

# Schools Forum

7<sup>th</sup> December 2023

# Fair Funding Consultation

# Summary

- Launched 8<sup>th</sup> November, closed 29<sup>th</sup> November
- Contents of the consultation
  - Cost pressures and funding
  - Funding Formula options
  - De-delegation Options (agenda item)
  - Fair Funding Scheme of Delegation
  - Results of the consultation go to Cabinet in January
- Schools Forum submitted a response

# FFC – Cost Pressures and Funding

- Officers Pay award - £1,925 from April 2023 & forecasting a further 3% from April 2024
- Teachers Pay award – Between 3% from September 2023 funded by schools & forecasting 3% from September 2024
- 5% increase to teachers pension employer contribution from April 2024 - funded
- General inflation 6.7% at time of consultation
- NFF factors increase between 1.4%
- Minimum Funding Guarantee set to be between 0%-0.5% increase per pupil

# Proposal 1 – Fair Funding Formula Option

- Despite moving towards to hard NFF, the LA does still have a certain amount of flexibility when setting the local funding formula
- However, since 2018/19 Coventry has taken the decision to mirror the NFF as closely as possible
  - Maximises the amount of funding able to be passed to schools by ensuring all schools receive the higher of the NFF funding floor or the NFF allocation
  - Reduces volatility when the hard NFF is introduced
- Proposed option: mirror the NFF protection levels as closely as possible (subject to affordability)
  - MFG of between 0%-0.5% increase per pupil
  - Should the full 0.5% increase not be affordable, we will reduce all school allocations on a equivalent % basis
- Schools Forum supported this proposal

# Proposal 3 – FFSD changes

- The Fair Funding Scheme of Delegation is the contract between maintained schools and the LA
- The LA must consult on any changes to the FFSD
- Writing off Debts (Section 2.1.17)
  - Amended to allow approval of writing of a debt of over £5,000 to be made by the Finance Manager for Children’s Social Care & Education, rather than the Director of Finance & Corporate Services as was previously the case.

# Proposal 3 – FFSD changes

- Proportion of budget share payable at each instalment (section 3.2.1) & Bank & Building society accounts (section 3.5.2)
  - Rates & gas contracts are removed as examples of deductions that could be made from budget shares or costs that are managed by the centre due to changes in processes.
- School Responsibilities (section 12.1.3)
  - Wording has been updated to show that capital works over £20,000 are still the schools responsibility unless they form part of the City Council's condition capital programme of repairs. This is not a change to the policy, just a change to the wording to make the policy clearer.
- Schools Forum were happy to support these changes

# National Update



# What's new?

- Re-publication of indicative Schools Block allocation
- October 2023 census – *draft*
- Awaiting publication of *final* Schools Block allocation – expected December 2023
- Awaiting publication of *final* Central School Services Block allocation – expected December 2023
- Awaiting publication of *revised* High Needs Block allocation – expected December 2023
- Early Years – 2024/25 funding rates announced
- High Needs – changes to commissioned places for FE and special academies submitted 10<sup>th</sup> November

# New National Funding Formula

- At the last meeting we discussed the Indicative Schools Block Allocations released in July.
- Since that meeting the DfE have acknowledged an error in those figures and republished the Schools Block Allocation in October.
- When setting the formula factor rates children from one LA were missed, meaning that when these children were included in the funding calculations, the DfE was spending more than it's available funding envelope.

# 2024/25 Schools Block

- Coventry Schools Block
  - Increase £15.6m (£18.2m in July)
    - £9.7m due to Mainstream Schools Additional Grant
    - £5.9m due to NFF (£8.4 in July)
- Core formula factor values (E.G. basic entitlement, additional needs factors & lump sum) to increase by 1.4% (2.4% in July)
- Minimum per pupil funding to rise by 1.4% (2.4% in July)
- Minimum Funding Guarantee range unchanged (0% - 0.5%)
  - Depends on affordability
  - Indicative figures suggest 23 schools on MFG (17 in July)

# Pupil Numbers

- Draft Pupil Number Increase (Oct-23 Census)
  - Additional circa 1,367 pupils (+426 Primary +941 Secondary)
  - Additional ca. £7.7M to be offset against costs of funding additional pupils
- Birth rate still low, so increase coming from pupils coming to the city from elsewhere.
  - Results in increased funding for schools
  - Children are often presenting additional need

# Teachers' Pension Employer Contribution

- The DfE have announced that the teachers pension employer contribution rate will rise by 5% from 1<sup>st</sup> April 2024.
  - Rate will then be 28.6%
- Additional funding will be available to cover the increase for 2024-25
  - Mainstream & high needs settings will receive a separate grant
  - FE settings will receive additional funding through the existing teachers' pension employer contribution grants
  - For Early Years Settings, additional funding will be included in core rates for 2024/25
- No further information on how this will be calculated, or confirmation of funding for centrally employed teachers

# Early Years Funding

- Early Years funding announcement made 29<sup>th</sup> November
  - 1 month earlier than normal
- From April 24 2 YO's from eligible households will be able to receive 15 hours of funded childcare.
- From September 24 that offer will be extended to children over 9 months old from eligible households.

# Current Early Years Funding Rates

- 3 & 4 Year Old Base Rate - £4.81
- 3 & 4 Year Old deprivation rate - £1.44
- 2 Year Old base rate - £7.46
  
- Funding methodology in 2024/25 will be unchanged for 3 & 4 year olds.
  
- However, new entitlements for 2 year olds will mean a change to how rates are set
  - Deprivation can be used as a factor from 2024/25

# 2024/25 LA Early Years Funding Rates

- £0.25 increase in per pupil per hour funding received by the LA in 2024/25 for 3 & 4 YOs
- LA to receive £8.35 per child per hour for 2 YOs
- LA to receive £11.38 per child per hour for under 2 YOs
  
- LA must pass on at least 95% of EY funding to providers.
  
- Work to determine 2024/25 funding rates will take place over coming months
  - Reliant on Jan 24 census data.



# 2024/25 DSG Resources

## Coventry City Council DSG PPR - 2024/25

	Early Years Block (£000)	Schools Block & Growth (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
<b>1 <u>23/24 Total resources (at budget setting)</u></b>	25,166	294,815	2,949	67,091	390,022
1.1 Removal of one-off reserve funding 23/24		(243)			(243)
1.2 Pupil number adjustment (Jan-24)					0
<b>23/24 DSG (current)</b>	<b>25,166</b>	<b>294,572</b>	<b>2,949</b>	<b>67,091</b>	<b>389,779</b>
<b>2 <u>Changes to forecast DSG resource</u></b>					
2.1 Pupil number changes (Oct-23 & Jan-24)		7,688			7,688
2.2 National funding formula increase		5,905	(188)	3,112	8,830
2.3 MSAG Included in Schools Block		9,743			9,743
2.4 Formulaic growth fund allocation change					0
<b>24/25 DSG (estimated)</b>	<b>25,166</b>	<b>317,909</b>	<b>2,761</b>	<b>70,203</b>	<b>416,039</b>
<b>3 <u>Additional non-DSG resource</u></b>					
3.1 24/25 Contribution from DSG reserves					0
<b>24/25 Total resources (estimated)</b>	<b>25,166</b>	<b>317,909</b>	<b>2,761</b>	<b>70,203</b>	<b>416,039</b>

## Coventry City Council DSG PPR - 2024/25

	Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
Total increase in resources (estimated)	0	23,094	(188)	3,112	26,018
<b>3 Adjustments to Base Budget/Technical Adjustments</b>					
3.1 Remove 23/24 expenditure supported by reserves		(243)			(243)
3.2 Reduced expenditure - historic/ongoing commitments			(188)		(188)
3.3 Pay related central staff					0
3.4 National Funding Formula increase		15,212		20	15,232
3.5 Pupil number changes (Oct-23 & Jan-24)		7,688			7,688
3.6 Pupil data changes					0
3.7 Historic Factors (NNDR)		436			436
3.8 School Licences					0
3.9 Explicit Growth Fund increase					0
3.10 Full year effect of 23/24 HN commissioned places				267	267
3.11 High needs commissioned places from Sept 24 (7/12ths)					0
3.12 2023/24 High Needs holding pot				(2,615)	(2,615)
<b>Remaining resources for Budget Proposals</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>5,440</b>	<b>5,440</b>

## Coventry City Council DSG PPR - 2024/25

	Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
<b>4 Budget Proposals</b>					
4.1 Remaining Resource				5,440	<b>5,440</b>
<b>Resource Underallocated/(Overallocated)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
<b>5 DSG (Not Earmarked)</b>					
5.1 (Headroom)/Efficiency Savings	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>6 (Under allocated)/Overallocated</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Coventry City Council Financial Update

# Council Financial Position

- The Council, like all LA's is operating in an incredibly challenging financial environment
  - High levels of inflation including pay
  - Significant increase in the cost of placements for looked after children
  - Significant increase in the number of households requiring temporary accommodation
  - Increased activity, complexity of placements and increased package costs in adult social care
  - No clear indication of any additional government resources beyond those already announced
- Opening 2024/25 budget gap £20M, plus reporting an in-year overspend of £11.5M.

# Council Financial Position

- The financial gap identified will require considerable service savings or additional income proposals to address it, some of which will affect services to the public.
- On 12<sup>th</sup> December we will seek permission from Cabinet to start public consultation on a range of proposals. The consultation will outline some of the difficult decisions we need to consider, to make savings and meet our legal duty of setting a balanced budget. The consultation will run until 7<sup>th</sup> February.
- Reports are now publicly available, and we encourage all our partners to respond and express their views.

# Central Expenditure - report

# Central School Services Block (CSSB)

- How is CSSB allocation determined?
- Breaks down into 2 parts:
  - Ongoing Responsibilities – National formula driven (£ per pupil)
  - Historic Commitments – Historic allocation
- Historic element to reduce by a further 20% in 24/25
  - Further £167k impact (£208k in 23/24, £259k in 22/23, £324k in 21/22, £404k in 20/21)
- Ongoing Responsibilities reduced by 2.5% (£53k) in 24/25
  - Due to way DFE has baselined TPECG allocation in CSSB
  - Unprotected loss would have been £116k
  - Offset in part by introduction of a Copyright License Factor (£31k)
- Education Service working to see how this reduction will be managed:
  - Resource switching, service reduction, Core resource



# CSSB – 2024/25 Proposed Amounts

	Historic Commitments	Historic (HNB Central)	NFF - Ongoing Commitments	Total
	£000	£000	£000	£000
<b>Centrally Retained Services - requiring approval</b>				
1.4.1 Contribution to combined budgets	158	0	0	158
1.4.2 School admissions	0	0	634	634
1.4.3 Servicing of schools forums	0	0	3	3
1.4.4 Termination of employment costs	323	0	0	323
1.4.5 Falling Rolls Fund	0	0	0	0
1.4.6 Capital expenditure from revenue (CERA)	0	0	0	0
1.4.7 Prudential borrowing costs	0	0	0	0
1.4.8 Fees to independent schools without SEN	0	0	0	0
1.4.9 Equal pay - back pay	182	0	0	182
1.4.11 SEN transport	0	310	0	310
1.5.1 Education welfare service	0	0	561	561
1.5.2 Asset management	0	0	155	155
1.5.3 Statutory/ Regulatory duties	0	0	300	300
<b>Sub-Total</b>	<b>663</b>	<b>310</b>	<b>1,653</b>	<b>2,626</b>

Growth Fund is not part of this central expenditure decision. Approval will be sought separately in January.

The provisional NFF – Ongoing Commitments allocation is currently based on October 2022 pupil numbers; this will be updated ahead of 2024/25 to reflect October 2023 census data. Following receipt of our updated allocation there is likely to be a need for budget realignment at an individual line level.

# Breakdown: 1.4.1 contribution to combined

	2023/24	2024/25
	£000	£000
<b>1.4.1 Breakdown contribution to combined budgets</b>		
Ethnic Minority Achievement Service (EMAS)	41	TBC
Virtual School	112	TBC
Education Standards	171	TBC
<b>Total</b>	<b>324</b>	<b>158</b>

- Education Service working to see how this reduction will be managed:
  - Resource switching, service reduction, Core resource

# Central Budget Approval

- The Schools Forum is required on an annual basis to approve the level of budget for centrally provided services
- Main services supported by CSSB ongoing budgets:
  - Admissions
  - Servicing of Schools Forums
  - Education Welfare
  - Asset Management
  - Statutory / Regulatory Duties

## Reminder:

A thorough Schools Forum Sub-group review of central budgets was undertaken for 2022/23. Due to this and in light of the review work being undertaken by the LA to meet its funding reduction, it was agreed at the September meeting of Schools Forum that a detailed review exercise for 2024/25 would not be beneficial.

# Approval / Ratification

- **The Schools Forum should approve the proposed 2024/25 central budgets**

**Voting: All**

# Growth Fund - report

# Growth Fund

- Growth Fund consists of several strands
  - Increasing form of entry – Key stage 1
  - Infant Class Size – Key stage 1
  - In-year admissions – pre-16
  - Secondary Growth – Year 7, Year 8 & Year 9
  - Implicit Growth – pre-16
- Growth fund was last reviewed in 2019
  - In recent years the growth fund has operated in a period whereby birth rate has been falling year on year
- Birth rate data still hasn't increased, however, migration into the city has meant pupil numbers are rising significantly year on year

# Growth Fund

- Pupil number growth is very different to how it was at the time of the last review in 2019
  - As such Forum requested the sub-group meets to review the operation of the growth fund in 2024/25
- Sub-group met on 21<sup>st</sup> November 2023 and discussed the existing aspects of the growth fund, proposals for new ways to utilise the funding and what to do if the growth fund was unaffordable.
- Sub-group proposes that no changes are made to Class size funding, in-year admissions funding & increasing forms of entry funding.

# Growth Fund

- Class Size Funding
  - Funding available to schools whereby the ratio of teachers in total across Yr R, Yr 1 & Yr 2 falls below 1:28
- In Year Admissions
  - Funding available where a schools in year admissions in a calendar year exceeds 16.7% of the previous Octobers census.
- Increasing Forms of entry
  - Funding available for primary schools who increase their form of entry to help overcome the effects of the lagged funding system



# Planned Secondary Growth

- Funding provided to secondary schools who agree a planned increase in pupil numbers with the LA.
  - This covers the lag in funding that growing schools experience.
- Schools receive funding that cover the cost of a teacher plus 10% for overheads as the class passes through Yr 7, Yr 8 & Yr 9
- This unit cost must be increased as 2024/25 growth fund guidance indicates that £46,657.36 must be passed to schools who increase PAN
  - Previous method paid £36,523.03
  - If implemented in 23/24 costs would have increased by £147k

# Bulge Classes

- Bulge classes are required across primary and secondary phases to deal with the significant number of in-year admission being seen in the city
- These places would not form part of the October 23 census
  - Funding would not be received by schools through the funding formula in the 24/25 NFF budget shares
  - Funding required from the Growth Fund
- 2024/25 Growth Fund guidance indicates that we have to distribute at least £1,550 per place for bulge classes
  - Funding any 23/24 bulge classes on this basis as growth fund was already spent for 23/24

# Bulge Classes

- Sub-group proposes to set the amount allocated per available place in a bulge class to the basic entitlement amount in the NFF
  - Amount schools receive for every child through the NFF
  - Primary = £3,574.50
  - Secondary = £5,296.12
- Full year funding for schools
  - Primary = £107k
  - Secondary = £159k

# Secondary Capacity

- Some secondary schools have spare capacity in Yr 7 & Yr 8
  - Keen to cap their PAN to help with financial sustainability
  - LA want to keep those places to help with in-year admissions
- An option is to provide funding from the growth fund
- Sub-group proposal is for school to fund 5 vacant places in each year group and the growth fund will fund the remainder
  - E.G. if a school has 17 vacant places, the school fund 5 vacant places & could receive funding for 12

# Affordability

- Prior to 2019 any surplus or deficit on the growth fund was netted off against previous years surplus or deficits
  - This was proving too hard to manage and could potentially lead to a significant challenge on DSG reserves if deficits are experienced regularly
- Decision was made by the sub-group to scale down growth fund expenditure if it was unaffordable each year
- Elements of the growth fund were ranked with those with the lowest ranking being scaled down first

# Affordability

- This meant that class size funding & in-year admissions funding are scaled down first
- If the growth fund was still unaffordable with no spend in the above, then planned secondary expansions funding would be scaled down
- We now have new elements to the growth fund so this needs to be reviewed.

# Class Size Funding

- Half form of entry schools are particularly reliant on this funding
- Previously, where the growth fund is unaffordable the ratio is scaled down for all schools
  - No difference between full form of entry schools & half form of entry schools
  - Has a disproportionately large impact on half form of entry schools
- Sub-group propose to reduce the funding of full form of entry schools first, then half form if further savings required

# Affordability

- Sub-group propose that any growth fund surplus/deficit should be managed in year.
- Sub-group propose that elements of the growth should be ranked in the following order:
  - Step 1 – reduce in-year admissions funding for all schools & class size funding for full form of entry schools
  - Step 2 – reduce class size funding for half form of entry schools
  - Step 3 – reduce the number of places funded under secondary capacity
  - Step 4 – reduce the funding for each place in a bulge class. This cannot drop below the minimum funding that must be provided per the 2024/25 Growth Fund guidance



# 2025/26

- If a bulge class is not full by the October 24 census then schools will not receive a full class worth of funding through the NFF
- Can't agree methodology for 2025/26 Growth Fund at this point but would be good to provide assurance that this issue will be considered next year.
- Any review would also need to consider any double coverage caused by bulge class funding & in-year admissions

# Growth Fund: Approval / Ratification

- **The Schools Forum should approve the proposed operation of the 2024/25 Growth Fund**
- **The Schools Forum should approve the proposal to conduct a review of bulge class funding for 2025/26.**

**Voting: All Members**

# De-delegated services - report

# De-delegation

- Maintained schools can opt to 'pool' resources for a number of services for the LA to manage on their behalf:

2023/24 De-delegated Amounts	
	Primary
Free school meal eligibility	13,808
Licences/subscriptions	0
Maternity	667,617
Trade Union facility	78,244
School Improvement	0
MGSS (new arrivals fund)	269,792
Behaviour support services	0
<b>Total</b>	<b>1,029,460</b>

# De-Delegation

- De-delegation areas will stay the same in 2024/25
  - FSM eligibility
  - Trade union facility
  - New arrivals fund
  - Maternity
- Prices will stay the same for the following:
  - FSM eligibility
  - Trade union facility
  - New arrivals fund
- A further de-delegation report will be brought to the January School Forum to seek approval for the de-delegated maternity cover service in 2023/24.

# Approval / Ratification

- **The Schools Forum should agree the de-delegation areas (free school meal eligibility, trade union facility & new arrivals fund) for mainstream schools**

**Voting: primary maintained representatives only**