

Consultation Workshops –
Budget 2024/25

Finance Workshop



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Agenda

- Quick Introductions
- Key Changes Mainstream Schools Funding 2024/25
 - National and Local Context
- Consultation Process and Budget Timeline
 - Timetable
 - Consultation and feedback
 - Role of Schools Forum
- Overview of NFF, Provisional Modelling and Schools Forum Papers
- Detailed Provisional Modelling for 2024/25
- Importance of Budget Planning and Review
- Questions and Answers

Financial Context and Schools Funding

Schools Block - Mainstream Schools Reception to year 11

Nationally:

- DfE Core school funding increased 2.7% nationally in 2024/25 compared with 2023/24 – based on figures released in Summer 2023. However, the DfE announced national funding error and £370m reduction in funding advised in October 2023.
- Cost of living impact and significant teaching and non-teaching pay demands as well as other cost inflation
- Mainstream Schools Additional Grant (MSAG) mainstreamed in core funding from 2024/25. Will not be paid as separate grant from 2024/25.
- The Teachers Pay Additional Grant (TPAG) provides an additional £482.5m in 2023/24 and £827.5m in 2024/25. This grant is payable to mainstream, special and alternative provision schools. The TPAG is not included in the National Funding Formula (NFF) for 2024/25 as it is being allocated as a separate grant.

Financial Context and Schools Funding

Schools Block - Mainstream Schools Reception to year 11

Locally, more limited growth:

- Relative position of H&F Schools – the initial allocation for 2024/25 (based on October 2022 pupil numbers) is £119.5m including £3.87m MSAG.
- This is after the £0.5m funding reduction for H&F due to DfE pupil number error nationally
- This represents a 0.62% increase year on year before Growth funding.
 - Funding increases will need to cover all inflationary costs including pay uplifts agreed nationally and increments from April 2024.
 - Therefore continues to be a very constrained financial position over the medium term.
- NFF and next steps
 - Currently H&F Schools funded circa £2.714m above NFF rates. This is represented by Minimum Funding Guarantee value in model 1 when rates are set at NFF rates
 - Concern that with continued cost inflation, limited future block funding increases that schools in H&F could see sustained real terms fall in funding.
- NFF and proxies of need to allocate funding. This is the reason for funding differentials that can be observed between schools

Process for Schools Core Budget & Consultation

Timeline

- 3rd October Schools Forum – introduction to 2024/25 budget process, modelling on provisional funding allocations and agree basis for consultation
- Original planned consultation from 3rd October to 31st October - Schools Block 2024/25 budget consultation and workshop via Teams
- Revised consultation commenced 1st November with reduced funding and revised National Funding Formula factor rates and modelling proforma provided by the ESFA
- Workshops online weeks commencing 30th October and 6th November for Headteachers, School Business Managers and Finance Directors and school Governors
- 14th November - Schools Forum decisions following consultation responses
 - Dis-applications including HNB Transfer 1% at £1.182m
- Information and consultation on:
 - Detailed de-delegated and statutory education budgets and school level budget contributions (maintained Schools only)
 - Information and analysis around the role and purpose of Notional SEN within the National Funding Formula
- Late December 2023 - DfE release final Authority Proforma Tool with October 2023 census data and final funding allocation for H&F released by ESFA
- Week Commencing 8th January 2024 – online School Budget Update Briefing via Teams
- 16th January 2024 - Schools Forum decision on final school budget recommendations

Role of Schools Forum

Schools' Forum membership – representatives from schools, academies and non-school organisations such as nursery and 16-19 education providers.

The local authority (LA) can decide the size of the forum including the need for representation based on type of school and the LA's policy on representation of non-school members.

Schools' forums generally have a consultative role apart from some specific decision making powers on local authority proposals:

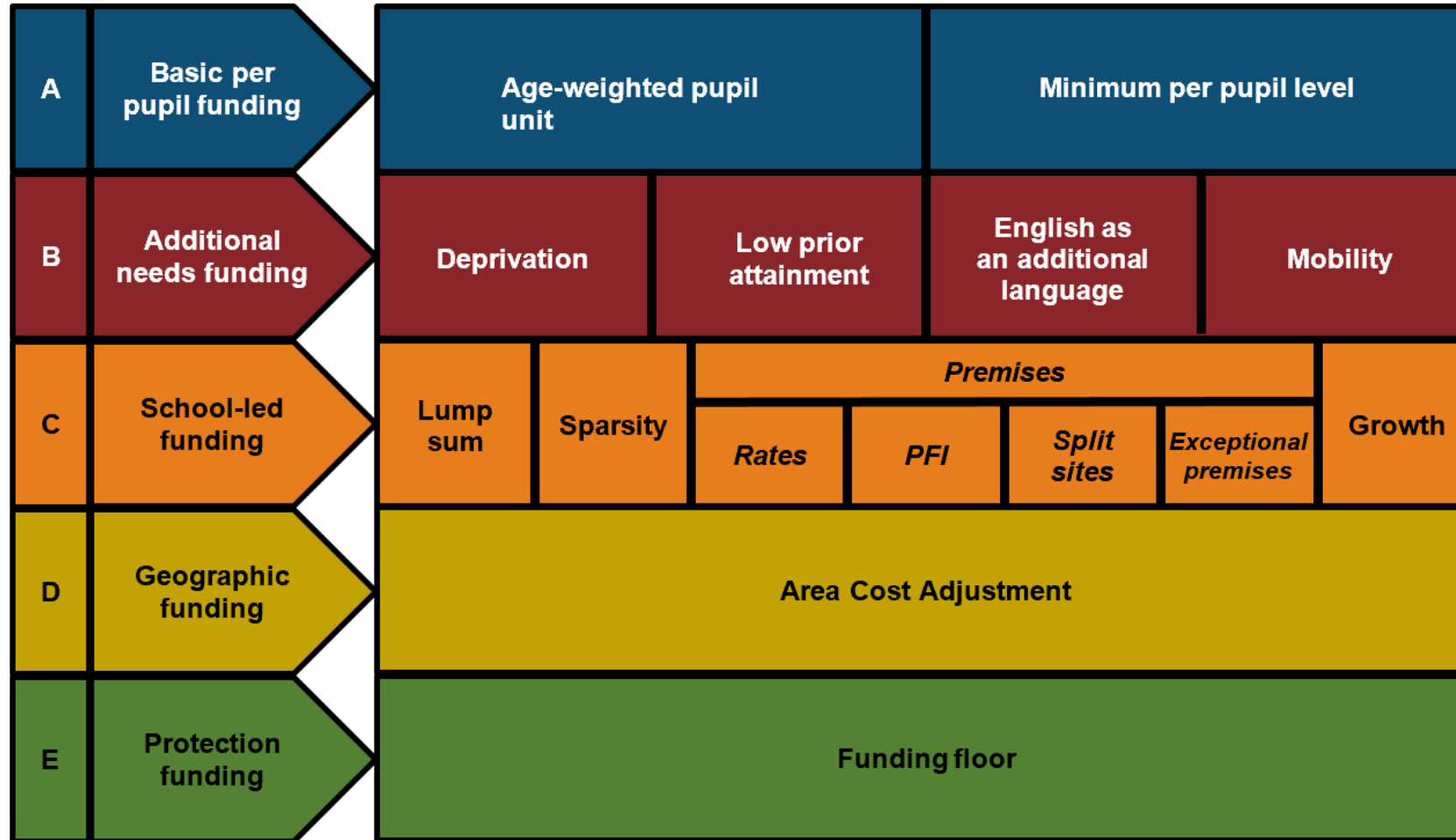
- de-delegation, growth fund, falling rolls, agreeing other centrally retained budgets
- funding for central early years expenditure
- block transfers of up to 0.5% from the schools' block to other blocks

The LA must consult the schools' forum annually:

- amendments to the schools funding formula
- arrangements for the education of pupils with special educational needs (place and top-up funding)
- arrangements for the education of children otherwise than at school
- arrangements for early years provision and administrative arrangements for the allocation of central government grants paid to schools via the LA.

National Funding Formula (NFF)

- Second year of the 'hard' NFF in 2024/25
- Structure of the NFF largely unchanged



2024/25 Revised Provisional Modelling



Schools Forum 3rd October 2023 set out the provisional modelling for 2024/25 mainstream schools budget shares using the DfE's Authority Proforma Tool

- According to the governments National Funding Formula, operational guidance and grant regulations for 2024/25
- Mirrors National Funding Formula Factor rates as required by conditions of grant

Modelling and consultation process suspended pending rework of models to lower level of funding. Relaunched 1st November with closing date 10th November and 3 briefing workshops.

Revised models:

- No falling rolls provision pending December 2023 final budget
- Schools Block to High Needs Block Transfer request at 1% or £1.182m
- Key variables – Minimum Funding Guarantee and Factor rates

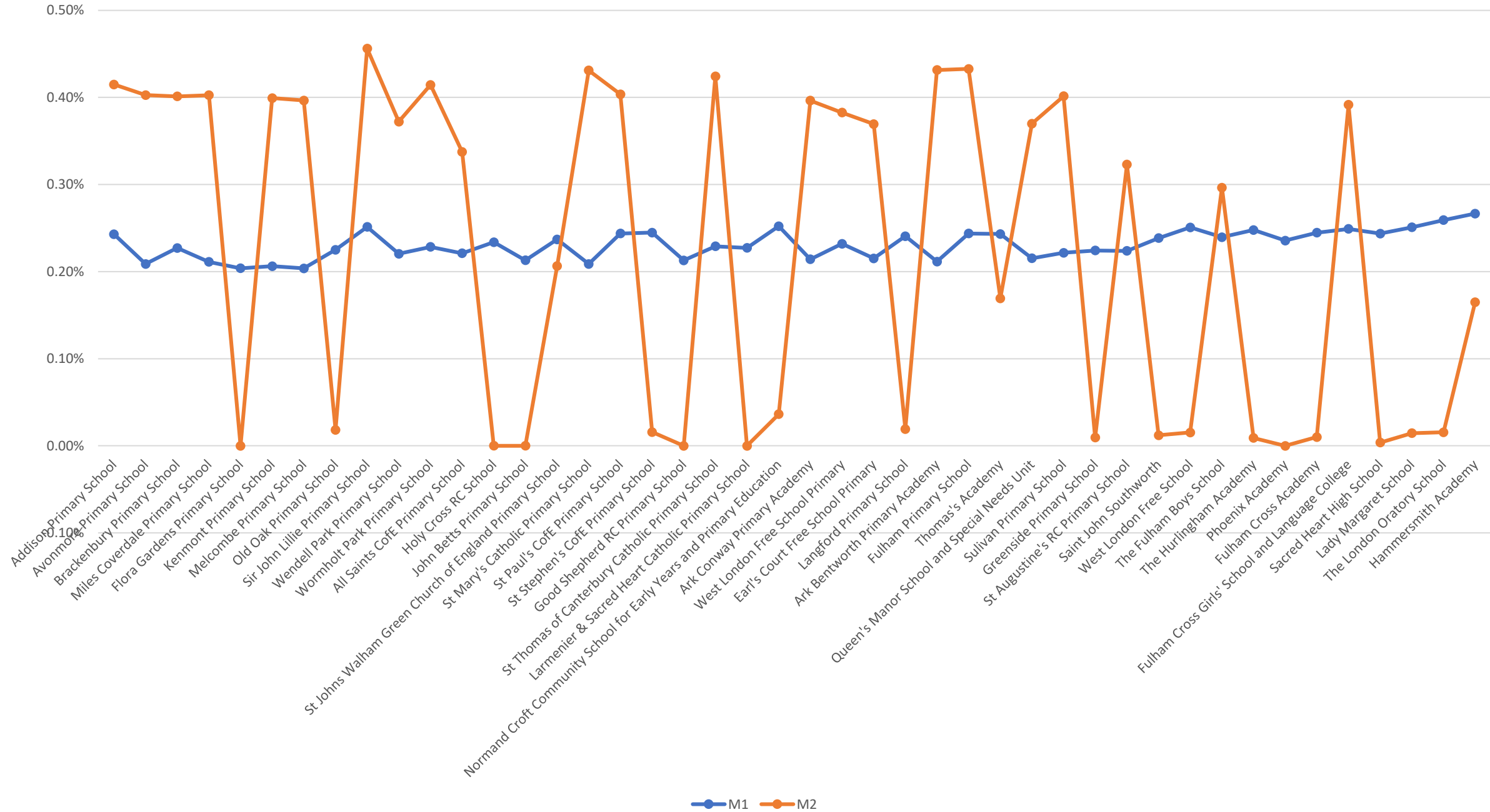
Modelling Differences

Two models are provided to understand the impact across schools from local discretion afforded within the NFF when setting MFG at the lower and upper limit of 0% and 0.5% respectively.

- Model 1 – Minimum Funding Guarantee on pupil led factors set at the maximum affordable level up to the limit of 0.5%
 - Note that MFG at 0.5% is unaffordable with the revised and reduced funding allocation. Revised provisional modelling sets affordable MFG at 0.25%.
 - Mirrors the NFF factor rates after area cost adjustment for inner London. Note that no uplift on national rates are now affordable within Model 1 following the revised and reduced allocation.
 - Resulting total MFG deployment is £2.714m
- Model 2 – Minimum Funding Guarantee on pupil led factors set at 0.0%
 - Mirrors the NFF factor rates and allows for 1.12% uplift on inner London NFF rates
 - Resulting total MFG deployment is £1.432m

Pattern of Per pupil % Increases Model 1 and 2

Note: Excludes schools 3 schools with outlying changes



Reasons for Supporting High Needs Block (HNB) Budget

- Requirement to balance the schools' budget across the mainstream and high needs system
 - Cost of living impact on HNB pressures
 - Lower expectations around future HNB funding growth over the medium term versus that originally modelled per DfE advice
- Ensures remaining £2m of £20.5m DfE High Needs Safety Valve funding to 2024/25 is secured.
- Supports High Needs expenditure in H&F special and mainstream schools with respect to EHCPs and Early Intervention support
 - Special School MFG for 2024/25 at 0.5% - which mirrors the mainstream MFG
 - Allows continued early intervention offer in H&F mainstream schools, for example the Joint Communication Team and Autism Education Training Trust to support building capacity in mainstream schools

Importance of medium term financial planning/horizon scanning

- Responsibility for budget is delegated to schools. Schools must set a delegated budget as per their statutory responsibility
- 3-year budget planning required, 2024/25 in detail plus 2.
- Recommend that budget process is significantly progressed with Governors by Autumn term each year with ratification in Spring Term ahead of statutory deadline to submit to ESFA/LA.
- Deficit budgets must be recovered via a deficit recovery plan and from within the schools' budget over the short to medium term. Preference to avoid deficit position by medium term planning as far as possible
- Deficits or likely deficits should be formally notified to the Director of Education and Head of Finance for Children's Services and Education at the earliest opportunity
- Limited resources to support deficits within the maintained primary school de-delegated contingency fund
 - Any use of funds to be agreed by subgroup of Schools Forum through peer review and will be targeted at schools with sustainable budget plan and with limited reserves
 - Schools should avoid running down reserves and then requested financial support
- Outward looking - possibilities for partnership working, resource sharing, partnership and joint working (formal and informal options for schools to explore)
- Contract and procurement options and negotiations for efficiency and VFM

Questions and Answers?