost of the core schools budget would be 0.62% greater than allocated. In October 2023, the ESFA 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.
- 7.2. The Government has also published the illustrative local authority level allocations for 2024-25 for the Schools, High Needs and Central School Services blocks within the DSG and illustrative NFF calculations for the Schools Block for all maintained schools and academies in each local authority area.
- 7.3. The following key elements of the schools NFF have been confirmed by the Government for 2024-25:
 - School funding is increasing by 1.9% per pupil in 2024-25, compared to 2023-24. However, this increase is based on the 2023-24 allocation including the mainstream schools additional grant (MSAG). In 2024-25 the funding for the MSAG is included within the NFF allocation. The NFF continues to distribute this based on the needs of schools and their pupil cohorts.
 - Introduction of a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country. Shropshire will see two additional schools benefit from this approach.
 - The minimum per pupil funding levels will be set at £4,610 for primary schools and £5,995 for secondary schools. These levels were £4,405 and £5,715 respectively in 2023-24. The minimum per pupil funding level is not to be confused with the age weighted pupil units (AWPU) funding levels within the NFF.

- The 2024-25 NFF minimum funding guarantee (MFG) is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline.
- In 2024-25 funding allocated through the growth factor will be based on the observed differences between the primary and secondary number on roll between the October 2022 and October 2023 school censuses.
- In 2024-25, local authorities that receive historic commitments funding as part of their Central Schools Services Block (CSSB) DSG allocation were again subject to their allocation being reduced by 20% compared to their 2023-24 allocation unless evidence was provided to show that the value of ongoing commitments is greater than the level at which the historic commitments funding will be reduced to. Officers submitted evidence to the ESFA to show that the value of ongoing prudential borrowing and termination of employment costs is far greater than the level at which the historic commitments funding will be provisionally reduced to in 2024-25. The ESFA have confirmed that we will receive a decision before the next DSG update in March 2024.

- 7.4 Shropshire Schools Forum has a statutory consultative and advisory role in respect of school funding, while the responsibility for determining and approving the funding formula rests with the local authority. A Schools Forum meeting in September 2023 considered a detailed report on the proposed funding arrangements for 2024-25.
- 7.5 Schools Forum considered a presentation on the School Funding Arrangements 2024-25 at their meeting on 11 January 2024 – copy of the minutes is appended to this report (Appendix A). They considered and agreed an additional specific technical arrangement for 2024-25 designed to align the local funding formula for Shropshire schools and academies as closely as possible to the NFF.
- 7.6 Schools Forum agreed to the local authority's recommendation to reduce the NFF value of the Basic Entitlement (AWPU) factor by 0.3% to ensure sufficient funds within the Schools Block to fund the commitments for Growth in 2024-25. The ESFA guidance is that if factor values are within 2.5% of the respective NFF values, this is deemed to be mirroring the NFF.

8. Additional Information

- 8.1. Additional funding will be received in the High Needs Block to support non-mainstream schools, including special schools.

9. Conclusions

- 9.1. Cabinet is recommended to approve a schools funding formula for 2024-25 that delivers funding to Shropshire schools and academies through the application of the NFF formula factors and weightings.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member: All

Appendices [Please list the titles of Appendices]

Schools revenue funding 2024 to 2025 – operational guidance [Schools operational guide: 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)

Schools Forum Website ([Public Pack](#))[Draft Minutes of the meeting held on 11 January 2024 Agenda Supplement for Schools Forum, 11/01/2024 08:30 \(shropshire.gov.uk\)](#)

[Agenda for Schools Forum on Thursday, 11th January, 2024, 8.30 am — Shropshire Council](#)