



Borough of Telford and Wrekin

Cabinet

Thursday 4 January 2024

2024/25 Telford & Wrekin Schools Funding Formula

Cabinet Member:	Cllr Eileen Callear - Cabinet Member: Education, Employment & Visitor Economy	
Lead Director:	Simon Wellman - Director: Education & Skills	
Service Area:	Education and Skills	
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Wards Affected:	All Wards	
Key Decision:	Key Decision	
Forward Plan:	Yes - 6 December 2023	
Report considered by:	SMT - 5 December 2023 Business Briefing - 14 December 2023 Cabinet - 4 January 2024	

1.0 Recommendations for decision:

It is recommended that Cabinet:

1.1 Approve the 2024/25 funding formula for Telford & Wrekin mainstream schools, consulted on with the Schools Forum. The formula:

- distributes an estimated £161m;
- mirrors the government's national funding formula for schools as far as is possible;
- includes a guaranteed increase per pupil of 0.5%, the maximum allowable by government;
- where appropriate, supports growing schools by using estimated pupil numbers to determine funding, to avoid a lag in money reaching growing schools.

2.0 Purpose of Report

- 2.1 Each year we review the local funding formula for mainstream schools in the context of revisions to Department for Education (DfE) regulations or any other relevant developments.
- 2.2 Although we consult with schools and the Schools Forum regarding any changes, the Council makes the final decision on the funding formula. The local funding formula applies both to academies and maintained schools.

3.0 Background

- 3.1 Dedicated Schools Grant (DSG) is allocated to local authorities by the DfE in four blocks; Schools, High Needs, Early Years and Central School Services, using the following bases:
 - Schools Block: Calculated by multiplying the number of pupils at the preceding October census (i.e. October 2023 for 2024/25) by a unit of funding, which is different for each local authority. The 2024/25 allocation for Telford & Wrekin is approximately £161m.
 - High Needs Block: Calculated by a combination of historic allocations and a national funding formula. The 2024/25 allocation for Telford & Wrekin is approximately £36.5m.
 - Early Years Block: Calculated by taking the average pupils in the relevant two January censuses (i.e. January 2024 and January 2025 for 2024/25) and then multiplying by a unit of funding. The 2024/25 allocation for Telford & Wrekin is difficult to estimate due to the extensions of children entitled to funded provision in 2024 but could be around £22m.
 - Central School Services block: Calculated by a mixture of historic expenditure levels and number of pupils. The grant was introduced in 2018/19 replacing (albeit at a much reduced level) the abolished Education Services Grant. The 2024/25 allocation for Telford & Wrekin is approximately £1.1m.
- 3.2 This report concerns the local funding formula used to distribute the school block to mainstream schools.
- 3.3 The DfE provides the national bases of the funding formulas in the summer, with the final funding allocations in December being determined by applying these bases to the October census data.
- 3.4 The amounts quoted above are therefore based on the information from the DfE provided in July 2023 and October 2023. The later release was an updated version as the DfE miscounted national pupil numbers in the summer and therefore had to reduce the per pupil amounts downwards by 0.62%.

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- 3.5 There is some flexibility to move money between blocks, but any movement out of the Schools and Early Years blocks is limited in scale and subject to a Schools Forum vote. DSG as a whole is ring-fenced for schools and education costs specified in legislation.
- 3.6 The increase in per pupil funding for 2024/25 is 2.12% for Telford & Wrekin, slightly higher than the national average figure of 1.90%. This is a modest increase in the context of recent inflationary pressures for schools, e.g. from pay awards.

Possible transfer of 0.5% from the Schools Block fund to high needs

- 3.7 In order to help with addressing special educational needs and high needs pressures, local authorities can transfer up to 0.5% of the schools block budget to high needs. For Telford & Wrekin, 0.5% would amount to £0.8m in 2024/25. As the DfE classifies this as a transfer between DSG blocks, rather than a funding formula issue, this is a decision for the Schools Forum rather than Telford & Wrekin's Cabinet. However, it impacts upon the amount of money available for mainstream schools.
- 3.8 We will consult with local schools and put this request to a Forum vote at the meeting on 18 January 2024.
- 3.9 The national context is one of considerable financial pressure on high needs budgets. Last year the Society of County Treasurers, having surveyed their members, estimated a £3.6bn deficit by 2024/25, almost double the £1.9bn reported at the end of 2021/22.
- 3.10 The way in which local authorities account for DSG deficits has been altered by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 (SI 2020 No 1212), which require DSG deficits to be held in a separate reserve in local authorities' accounts. These regulations will apply up to and including the accounts for 2025 to 2026.
- 3.11 Whether or not the schools block transfer vote is passed, a cost improvement plan for high needs will also be prepared, with the aim of containing future cost pressures.

Risk of removal of Joint Use funding

- 3.12 The DfE calculates Schools Block funding allocations to local authorities by a National Funding Formula (NFF). This revised methodology replaced the existing historically based allocations in 2018/19. The DfE is now moving to extend the national formula to school level, and since 2023/24 has required authorities to begin converging to the national formula.
- 3.13 As part of this process the DfE has reviewed 'exceptional funding' elements. These are allocations to local authorities over and above the funding formula for schools.

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- 3.14 For many years, Telford & Wrekin (along with a number of other councils) has received 'exceptional' funding for joint use leisure facilities. These exceptional factors result in additional DSG being allocated, over and above the amounts allocated by the DfE's Schools Block funding formula. The amounts allocated in 2023/24 were as follows:

Telford Priory	£350,737
Telford Park	£207,031
Shortwood Primary	£90,000
Total	£647,768

- 3.15 These funds are used for the provision of swimming and other sports activities to schools and the wider community, at Oakengates leisure centre (via Telford Priory), Stirchley leisure centre (Telford Park) and Shortwood, Newport and Abraham Darby pools.
- 3.16 The DfE have said in particular that they don't consider swimming to be an 'exceptional' activity and so are proposing to withdraw funding for this. Swimming makes up all of the Shortwood allocation and an estimated £155,000 of the Telford Priory allocation.
- 3.17 We have made representations to the DfE concerning the impact of reducing/removing joint use funding and in particular that given the extreme financial pressure that Telford & Wrekin Council (in common with other councils) is under, the Council does not have the financial resources to replace any lost funding.
- 3.18 We are currently awaiting the DfE decision. In the meantime, we are developing contingency plans in the event that funding is reduced/withdrawn. These will include introducing charges for schools using the swimming pools.

4.0 Summary of main proposals

- 4.1 For several years, Telford & Wrekin has adopted the principle of mirroring the national funding formula, as far as possible, in our local funding formula. We propose to continue with this policy in 2024/25. This approach is in the context of the DfE's stated intention to move to a national funding formula at school level. This is now supported by a requirement for local authorities to converge to the national formula year on year.
- 4.2 The local funding formula was discussed with the Schools Forum on 28 September 2023 and 16 November 2023. The Forum agreed that we should continue to mirror the NFF funding factors in the local funding formula 2024/25 as far as is possible.
- 4.3 Since 2020/21 the DfE has also required local authorities to apply a national minimum funding per pupil amount to all schools. For 2024/25 this is set at £4,610 for primary schools and £5,995 for secondary schools. This has the impact of boosting the funding of schools with less deprived intakes, as these schools receive relatively little from funding factors linked to deprivation and low prior attainment.

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- 4.4 There is a further national minimum funding guarantee, assuring a minimum increase per pupil compared to the previous year. For 2024/25 current national regulations mean this must be set at between 0% and 0.5%. Telford & Wrekin proposes to adopt the highest possible level of 0.5%.
- 4.5 There continues to be significant pupil growth in the secondary sector in Telford & Wrekin. In order to support this growth, when schools agree upon request from the Council to increase their pupil admission number (PAN), or to admit pupils above their PAN, these schools are proposed to be funded based on the resulting estimated pupil numbers in the admission year (reception for primary, year 7 for secondary schools).
- 4.6 This avoids the lag in the school funding system, as usually funding for the financial year April to March (maintained schools) or academic year September to August (academies) is based on the preceding year's October census. This proposal matches the arrangements followed in 2022/23 and 2023/24.
- 4.7 Additional funding for pupil growth is provided by government based on local demographic data.
- 4.8 Actual allocations to schools can only be finalised once final funding information is released by the DfE in December. Cabinet approval is therefore being sought for the principles behind the local funding formula for schools, rather than the precise amounts to be allocated to each school.

5.0 Alternative Options

- 5.1 Local authorities' ability to significantly alter their local funding formula is now constrained by the requirement to begin converging to the national model from 2023/24. However, as noted above, for several years we have, in any case, aimed to replicate the national model as far as possible locally.

6.0 Key Risks

- 6.1 The funding formula for schools aims to provide a fair allocation of resources to all schools, within the constraints of total available DSG funding, by taking account of each schools demographics and other circumstances.
- 6.2 However, with regard to school income, the amount of funding available is determined by government. With regard to expenditure, key determinants of schools costs, such as pay awards, energy bills etc, are outside the local authority's control. Therefore, whilst aiming to be as fair as possible, the funding formula cannot protect schools from all financial risks. As noted above (paragraph 3.6), the government's increase in funding per pupil in 2024/25 is modest compared to recent inflationary pressures.

7.0 Council Priorities

- 7.1 The school funding formula aims in particular to support the Council's priority to ensure that *'Every child, young person and adult lives well in their community'*.

- 7.2 By supporting the ability of schools to enable children and young people to achieve their academic potential, it also contributes to ensuring that *'Everyone feels the benefit from a thriving economy.'*

8.0 Financial Implications

- 8.1 As described above, schools are funded by the Dedicated Schools Grant (DSG), ring-fenced funding allocated to councils by government. Most mainstream schools in Telford & Wrekin are forecast to receive an increase in funding in 2024/25 both in funding per pupil and in total funding. There is a national Minimum Funding Guarantee (MFG) per pupil set at between 0% and 0.5% for 2024/25. We propose to set the local MFG at the maximum 0.5%.
- 8.2 Contingency plans are being developed in the event that joint use funding is reduced/withdrawn. These will include introducing charges for schools using the joint use swimming pools.

9.0 Legal and HR Implications

- 9.1 The dedicated schools grant (DSG) is payable to the local authority under Section 14 Education Act 2002 and administered under the DSG: Conditions of Grant Guidance, as updated by the Education & Skills Funding Agency from time to time.
- 9.2 The Chief Financial Officer of the local authority is required to confirm the deployment of the DSG in support of the schools budget.
- 9.3 The School and Early Years Finance (England) Regulations 2023 govern how the local authority determines its schools budget and consultation requirements.
- 9.4 The application of the national funding formula (NFF) for schools for 2024-2025 is informed by Department for Education guidance and Education & Skills Funding Agency operational guidance, as updated from time to time.

10.0 Ward Implications

- 10.1 The revised funding formula will affect all schools in Telford & Wrekin, including academies, with the exception of nursery schools, special schools and independent schools and so will impact upon all Wards across the Borough.

11.0 Health, Social and Economic Implications

- 11.1 As noted above, the local schools funding formula now mirrors the national formula as far as possible. This formula allocates substantial funding based on measures of deprivation and low prior attainment, to assist schools to address educational under attainment linked to the social and economic background of pupils.

12.0 Equality and Diversity Implications

- 12.1 Social and economic inequality is addressed in the local formula as described in section 11 above. In addition, the formula contains funding for pupils with English as an Additional Language.

13.0 Climate Change and Environmental Implications

13.1 There are no direct implications of the proposed funding formula on climate change and the environment.

14.0 Background Papers

- 1 "Schools Operational guide: 2024 to 2025", Education & Skills Funding Agency, October 2023.
- 2 Telford & Wrekin Schools Forum, minutes and accompanying papers of meetings held on 28 September 2023 and 16 November 2023.

15.0 Appendices

15.1 None

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Legal	11/12/2023	11/12/2023	RP
Finance	20/12/2023	20/12/2023	TD
Director	20/12/2023	20/12/2023	SW