



North Tyneside
Council

Item 5b

Briefing Notes

To: Schools Forum

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Date: 13 November 2024

Purpose of the Paper:

Information	✓
Consultation	✓
Decision	✓

Title of Briefing: Update on National Funding Formula and the Outcome of Consultation with All Schools on Funding Distribution for 2025/26

1. Purpose of Paper

1.1 This paper provides a summary of the outcomes from the consultation exercise carried out with all mainstream schools during October 2024 in relation to the Schools Block and Local Funding Formula (LFF) in North Tyneside.

2. Consultation Responses for Local Funding Formula Changes

2.1 Officers from the Authority have been working to review the Authority's Local Funding Formula (LFF) for schools and what the potential impact would be for the LFF to remain aligned to the National Funding Formula (NFF). However due to the delay in receiving indicative funding allocations from the Department for Education (DfE) this has been based on 2024/25 funding and general funding principles going forward.

2.2 The Authority is now in the 2nd year of the Department for Education's (DfE) 'safety valve' intervention programme, which aims to deliver a package of reform to the Authority's high needs system that will bring the High Needs Block overspend under control and generate £19.5m additional funding over the life of the programme, to remove the Authority's historic High Needs block deficit.

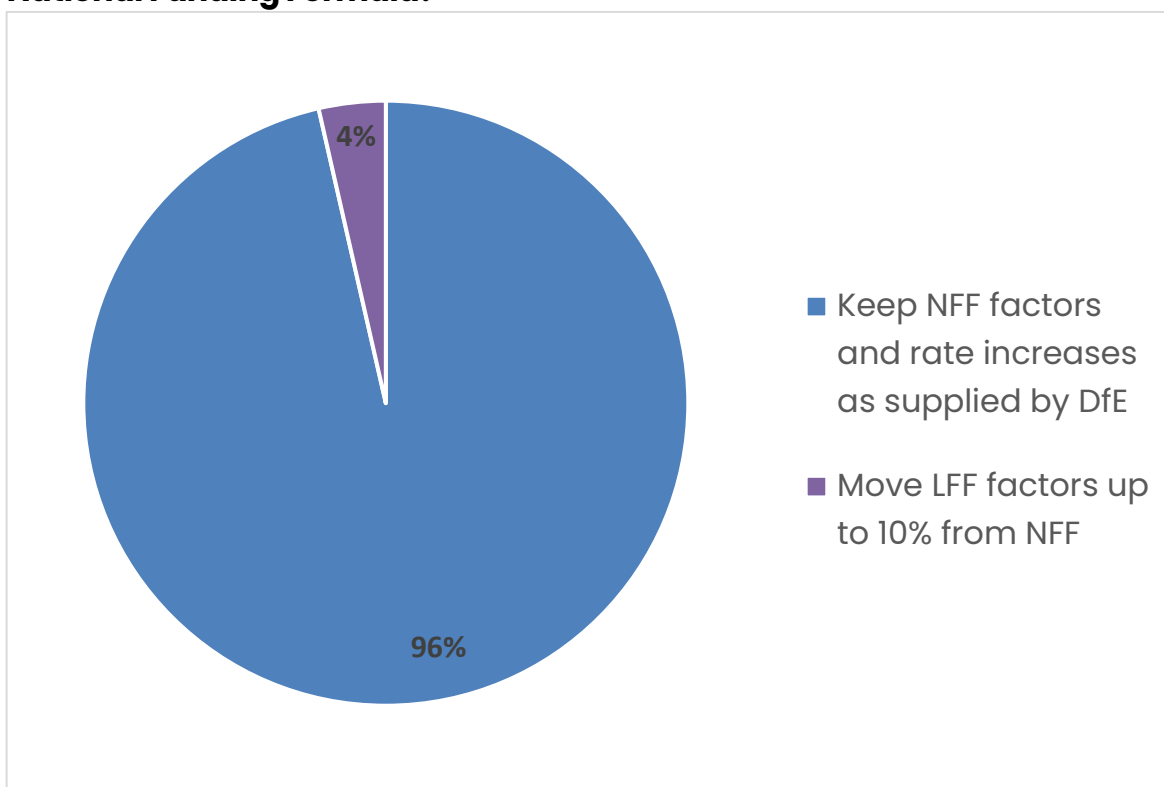
- 2.3 The Authority worked with partners across Special Educational Needs and Disabilities (SEND) to co-create the DSG Management Plan, which includes an assumed 0.5% block transfer from Schools block to High Needs block, in each year of the plan.
- 2.4 Regular updates have been presented and discussed with Schools Forum and Schools Forum Finance sub-group and the 2025/26 Local Funding Formula consultation aimed to gather the views of individual schools and to enable Schools Forum to reach agreement on the funding formula options. These were: -
- To continue to use factors in line with NFF, funding permitting;
 - To allow the Authority to set a Minimum Funding Guarantee (MFG) and capping based on affordability;
 - To revise allocations set aside for growth funding and falling rolls funding
 - To support a 0.5% transfer from the Schools block to High Needs block
 - To identify a 0.5% transfer allocation which impacted on all schools by adjusting the level of protection in the funding formula
- 2.5 Relevant information was presented to schools at 3 separate briefings with an introduction on the wider funding formula and a focus on the main changes which schools are being asked to consider. Unfortunately, we were not able to outline the main changes across all blocks of the DSG as would normally be the case, because there has not been any indicative funding allocations issued yet for 2025/26 by the DfE. The consultation exercise was launched for schools to complete between 7 October and 27 October 2024, with each school given the opportunity to submit a single response.
- 2.6 In total 28 surveys were completed out of a total possible 71, The response rate moved from 55% in 2023 to 39% in 2024. The responses were, split by phase as follows:

2.7 Table 1: Response Rates to the Consultation by Phase

Phase	Number Schools Responded	Number in Phase	Response Rate
Primary	13	45	29%
Secondary	9	13	69%
Academies	6	13	46%
Total	28	71	39%

2.8 Responses to the consultation questions are summarised below.

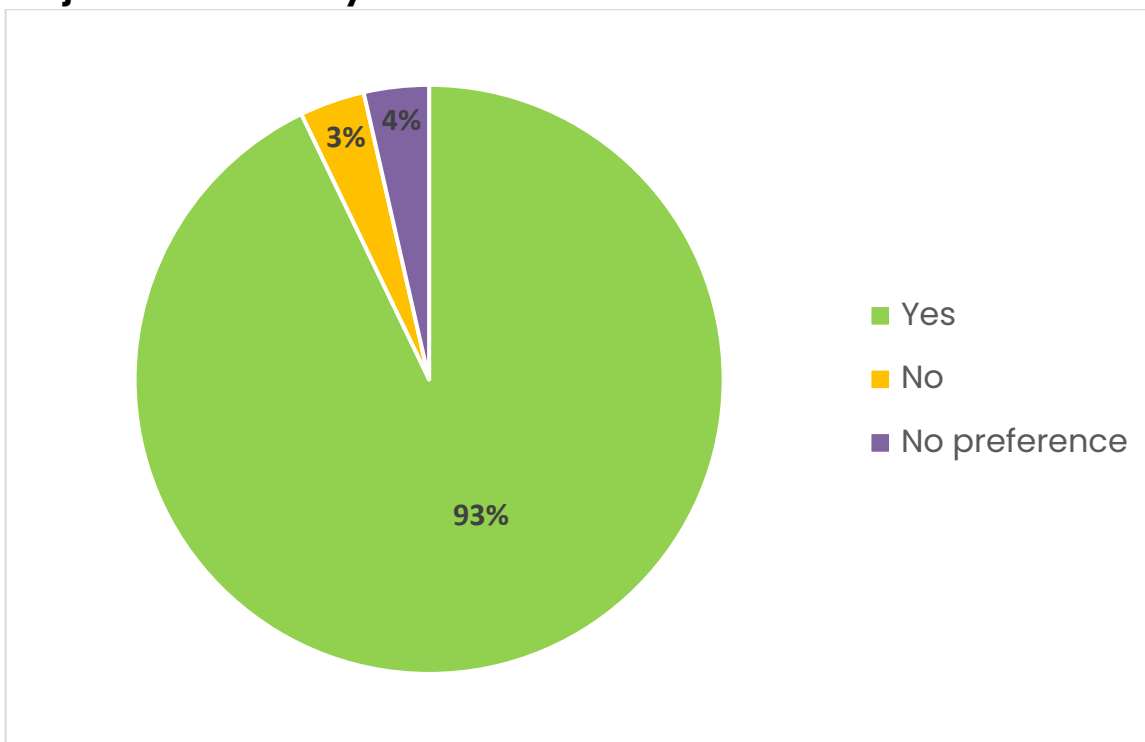
Question - Do you agree that, within the funding allocation, North Tyneside should set it's Local Funding Formula (LFF) factors in line with National Funding Formula?



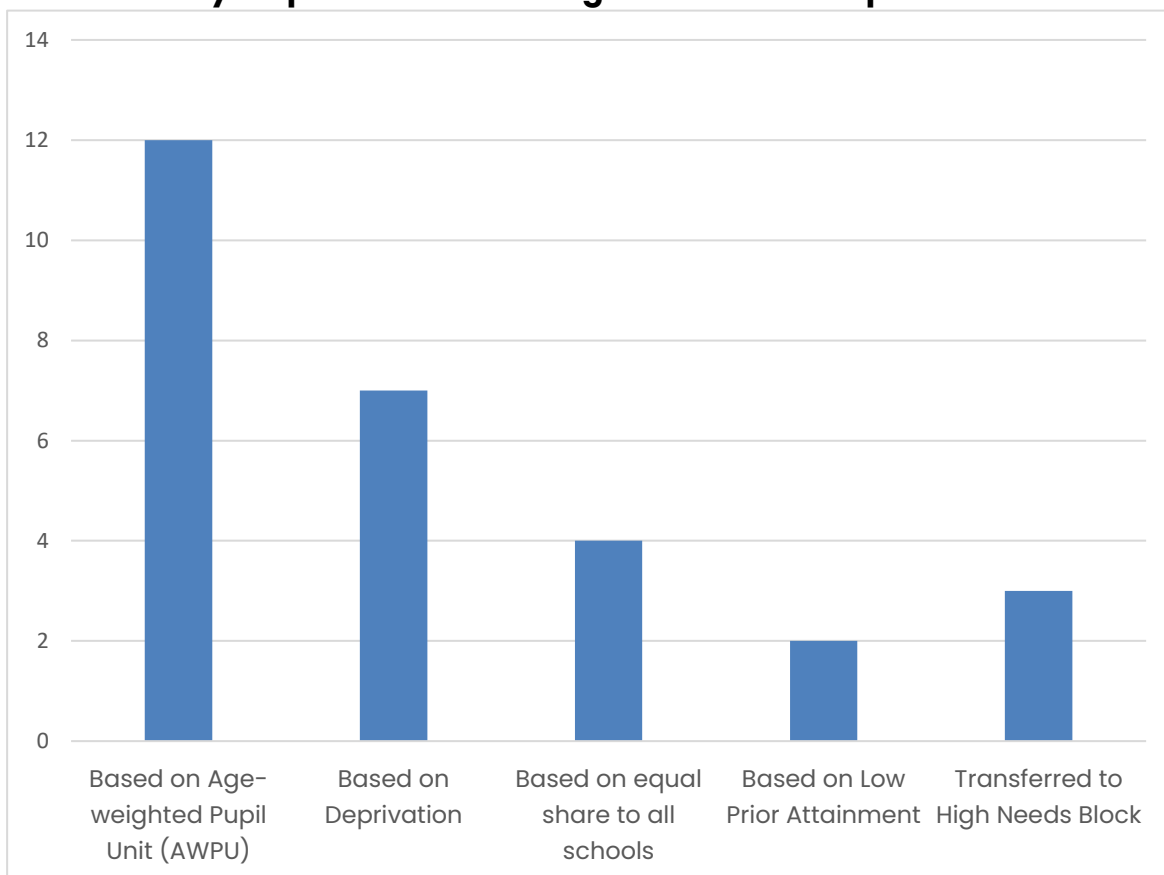
2.9 The consultation favours staying on NFF factors, funding permitting. 96%, 27 schools agreed with the continuation, with only 4%, 1 school disagreeing.

2.10 Schools were asked if they supported the Authority setting Minimum Funding Guarantee (MFG) levels based on affordability. 93%, 26 schools agreed that the Authority should continue to set the MFG.

2.11 Question – Do you agree to allow the Authority to set the level of MFG subject to affordability?



2.12 Question – Which of these factors do you think should be used to distribute any surplus after delivering the chosen MFG protection level?



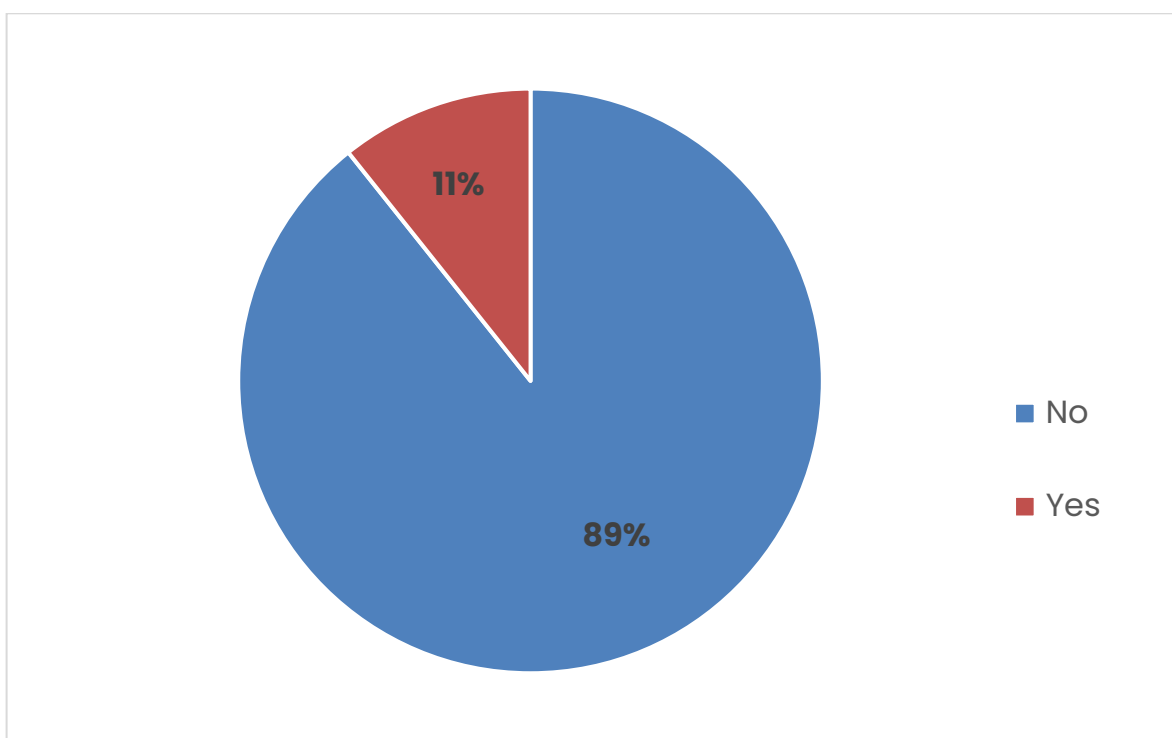
- 2.13 In reviewing how best to allocate any surplus funding for 2025/26, the preferred option has changed to basing it on basic entitlement, Age Weighted Pupil Unit (AWPU). For 2024/25 the preferred option was to base it on deprivation however, for 2024/25 there was no surplus.
- 2.14 As part of the funding formula, the Education and Skills Funding Agency (ESFA) calculates the expected requirements for growth funding in North Tyneside maintained schools. Based on the NFF the growth allocated to the Authority for 2024/25 was £0.751m. However, historically Schools Forum have set aside £0.250m.
- 2.15 Similarly the ESFA also calculates the expected requirements for falling rolls funding in North Tyneside maintained schools and for 2024/25 this was £0.140m. Historically again, Schools Forum have set aside £0.250m.
- 2.16 The average allocations for growth and falling rolls over the past 4 years, 2021/22 to 2024/25 were £0.237m for growth and £0.110m for falling rolls. If the average was adjusted for 2023/24, as allocations were exceptionally high in that year, the averages drop to £0.172m for growth and £0.090 for falling rolls. After discussions with Schools Forum Finance Sub-group, one option offered to schools was to reduce allocations based on historic averages, to £0.200m for growth and £0.100m for falling rolls.
- 2.17 It is important to note that any qualifying schools would still receive the relevant funding, as any surplus or deficit would be carried forward into the next financial year. Schools were asked for their views as to whether Schools Forum should:
- continue to allocate £0.250m to growth and falling rolls funding
 - set the allocation at the NFF value or
 - reduce allocations based on historic averages.
- 2.18 From table 2 below, we can conclude that the majority of schools favour the proposal to reduce both funding allocations, for growth and falling rolls, which would subsequently decrease the impact of any 0.5% transfer by £0.200m if agreed.

2.19 **Table 2: Which options do you support for the suggested allocations for Growth and Falling Rolls Funding**

	Growth Funding	Falling Rolls Funding
Agree to Keep funding at £0.250m	7%	29%
Agree to Increase to NFF Calculated Value (Growth £0.751m, Falling Rolls £0.140m)	0%	0%
Reduce funding based on historic averages (Growth £0.200m, Falling Rolls £0.100m)	93%	71%

2.20 There was no overall agreement to transfer 0.50% of the Schools block to High Needs block, with 11% of schools agreeing with the transfer (compared to 28% last year). The remaining 89% of schools cited one main reason for not agreeing to the transfer which was the impact that deducting this funding has on the unprecedented financial uncertainty schools are already facing.

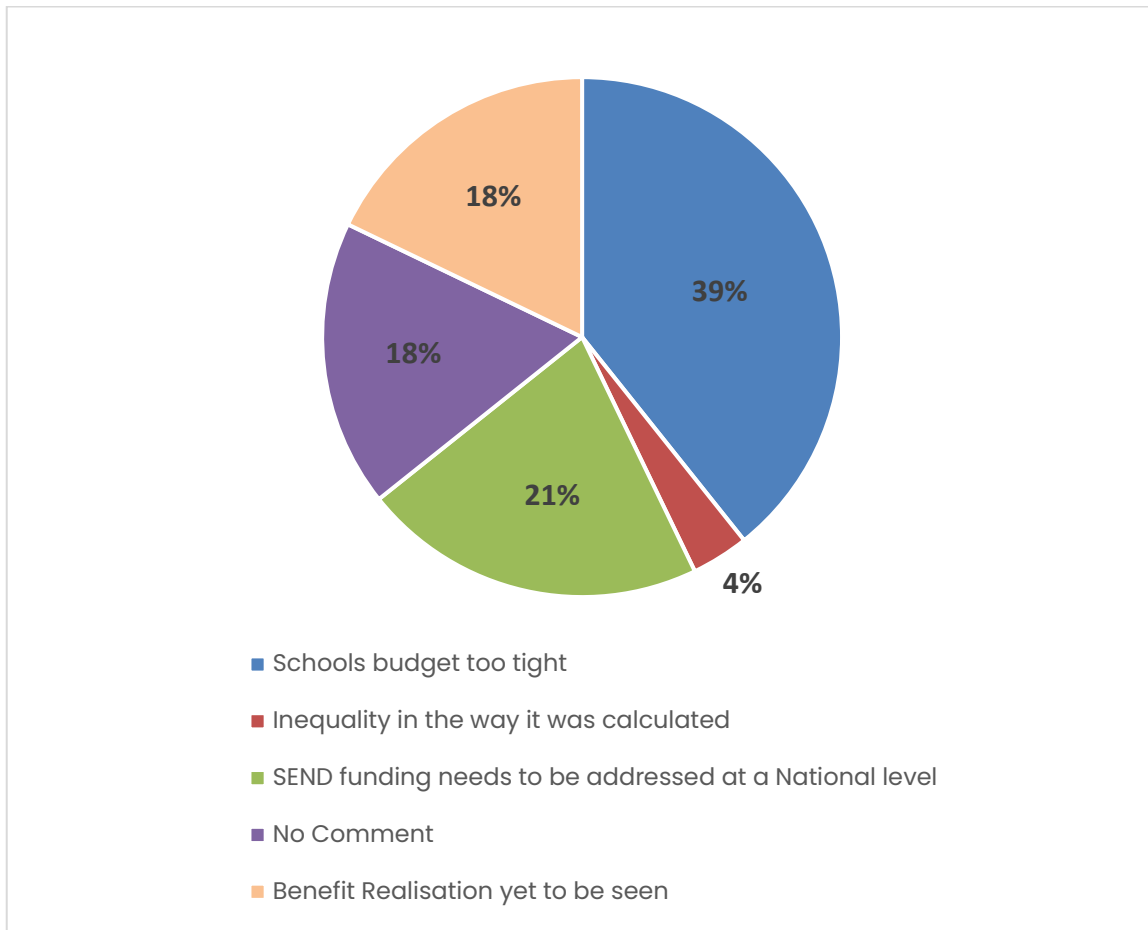
2.21 **Question – Are you supportive of a transfer of 0.5% from the Schools Block to the High Needs Block, to meet the needs of children and young people in our North Tyneside SEND system.**



2.22 Of the schools who didn't support the transfer, 39% stated their main concern was the impact on school finances when already facing significant other pressures. 21% have concerns over how Special Education Needs and Disabilities (SEND) are funded and thought this should be addressed by Government rather than by transferring funding from mainstream schools.

2.23 There were also concerns raised about the inequality of how the transfer could potentially be calculated between schools. Benefits realisation was another significant factor in schools not supporting the transfer 18% felt they need to see more results from the DSG Management Plan.

2.24 Question – Additional comments on responses to whether to transfer 0.5% from Schools Block to High Needs Block

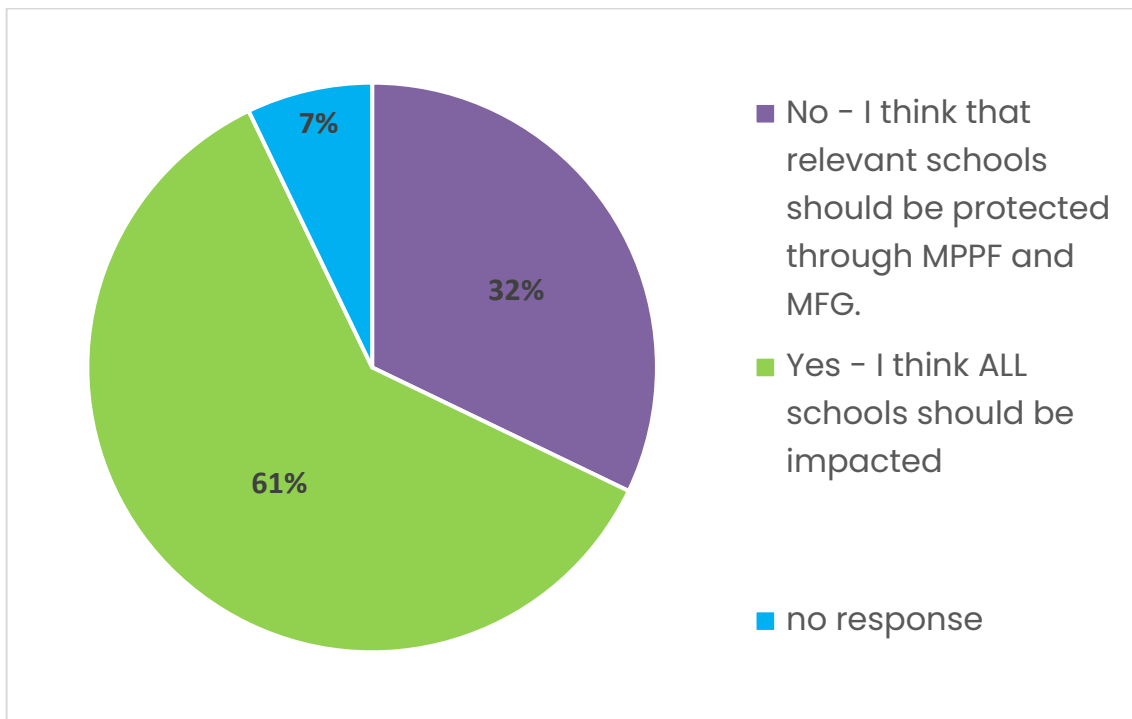


2.25 In 2024/25 there were **22** schools which were not impacted by the 0.5% transfer due to Minimum Per Pupil Funding (MPPF) and Minimum Funding Guarantee (MFG). This meant that the range of school contributions went

from 0% (those protected) to 0.86% (higher percentage to compensate for protected schools).

2.26 Schools were asked for their view on slightly adjusting Minimum Per Pupil Funding (MPPF) and Minimum Funding Guarantee (MFG) so that the 0.5% transfer would impact **all** schools. This followed feedback from School Forum Finance sub-group to ensure parity across all phases of schools. In the consultation 61% of schools who responded felt that all schools should be impacted by the transfer.

2.27 Question - If approved, would you prefer that the 0.5% transfer impacted on all schools?



2.28 Schools Forum need to be aware that any decision to adjust the MPPF would also need approval by the Department for Education (DfE) via a disapplication request. If Schools Forum do not agree to the 0.5% transfer the Local Authority will be required to submit a disapplication request to the DfE to request the transfer, in line with the DSG Management plan and advice from the ESFA. The deadline for submitting any disapplication requests for 2025/26 is 18 November 2024.

3. Recommendations

3.1. Having read this report and clearly understanding the information provided, Schools Forum is asked to consider the results of the consultation with schools; and vote on the following options:

1. Agree to continue to use factors in line with NFF, funding permitting.
2. Agree to allow the Authority to set a Minimum Funding Guarantee (MFG) and capping based on affordability.
3. Agree that AWPU factors be used to distribute any surplus after delivering MFG
4. Agree that Growth and Falling Rolls funding should each be set based on historic averages – Growth £0.200m, Falling Rolls £0.100m.
5. Consider the response to the request to transfer 0.50% School block funding to High Needs and either:
 - a) Support a 0.50% transfer from Schools block to High Needs block to support the DSG Management plan; or
 - b) Not support any transfer of funds from Schools block to High Needs block.
6. Agree that if a 0.50% transfer is approved that the allocation should impact on all schools by adjusting the MFG and MPPF.

3.2. 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								<i>last updated September 2019</i>	
de-delegation Primary	de-delegation Secondary	scheme for financing schools	consultation on funding formula	General Duties	Retained Duties	all other matters			
1	2	3	4	5	6	7			
Voting							Phase	Role	
School Members									
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	
Other School Members Non Locality Based									
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	
Non Schools Members Non Locality Based									
		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	