

Autumn Term 2023

## **Fair Funding Survey and Consultation – Mainstream Schools Special Schools GCSE provision**

### **Proposed Changes 2024-25**

**UPDATED 10/10/2023:** Following the DfE announcement on 06/10/2023 in relation to the July 2023 DSG allocations this paper and associated technical papers have been updated. Updated values are highlighted green for clarity.

**THE PERIOD FOR THE SURVEY AND CONSULTATION BASED ON THIS DOCUMENT WILL BE:**

**3<sup>rd</sup> October to 31<sup>st</sup> October 2023**

**YOUR RESPONSE IS IMPORTANT**

**Reply at:** <https://www.schools.norfolk.gov.uk/school-finance/fair-funding-consultation> from 3<sup>rd</sup> October 2023

The purpose of this paper is to provide information and to seek your comments, agreement and suggestions on changes to individual school budgets within Norfolk. It is an important part of our commitment to work with schools and to respond to our collective need to support all children and young people with their education.

To view the documentation, including technical papers, and to respond to the consultation, please go to: <https://www.schools.norfolk.gov.uk/school-finance/fair-funding-consultation>

You can also access the survey directly with the following link:

<https://www.smartsurvey.co.uk/s/FairFunding-2023Consultation/>

The consultation opens on Tuesday 3<sup>rd</sup> October and closes Tuesday 31<sup>st</sup> October.

## Decision Making & Briefings

The online survey and consultation will run from 3<sup>rd</sup> October – 31<sup>st</sup> October; the results of the survey will be analysed and the results, with recommendations, presented to Norfolk's Schools Forum on 22<sup>nd</sup> November 2023.

The timescales for local decision are, as always, very tight.

A response deadline of 31<sup>st</sup> October is required to allow sufficient time for the collation and consideration of feedback, for this to be published in Schools Forum papers online by 15<sup>th</sup> November. This is, in turn, is to allow a recommendation on the local funding formula for 2024-25 to be made by Norfolk's Schools Forum at their meeting on 22<sup>nd</sup> November. The timing allows for disapplication of regulations required (in certain circumstances) to be made to the Secretary of State.

Following consultation with Norfolk's Schools Forum, the final recommendations will be presented to Norfolk County Council's Cabinet in January 2024 for a decision.

The Local Authority will be holding online engagement sessions for stakeholders to attend during the early part of the consultation period where elements of the consultation will be briefly explained.

The dates and times of online sessions are as follows:

6<sup>th</sup> October 10:30-11:30 (MS-Teams) [Click here to join the meeting](#)

9<sup>th</sup> October 13:00-14:00 (MS-Teams) [Click here to join the meeting](#)

10<sup>th</sup> October 17:00-18:00 (MS-Teams) [Click here to join the meeting](#)

11<sup>th</sup> October 09:30-10:30 (MS-Teams) [Click here to join the meeting](#)

11<sup>th</sup> October 17:00-18:00 (MS-Teams) [Click here to join the meeting](#)

If you have any difficulty with attending the meetings (either technical or due to the dates not being convenient) then please contact us at [budgetshare@norfolk.gov.uk](mailto:budgetshare@norfolk.gov.uk).

## Process of Formulating Proposals

The School Standards and Framework Act 1998 made it a legislative requirement for each Local Authority to set up a Schools Forum. This body must be consulted about certain school funding issues including proposed changes to the funding formula for mainstream schools. A list of current members of the Schools Forum can be found at Appendix A at the end of this paper.

## School Responses

The County Council's Cabinet, when making its decision in January 2024, will take all views into account when considering the proposals.

Therefore, it is important that all schools respond providing rationale for their responses along with detail of the anticipated impact of the options, where requested.

**Each school should be represented by only one response.** You will be asked to indicate the number of schools you are representing if you complete the survey on behalf of an academy trust or diocesan board, and the number of pupils represented by your organisation. Thank you.

We welcome any alternative suggestions to the proposals, but when responding please remember that the final decision will need to take into account the impact on all schools in Norfolk.

## Survey and Consultation Responses

To view the documentation including technical papers, and to respond to the consultation, please go to <https://www.schools.norfolk.gov.uk/school-finance/fair-funding-consultation>

You can also access the survey directly with the following link:

<https://www.smartsurvey.co.uk/s/FairFunding-2023Consultation/>

The consultation survey will be open from Tuesday 3<sup>rd</sup> October 2023 to Tuesday 31<sup>st</sup> October 2023.

## Requests for Further Information

For more information contact: **Marilyn Edgeley (01603 223546)**  
([marilyn.edgeley@norfolk.gov.uk](mailto:marilyn.edgeley@norfolk.gov.uk))

# **Fair Funding Proposals**

## **PART 1: Fair Funding Proposals**

## 1. Context

### 1.1 Relevant Funding Announcements

This consultation reflects the various funding announcements in recent times, including:

Spending Review 2021: In the 2021 spending review, the Government announced that the total core school budget would be increasing to £56.8bn by 2024-25, a £7bn cash increase compared with 2021-22.

The 2022 Autumn Statement announced that the core schools budget would increase by £2 billion in the 2023 to 2024 financial year, over and above totals announced at the Spending Review 2021, providing additional funding to mainstream schools directly through the Mainstream Schools Additional Grant and to LA's through additional High Needs funding allocations.

Funding allocations for 2024-25 represent the third year of the three-year funding settlement. With core schools funding (including funding for mainstream schools and high needs) increased to £59.6bn, funding for 2024-25 will be the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS).

This total includes the additional funding for teachers' pay announced in July 2023; the Teachers Pay Additional Grant (TPAG) provides an additional £482.5m in 2023-24, and £827.5m for 2024-25 for mainstream, special and alternative provision schools.

The latest (corrected for DfE error on 9<sup>th</sup> October) National Funding Formula guidance for 2024-25 confirms increased mandatory minimum per-pupil levels of **£4,610** for primary schools (up from £4,405) and **£5,995** for secondary schools (up from £5,715).

Mainstream Schools Additional Grant – In 2023-24 Norfolk's mainstream schools were allocated additional funding of £20.446m through the Mainstream Schools Additional Grant. For 2024-25 this funding will be rolled into the DSG via the schools' National Funding Formula, ensuring it is part of schools' ongoing core budget allocations.

In July 2023, the DfE made their funding announcement providing the following information for Norfolk:

- An indicative like-for-like increase to Norfolk's Schools Block formula funding of approximately **£13.866m** for 2024-25 (**£34.312m** when including the rolled-in Maintained Schools Additional Grant of £20.446m).
- However, this is before allowing for an estimated increase in pupil 'Growth' funding that is yet to be confirmed. Growth factor funding is estimated by the Local Authority to be £4.026m for 2024-25 compared to £3.594m received in 2023-24 plus the LA has estimated a new allocation for Falling Rolls to be £0.560m.

- Therefore, **the overall total like-for-like Schools Block DSG increase available to distribute in 2024-25 is estimated to be approximately £14.858m.**
- The indicative increase published for High Needs Block for NFF 2024-25 is £4.859m compared to the most recent (July 2023) HN Block allocation for 2023-24.
- However, following work carried out to check Import/Export data utilised by the DfE over the summer, the LA expects that the import/export funding within the final High Needs Block to be increased by £0.792m for both 2023-24 and the 2024-25 allocations.
- In addition, based on an increasing number of special schools places in the October'23 census it is estimated that a further £1m may be received within the 2024-25 allocation (indicative allocation has been based on October'22 census data).
- Any updates to the High Needs Block allocation for 2024-25 will not be confirmed until December.

Government policy: As set out in the government's consultation response, available here [Implementing the direct national funding formula - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/Implementing-the-direct-national-funding-formula), the DfE are taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools. This transition towards the direct NFF began in 2023-24 and will continue in 2024-25. Specific changes implemented for 2024-25 are as follows:

- Local authorities must move their local formula factor values at least a further 10% closer to the NFF, except where local formulae are already "mirroring" the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be "mirroring" the NFF. Norfolk's formula has been closely aligned to NFF factor values and methodologies since 2019-20.
- Local authorities must use a new national formulaic approach to split sites funding. This will replace the current local authority-led approach. More information on this change is provided in Appendix B of this paper.
- Local authorities must use new NFF requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the DfE's funding calculation. Norfolk currently allocates growth funding for additional classes where the numbers will exceed the PAN. Under the new requirements, Norfolk will be required to allocate funding for additional classes (driven by basic need) whether they are within the PAN or not.
- Local authorities must also follow the new NFF requirements for falling rolls funding (when a Falling Rolls fund is used), whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding is also being removed from 2024-25.

Further information is available at the Government websites detailed below:

[National funding formula for schools and high needs 2024 to 2025 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

[Schools operational guide: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

## 1.2 Safety Valve Programme

Like many other local authorities, Norfolk currently has a cumulative DSG deficit. Therefore, any overspend on the DSG (for example, due to the number of special school places exceeding the funding available) is required to be repaid through future DSG income, unless the Secretary of State authorises an exception to this.

Norfolk worked intensively with the DfE during 2022-23 to agree a Safety Valve plan, the DfE mechanism to work with LAs who have the highest level of High Needs Block (DSG) pressure / overspend, to develop a DSG management plan and to negotiate DfE investment to support repayment of the cumulative deficit.

Norfolk was successful in reaching agreement with the DfE to such a plan, securing £70m of additional resource for Norfolk over a 6-year period to contribute to repaying the deficit, and the programme of work to implement this plan in Norfolk is called **Local First Inclusion**. This plan also includes c. £35m of NCC revenue investment over the 6 year period.

This is in addition to capital funding already committed by NCC and additional capital monies in excess of £25m secured from the DfE in parallel.

For further information regarding the DfE's Safety Valve programme, please see Appendix C.

## **2. Norfolk's Dedicated Schools Grant (DSG) Management Plan**

### **2.1 Local First Inclusion**

The Local First Inclusion Programme is all about improving outcomes for children and young people with SEND ensuring, wherever possible and appropriate, they can attend school close to their home/in their community with the support they need to make progress in their learning alongside other children of the same age.

Local First Inclusion is a six-year programme which has been agreed by the Secretary of State, as part of the DfE 'safety valve' programme, securing DfE investment of £70m alongside NCC investment of c. £35m. This investment is aimed at ensuring we can collectively improve assessment, support, services and provision for children and young people with SEND whilst also achieving a balanced High Needs Block budget over the medium / long term.

Local First Inclusion complements our Norfolk Area SEND Strategy and ensures that we can address the range of issues that have been identified over the past few years through co-production with parents/carers, young people and the professionals that support them within NCC, early years settings, schools, colleges and the health commissioned providers.

This six-year programme is ambitious and complex. To ensure that we can deliver on our aims and objectives and the outputs and outcomes signed off by the Secretary of State, we have designed a programme of 80 projects within 5 overarching workstreams:

- Workstream 1 – Mainstream School Inclusion, Culture and Practice
- Workstream 2 – Early Help & Inclusion / School & Community Teams
- Workstream 3 – School Led Alternative Provision Models
- Workstream 4 – Commissioning/Using Independent Sector Differently
- Workstream 5 – SEND Sufficiency & Capital Delivery

The key focus is on:

- Meeting needs earlier and more effectively within local inclusive mainstream education whilst continue to build and develop more state-funded special schools and specialist resource bases.
- Investing in more 'free at the point of delivery' teams to provide advice, guidance and direct support within a new 'zone' approach to locality working; the School and Community Teams introduced from September 2023
- This is a six year programme and requires significant partnership working between children's services and school leaders to ensure that we deliver the ambitions of the programme but, critically, embed these for the long term.



The DfE are working with over 30 Local Authorities that are experiencing ongoing budget pressures within their High Needs Block budget (the budget from government within the overall 'Dedicated Schools Grant' that is used to pay for Norfolk special schools, specialist resource bases, additional funding for SEND in mainstream schools, alternative provision and commissioned services, e.g Speech and Language Therapy). This programme of work by the DfE with local authorities is known as 'Safety Valve' and has an explicit aim to develop a joint investment package between the DfE and LAs to ensure that transformational change to meet current and future needs of children and young people with SEND can occur alongside addressing historic underinvestment and associated cumulative budget pressures and deficits.

In summary, Local First Inclusion has been designed to achieve these aims and objectives:

## Norfolk's Plan...Aims and Objectives

### Aim:

- Local First Inclusion - system approach
- Improving and expanding the landscape of SEND provision across Norfolk
- Achieving a balanced in-year budget for the High Needs Block by 2027/2028

### Objectives:

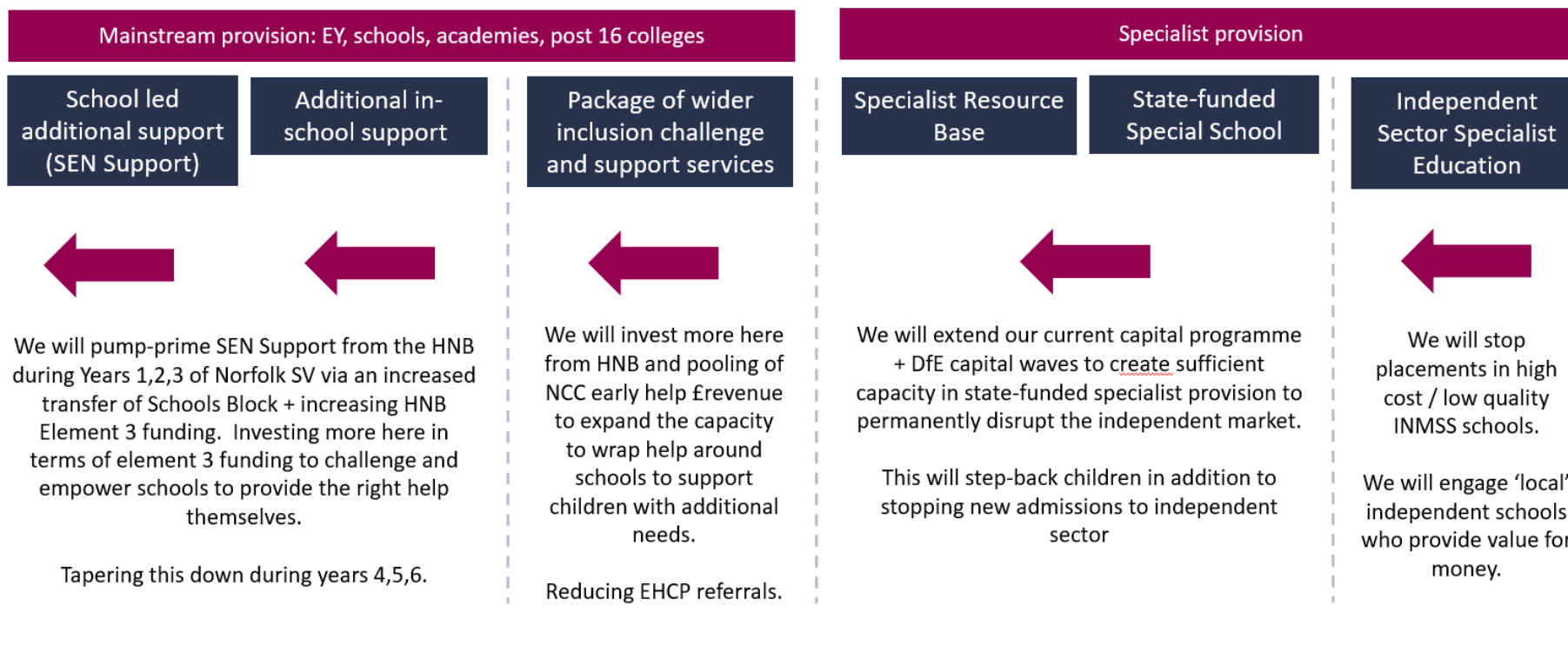
- Tackling current, and reducing future, demand
- Re-shaping the landscape of provision – shifting left away from high cost/Independent non-maintained
- Redirecting pupil flow from high-cost/low quality independent specialist to state-funded special, resource-base and mainstream
- Intervening earlier, more holistically to prevent escalation of need
- Improving confidence in mainstream provision to meet need
- Increasing accountability and incentivising mainstream inclusion
- Increasing local, maintained specialist provision/ alternative provision within the mainstream
- Driving down costs through improved focus on commissioning and contract management



Local First Inclusion's intention, across the combined effort across these workstreams and through the work of front-line professionals, is to 'shift left' our historic/current over reliance on the independent sector for specialist provision and over reliance on education health and care plans as the means to secure support within mainstream schools. With the revenue and capital investment from the DfE and NCC we are confident that we can achieve these transformational changes for the joint benefit of children, young people and their families and the sustainable investment of early support and specialist provision within the High Needs Block and NCC budgets.

# Shifting our demand pattern – “shift left”

Through our strategic workstreams we will create a 'shift left' to ensure that all children's needs are met early and at the most effective tariff of cost possible. To reduce the reliance on the independent sector (which drives the deficit) we need to strengthen and invest in the capacity of mainstream schools, early help and our own specialist provision simultaneously



For further information about Local First Inclusion please [Local First Inclusion SEND improvement programme - Schools \(norfolk.gov.uk\)](https://www.norfolk.gov.uk)

## 2.2 Financial overview

Norfolk's Local First Inclusion plan includes significant financial levers reflecting the planned transformation of the system that will enable the High Needs Block in Norfolk to be brought back to an in-year balanced position and, ultimately, for the cumulative deficit to be repaid.

Based upon the 6-year plan submitted to, and agreed by, the DfE in January 2023, these key financial levers identified for the DfE in the plan can be summarised as:

- Increased investment in mainstream support (Element 3): c. £27m pa 28/29 vs £20m pa 22/23
- Increased specialist resource base provision: c. £20m pa 28/29 vs £6m pa 22/23
- Increased maintained special school provision: c. £60m pa 28/29 vs £46m pa 22/23
- Investment in high needs framework/infrastructure, Community and School Cluster Teams including parent link workers: c. £5m pa 28/29 vs c. £2m pa 22/23
- Reduced use of independent special school provision: c. £4m pa 28/29 vs £43m pa 22/23
- Reduced use of 'other provisions': c. £2m pa 28/29 vs £5m pa 22/23

The inclusion of an ongoing Schools Block to High Needs Block transfer within the LA's DSG Management Plan neither pre-empts any decision by Schools Forum or by the Secretary of State (in the case of a disapplication request), nor does it suggest that the local authority is of the view that a block transfer is in the best interests of mainstream schools.

Under the current<sup>1</sup> grant conditions of the DSG, the local authority is expected to manage the DSG through recouping any overspend from future DSG income, including via Schools Block to High Needs Block transfer. The proposed transfer within the DSG Management Plan is proposed at a level that would mean that all individual schools would expect a cash increase (on a like-for-like basis currently using October 2022 Census data).

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<sup>1</sup> DSG Grant Conditions for 2024-25 are expected to be published by the DfE in December 2023.

The financial summary includes projected delivery of significant savings against an 'unmitigated' position:

<b>Net Savings</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
In-year savings vs unmitigated model	1.2	3.9	-4.7	-21.5	-40.2	-57.1	-66.2
Cumulative savings vs unmitigated model	1.2	5.1	0.4	-21.1	-61.3	-118.4	-184.6
In-year savings vs 22/23 base unmitigated forecast	1.2	4.6	-2.3	-16.3	-30.6	-44.7	-52.6

The table on the next page provides a summary of the DSG Management Plan as at the January 2023 submission to, and agreement by, the DfE as part of the 'Safety Valve' programme amended for the DfE funding contributions now agreed per year:

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
High Needs Block DSG Income	-120.578	-135.212	-141.484	-145.175	-148.682	-152.865	-157.846
1.5% Schools Block transfer	-8.529	-9.015	-9.196	-9.380	-9.567	-9.759	-9.954
<b>Total income</b>	<b>-129.107</b>	<b>-144.228</b>	<b>-150.680</b>	<b>-154.555</b>	<b>-158.249</b>	<b>-162.623</b>	<b>-167.800</b>
Maintained / Academy / Free Special Schools	46.878	53.584	56.351	58.883	62.115	64.828	67.038
Specialist Resource Bases & Deaf Resource Bases	6.314	7.966	10.466	14.291	17.959	19.497	19.887
Independent Special Schools	42.771	47.424	41.437	29.825	16.910	7.427	6.908
Alternative Provision	2.133	2.110	2.007	1.894	1.783	1.662	1.552
Short Stay Schools	8.400	8.831	8.203	7.578	6.957	6.339	5.726
Post-16 (Further Education)	8.173	8.631	8.864	8.620	8.386	8.160	7.960
Other Provisions	5.027	4.238	3.866	3.514	3.133	2.793	2.393
Inclusion fund (including mainstream SEN / EHCP support)	20.176	23.265	25.118	26.533	27.310	27.589	27.370
Speech & Language, Sensory, Youth Offending and Child & Adolescent Mental Health support & contributions	3.551	3.680	3.744	3.841	3.940	4.042	4.146
High Needs Inclusion Infrastructure and School and Community teams	2.680	6.098	7.466	7.346	7.323	6.163	5.289
Other, including TPG/TPECG, H&SC levy and new school start-up costs	2.641	2.519	2.591	2.655	2.734	2.804	2.856
Investment contingency including Inclusion Fund	0.000	1.030	1.000	0.500	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>148.744</b>	<b>169.376</b>	<b>171.112</b>	<b>165.479</b>	<b>158.549</b>	<b>151.303</b>	<b>151.125</b>
<b>In-year +deficit/-surplus</b>	<b>19.637</b>	<b>25.149</b>	<b>20.433</b>	<b>10.924</b>	<b>0.300</b>	<b>-11.320</b>	<b>-16.675</b>
<b>Cumulative Balance without contribution</b>	<b>73.613</b>	<b>98.762</b>	<b>119.194</b>	<b>130.118</b>	<b>130.418</b>	<b>119.098</b>	<b>102.423</b>
<b>DfE Contribution</b>	<b>-28.000</b>	<b>-6.000</b>	<b>-6.000</b>	<b>-6.000</b>	<b>-6.000</b>	<b>-6.000</b>	<b>-12.000</b>
<b>NCC Contribution</b>		<b>-5.500</b>	<b>-5.500</b>	<b>-5.500</b>	<b>-5.500</b>	<b>-5.500</b>	<b>-4.923</b>
<b>Cumulative Balance</b>	<b>45.613</b>	<b>59.262</b>	<b>68.194</b>	<b>67.618</b>	<b>56.418</b>	<b>33.598</b>	<b>0.000</b>

The table below provides a breakdown of the placement numbers forecast in the financial model by type, including estimations of the number of children and young people who would be supported in mainstream provision with either an EHCP or high needs funded SEN support.

This shows that whilst there is a small, overall increase in the number of children and young people supported by the high needs block, there is a significant shift in how and where needs will be met:

<b>Placements Numbers by type:</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Maintained / Academy / Free Special Schools	2,049	2,128	2,188	2,233	2,317	2,347	2,369
Independent Special Schools	909	946	820	599	344	119	108
Add/Other Provisions	205	187	170	153	136	119	100
Medical Needs/Hospital Provision	84	20	20	20	20	20	20
Personal Budgets	82	83	84	85	86	87	86
Section 19 Placements and Support^	157	139	122	105	88	71	52
Alternative Provision	110	110	103	96	89	82	76
Post-16 (Further Education)	764	781	796	712	629	546	464
Specialist Resource Bases & Deaf Resource Bases	420	530	717	970	1,132	1,132	1,132
Short Stay Schools	432	432	432	432	432	432	432
Other Local Authority Recoupment	96	94	83	72	61	50	40
<b>Total Placement Numbers</b>	<b>5,308</b>	<b>5,450</b>	<b>5,535</b>	<b>5,477</b>	<b>5,334</b>	<b>5,006</b>	<b>4,879</b>
Mainstream EHCP & funded SEN support	4,154	4,330	4,385	4,445	4,496	4,562	4,693
<b>Total</b>	<b>9,462</b>	<b>9,780</b>	<b>9,920</b>	<b>9,922</b>	<b>9,830</b>	<b>9,568</b>	<b>9,572</b>

The LA is in the process of updating the DSG plan as we have moved from planning and development into implementing Local First Inclusion. Further updates will be provided to Schools Forum and, therefore, available publicly, once they are available. This will include updated expectations regarding numbers of funded mainstream EHCPs and funded SEN support.

### **3. Further transfer of funds between Schools Block and High Needs Block - all schools' survey**

The Government have recently announced increased funding for education across the country both within the Schools Block and the High Needs Block.

The DfE have indicated that Norfolk's share of increased High Needs Block funding should be in the region of £4.859m for 2024-25<sup>2</sup>, with a provisional total of £139.713m. As ongoing transfers between the Schools Block and High Needs Block are suggested to expedite recovery of the DSG deficit, we are required to consult with schools and with the Schools Forum (22<sup>nd</sup> November meeting) and to submit a disapplication, if required, for the movement of funding between DSG blocks to the Department of Education. This requires the consultation to proceed on the following basis:

- Schools are provided with our best possible financial modelling based on current information and assumptions;
- An assumption that Norfolk's High Needs Block income will be in the region of £139.713m for 2024-25 as provided by provisional information published by the DfE, although following work carried out to check Import/Export data utilised by the DfE over the summer, the LA expects that the import/export funding within the final High Needs Block to be increased by £0.792m for both 2023-24 and the 2024-25 allocations.

In addition, based on an increasing number of special schools places in the October'23 census it is estimated that a further £1m may be received within the 2024-25 allocation (indicative allocation has been based on October'22 census data).

Any updates to the High Needs Block allocation for 2024-25 will not be confirmed until December.

In the LA's LFI plan, High Needs Block funding of £141.484m had been estimated for 2024-25. It is expected that the final HN Block allocation in December should end up being closer to this original estimate once the adjustments mentioned above have been taken into account.

The DSG Management Plan and Transformation Programme take account of ensuring that High Needs Block funding is utilised to support children and young people within various educational provision, e.g.

- To further support placements within complex needs schools for pupils who need to transfer from mainstream school in the coming year
- To provide exceptional needs funding to mainstream schools for pupils who have complex needs and require high levels of day-to-day adult support
- To provide support to schools who are demonstrably able to prevent exclusion

The Local Authority is providing all Norfolk schools with an online survey consultation for a period prior to the November Schools Forum meeting.

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<sup>2</sup> Compared to July 2023 DSG HN Block allocation of £134.854m.

Whilst, like last year, the documentation sets out the impact of three different levels of transfers from Schools Block to High Needs Block in 2024-25, the survey itself is focussed on seeking understanding from schools and MATs as to the impact of the different level of block transfer upon their budgets as well as the system as a whole.

The outcome of this survey consultation will be presented to the Schools Forum at the 22<sup>nd</sup> November meeting and Schools Forum will be asked to make a recommendation regarding the option that they support with respect to a Schools Block to High Needs Block transfer. A transfer of 0.5% will require a vote of relevant members of the Schools Forum within that meeting. Any further transfer requires consultation with Schools Forum, but the decision would rest with the Secretary of State. The Local Authority is required to submit a full business case in the form of a 'disapplication request' if the LA requires a decision of the Secretary of State for either:

- (i) a block transfer above 0.5% where Schools Forum has supported a 0.5% transfer; or,
- (ii) any block transfer not supported by Schools Forum.



#### 4. Assumptions in Schools Block modelling

The DfE have announced in their 'Schools Operational Guide: 2024 to 2025' that the following changes will be made to the 2024-25 National Funding Formula:

- Introducing a new formulaic approach to allocating split sites funding in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor.
- Rolling the 2023-24 Mainstream Schools Additional Grant into the NFF by:
  - adding an amount representing what schools receive through the grant into their baselines;
  - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF;
  - uplifting the minimum per pupil values by the mainstream schools additional grant's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants.
- Increasing NFF factor values (on top of the amounts added for the Mainstream Schools Additional Grant) by:
  - 1.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum;
  - 1.4% to the minimum per pupil levels (MPPL)
  - 0.5% to the funding floor
  - 1.6% to the free school meals (FSM) factor value
  - 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formularised.
- Introducing, for the first time, a methodology for calculating and allocating funding for falling rolls
- Minimum Funding Guarantee - Local authorities have the freedom to set the MFG in their local formulae between +0.0% and +0.5% per pupil (no change from 2023/24)

There will be a separate pay grant for teachers' pay made to cover pay increases in 2023 to 2024 and 2024 to 2025. Further details on the TPAG can be found at [teachers' pay additional grant: 2023 to 2024](#).

The DfE has released indicative Dedicated Schools Grant (DSG) figures for 2024-25, on which the LA's consultation technical papers are modelled.

The LA's consultation technical paper modelling is based on data from the October 2022 census including any adjustments that were funded as estimates for September 2023 in the 2023-24 budget share, and does not take any further pupil growth into account for individual schools, to ensure like-for-like comparisons between years in the modelling.

Growth factor funding will be allocated by the DfE for growth in pupils in Middle-Layer Super Output areas (MSOAs) between the October 2022 and October 2023 school censuses. The growth allocation is estimated for 2024-25 by the LA, using the DfE's growth calculator, as being in the region of £4.026m. When modelling the formula, £0.660m of this growth allocation will be set aside to allow for estimated pupil variations for reorganising/growing schools from September 2024. Also, the LA will seek agreement from Schools Forum at its November meeting for a proposed top-slice for a centrally held growth fund for PAN increases that are not part of reorganisation, estimated at £1.076m<sup>3</sup> (plus funding for the post-opening costs of the new presumption-route mainstream school at a cost of £0.088m. The remainder of the Growth factor allocation will be included in the distribution of Schools Block funding to schools via the funding formula.

The modelling for individual schools has been calculated using the DfE's Authority Proforma Tool (APT) and shows Schools Block allocations only. Final formula allocations to schools will change with October 2023 census pupil numbers and characteristics. Early Years and High Needs allocations, as well as other sources of funding (e.g. Pupil Premium, PE and Sports Premium, UIFSM) are excluded from the technical papers.

The baselines used for calculating the Schools Block formula allocations for 2024-25 are the 2023-24 local formula baselines (the 2023-24 actual budget share allocations) and as a result the allocations generated may differ from the DfE's illustrative NFF allocations provided online for schools in July 2023. In addition, the LA's allocations are adjusted, as appropriate, by:

- Proposed transfers of funding between Schools Block and High Needs Block in 2024-25 which affect the level of funding available to distribute;
- The level of MFG/Cap and/or adjustment to factor values required to calibrate to total funding available;
- The Local Authority is including £4.026m of estimated Growth factor funding and £0.560m of Falling Rolls factor funding within the modelling; these are not currently part of the DfE's indicative Schools Block figures.

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<sup>3</sup> Estimated updated since Sept'23 Schools Forum meeting based upon improved information available. Previously estimated at £0.906m. Change unrelated to the DfE error.

The table below shows the comparison of 2023-24 NFF funding rates which are currently mirrored within the Norfolk funding formula and the DfE's 2024-25 NFF funding rates.

<b>Funding Factor</b>	<b>2023-24 Formula £ NFF unit rates</b>	<b>2024-25 Formula £ NFF unit rates</b>
<b>Age Weighted Pupil Unit</b>		
Primary	3,394	3,562
Key Stage 3	4,785	5,022
Key Stage 4	5,393	5,661
<b>Minimum Per Pupil Funding</b>		
Primary	4,405	4,610
Secondary	5,715	5,995
<b>Additional Needs Funding</b>		
Primary FSM	480	490
Secondary FSM	480	490
Primary FSM6	705	820
Secondary FSM6	1,030	1,200
Primary IDACI A	670	680
Primary IDACI B	510	515
Primary IDACI C	480	485
Primary IDACI D	440	445
Primary IDACI E	280	285
Primary IDACI F	230	235
Secondary IDACI A	930	945
Secondary IDACI B	730	740
Secondary IDACI C	680	690
Secondary IDACI D	620	630
Secondary IDACI E	445	450
Secondary IDACI F	335	340
<b>Low Prior Attainment</b>		
Primary LPA	1,155	1,170
Secondary LPA	1,750	1,775
<b>EAL</b>		
Primary EAL	580	590
Secondary EAL	1,565	1,585
<b>Mobility</b>		
Primary Mobility	945	960
Secondary Mobility	1,360	1,380
<b>Lump Sum</b>		
Primary Lump Sum	128,000	134,400
Secondary Lump Sum	128,000	134,400
<b>Sparsity</b>		
Primary Sparsity	56,300	57,100
Secondary Sparsity	81,900	83,000
<b>Split Sites (NEW)</b>		
Basic Eligibility	No NFF value	53,700
Distance Funding	No NFF value	26,900

Transition towards a direct schools NFF continues in 2024-25, with the end point being a system in which every mainstream school in England is funded through the same national formula without adjustments through local funding formulae.

Local authorities are required to move their local formulae factors a further 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF (Norfolk's factor values do mirror the NFF).

The DfE have published the acceptable factor value range for each local authority. The range for Norfolk is shown in the table below:

Factor	24-25 NFF	24-25 APT Minimum	24-25 APT Maximum
Primary basic entitlement	£3,562.00	£3,472.95	£3,651.05
KS3 basic entitlement	£5,022.00	£4,896.45	£5,147.55
KS4 basic entitlement	£5,661.00	£5,519.48	£5,802.53
Primary FSM	£490.00	£477.75	£502.25
Secondary FSM	£490.00	£477.75	£502.25
Primary FSM6	£820.00	£799.50	£840.50
Secondary FSM6	£1,200.00	£1,170.00	£1,230.00
Primary IDACI F	£235.00	£229.13	£240.88
Primary IDACI E	£285.00	£277.88	£292.13
Primary IDACI D	£445.00	£433.88	£456.13
Primary IDACI C	£485.00	£472.88	£497.13
Primary IDACI B	£515.00	£502.13	£527.88
Primary IDACI A	£680.00	£663.00	£697.00
Secondary IDACI F	£340.00	£331.50	£348.50
Secondary IDACI E	£450.00	£438.75	£461.25
Secondary IDACI D	£630.00	£614.25	£645.75
Secondary IDACI C	£690.00	£672.75	£707.25
Secondary IDACI B	£740.00	£721.50	£758.50
Secondary IDACI A	£945.00	£921.38	£968.63
Primary EAL3	£590.00	£575.25	£604.75
Secondary EAL3	£1,585.00	£1,545.38	£1,624.63
Primary LPA	£1,170.00	£1,140.75	£1,199.25
Secondary LPA	£1,775.00	£1,730.63	£1,819.38
Primary mobility	£960.00	£936.00	£984.00
Secondary mobility	£1,380.00	£1,345.50	£1,414.50
Primary lump sum	£134,400.00	£131,040.00	£137,760.00
Secondary lump sum	£134,400.00	£131,040.00	£137,760.00
Primary sparsity	£57,100.00	£55,672.50	£58,527.50

Secondary sparsity	£83,000.00	£80,925.00	£85,075.00
Middle-school sparsity	£83,000.00	£9,290.00	£85,075.00
All-through sparsity	£83,000.00	£9,290.00	£85,075.00
Split sites basic eligibility funding	£53,700.00	£52,357.50	£55,042.50
Split sites distance funding	£26,900.00	£26,227.50	£27,572.50

A Minimum Funding Guarantee of +0.5% (the maximum allowed for 2024-25, the permitted range being 0% to +0.5%) is proposed for all funding options to ensure that all schools see increases to their per-pupil funding. Please note that if any further adjustment is required to calibrate Norfolk's formula to the final level of DSG funding available for 2024-25 it is proposed that this would be managed as explained below, including potential adjustment to factor values.

For additional funding to allocate to schools, it would be allocated in the following order until all funds are allocated:

- Remove any funding cap on gains if possible, or increase cap % to the maximum value that is still affordable;
- Increase the factor values, within the DfE's allowable range, by an equal percentage until all additional funding is allocated (maintaining the compulsory NFF Minimum Per-Pupil Levels)

If a reduction in allocation to schools is required based on final pupil data, the formula would be adjusted in the following order until the formula is affordable:

- Reduce the level of the funding cap, if there is one being used, reducing the level of maximum gains. The funding cap must not be lower than the MFG threshold;
- Reduce factor values within the allowable range by an equal percentage until the formula balances (maintaining the compulsory NFF Minimum Per-Pupil Levels);
- Reduce the level of MFG protection within the permitted range of +0% to +0.5%;
- Finally, and unlikely to be needed, request a disapplication from Secretary of State to reduce MFG or Minimum Per-Pupil Levels.

## 5. Block Transfer Formula Consultation Survey

A summary of the different options for funding schools in 2024-25 is given in the table below, followed by more detailed written explanations.

Please note:

- Indicative modelling is based on October 2022 data. No changes to pupil numbers are included. Final budgets will be issued to schools in February 2024 using October 2023 census data and may change significantly if pupil numbers or characteristics are subject to large variations in the final census data set.
- Indicative modelling presumes no change is made to Norfolk's approach to baselines and capping (i.e. it does not take account of any of the options detailed in section 6 below in relation to alternatives to a hard cap on gains).

Detailed technical papers have been issued with the consultation document.

	Option 1	Option 2	Option 3
	2024-25	2024-25	2024-25
0.5% (£3.182m) of Schools Block moved to High Needs Block	✓	✓	✗
Additional 1% (£6.363m) moved to High Needs Block	✓	✗	✗
Estimated MFG protection	+0.50%	+0.50%	+0.50%
Estimated funding cap on gainers under NFF	+3.76%	No cap	No cap
Potential Unit Values increase above NFF values	✗	+0.43%	+1.21%
2024-25 Minimum Per-Pupil Funding Levels	✓	✓	✓

Options for feedback:

### Option 1 – Transfer of 1.5% from Schools Block to High Needs Block

If we transfer 1.5%, the LA's Local First Inclusion modelling will balance, with the DSG deficit cleared in 2028-29 as per Norfolk's 'Safety Valve' agreement with the DFE.



Whichever is your school/trusts' individual preference, we are keen to understand if you would support this option giving specific implications of the impact of a 1.5% Block transfer, and more Element 3 funding alongside collective, preventative system investment.

### **Option 2 – Transfer of 0.5% from Schools Block to High Needs Block**

If we transferred 0.5%, the LA's Local First Inclusion modelling will not balance by 2028-29 and this is unlikely to be acceptable to the DFE under their 'Safety Valve' agreement with Norfolk, but this would show some recognition from the system as a whole that too many children in Norfolk with SEND are currently being educated within specialist provision rather than in mainstream provision. This would be very likely to result in reductions being made to the planned funding and support available to mainstream schools (both SEND and non-SEND).

Whichever is your school/trusts' individual preference, we are keen to understand if you would support this option, giving specific implications of the impact of a 0.5% Block transfer and, therefore, less Element 3 funding or collective, preventative investment.

### **Option 3 – No transfer from Schools Block to High Needs Block**

If we made no block transfer the LA's Local First Inclusion modelling will not balance by 2028-29 and this is unlikely to be acceptable to the DFE under their 'Safety Valve' agreement with Norfolk. Whilst individual schools would retain more funds individually, there would be significantly less that could be done collectively to support those who could and should be in the mainstream sector to remain there. Additionally, this is very likely to result in reductions being made to the funding and support available to mainstream schools (both SEND and non-SEND) and may adversely impact upon the preventative (non-statutory) safeguarding services that the LA offers.

Whichever is your school/trusts' individual preference, we are keen to understand if you would support this option, giving specific implications of the impact of no Block transfer and, therefore, less Element 3 funding or collective, preventative investment.

**All schools are asked the following questions in the consultation survey:**

- 1. Please detail the specific implications of each option upon your school/trust.**
- 2. Please rank your order of preferences (a) for your school/trust and (b) for the system as a whole from the 3 options.**
- 3. If these differ, please advise why.**
- 4. As school leaders in Norfolk, do you believe that you have a good understanding of the ambition behind, and the principles of, the council's Local First Inclusion (LFI) Programme?**
- 5. Also, do you believe that the LFI programme of work will enable us to achieve these ambitions, in particular meeting C&YP needs more effectively whilst also ensuring that we return to a balanced and sustainable budget.**
- 6. Is there anything else you would wish to add to support Schools Forum, the Secretary of State and LA Members in the decisions that they need to make?**

## 6. Funding Cap Consultation

The LA is reviewing the use of a funding cap on gains again for 2024-25, due to the significant impact highlighted by some small schools following the implementation of the 2022-23 and 2023-24 formulae.

The sparsity factor changed in 2022-23, to be based on road distances instead of straight-line distances, as well as adding a distance taper calculation. This brought a number of small schools into the sparsity allocation for the first time.

The DfE's MFG/Cap calculation excludes the sparsity amount for the new year budget from the previous year's baseline, i.e., the 2024-25 sparsity value will be excluded from the 2023-24 funding baseline. This is intended to protect schools against significant changes in sparsity value between years. However, this also means that a school becoming eligible for sparsity for the first time has the sparsity amount deducted from its protected baseline, even though it didn't receive sparsity in the prior year, and, therefore, the remaining increase is large and likely to be capped under the current hard cap arrangements. This initial cap of the gain continues to affect schools' future years' budgets, even once sparsity has been established, as part of their budget share, producing significant caps on gains for the affected schools.

In previous years, a funding cap has been used in order to enable the LA to mirror the NFF unit values and methodologies whilst making a Schools Block to High Needs Block transfer. As explained above, the caps in recent years have particularly impacted on small rural schools receiving the significant sparsity allocations that they may have been expecting following changes to the sparsity factor calculation as part of the NFF. Per-pupil funding in the local formula was capped at increases of +2.4% for schools in 2023-24 (beyond which no further increase was received by the schools). This means that the large gains expected by those schools have, effectively, become delayed and, potentially, will be spread over a number of years. A similar issue could apply to other factors if/when there are changes in the methodology within the NFF that target additional amounts to specific school types, although sparsity is thought to be the most notable example of this because of the impact of its deduction from the prior year's protected funding baseline.

To resolve this issue for 2024-25 and future years, the LA is consulting schools on alternatives to the use of a hard funding cap in Norfolk. The alternative options have been previously consulted on by the LA as part of the 2023-24 Fair Funding process, but the response rate from schools was extremely low and primarily split between being in favour of making a change from those schools affected, with less support from other schools. The low level of response in turn meant that the Schools Forum did not have clear input from both a significant number and wide range of schools / Trusts in order to enable them to make a recommendation on behalf of all mainstream schools and to be able to understand the consequences to schools of their decision. In turn, this meant that the LA concluded that they had no mandate to make a change from the status quo of a hard cap for 2023-24.

Given the significant feedback received from affected schools, and the likely ongoing impact of future capping due to potential Block Transfers that may be agreed as part of the

DSG recovery plan, the LA wishes to revisit this part of the formula afresh for 2024-25. As part of this, the LA wishes to re-iterate the significant impact that the current cap arrangements have on small rural schools and to confirm that the LA will be seeking a recommendation from Schools Forum members in November, following consultation with all schools, before making a final decision on arrangements for 2024-25.

The identified options for capping of gains are detailed below, presuming a Block Transfer of 1.5% from the Schools Block to the High Needs Block is agreed.

- **Hard Cap (No change to current arrangements)**

Suggested MFG of +0.5% (the maximum allowable for 2024-25) and an estimated cap for all gains of +3.76%. This would maintain the current principles used within the funding formula that limits gains to a fixed percentage per-pupil with no further gains beyond that. The sparsity issue for affected small rural schools would remain significant and it could take a very long time for the expected sparsity gains to be passed through to those schools in the way intended by the National Funding Formula.

- **MFG baseline adjustments to affected schools**

The LA could request disapplications from the Secretary of State to enable MFG adjustments to the 2023-24 MFG baselines of affected schools so that sparsity funding, where previously capped, could be adjusted upwards in their baselines by the amount of their 2023/24 sparsity figure as technical MFG adjustments (reducing the calculated gains between years that are then being capped) and then protected from 2024-25 onwards. This would be subject to DfE approval.

On its own, this may not prevent the same problem from occurring again in future, although it would be less likely now that the revised sparsity arrangements have been in place for 2 years. Even so, any school that became eligible for sparsity based on pupil data for the first time in 2024-25 would not be picked up in disapplication requests which are due for submission in November 2023, and would therefore be subject to the same capping issue when final budgets are set in February 2024 as other schools affected by the issue have been in the past.

To implement MFG adjustments, if approved by Secretary of State, a tighter overall cap percentage, currently estimated at +2.21%, would be required to enable those schools affected to have their baselines adjusted within the overall funding envelope available.

- **Scaling in addition to the capping of gains**

Scaling allows for a proportion of gains above the cap level to be allocated. Whilst the hard cap that has historically been used prevents any gains above the level of the cap, which was set at +2.4% per-pupil in 2023-24, scaling allows for a proportion of the gain above the cap to be allocated in addition. It is possible to add scaling of between 0% and 100% to the cap calculation. For example, a cap of 2% and scaling of 80% would allow all per-pupil gains up to 2% to flow through to schools, with any gains above 2% scaled back by 80%. For schools with very large percentage gains due to methodology or data changes, e.g. for sparsity factor in small schools, this option could allow for them

to receive a larger proportion of the gain which would speed up their transition to the new formula.

A tighter overall cap percentage, currently estimated at **+1.62%**, would be required in order to implement 50% scaling for those schools with large gains above the cap. Capping and scaling must be applied on an equal basis to all schools. This option does not require approval of any MFG baseline adjustments from the DfE as it can be decided locally. This option could be used in conjunction with approved MFG baseline adjustments to more quickly increase those schools that have been affected by the sparsity issue, and to mitigate against similar effects of hard caps on large NFF gains that may occur in the future.

- **Reduction to unit values, removal of the funding cap**

The transition to a direct national funding formula, and the DfE's publication of an allowable range of factor values for Norfolk for 2024-25, provides for continued 'mirroring' of the NFF within the DfE's definition (within 2.5% of the NFF formula values) without having to exactly replicate the national unit values.

This means that it should be possible to continue to mirror the NFF, working within the range of Norfolk's allowable unit values for 2024-25, and be able to remove the need for any funding cap on gains (depending on the final DSG available and the final census data used).

Removal of the funding cap would ensure that all schools eligible for gains from the sparsity factor, or any other factor, would no longer be capped in 2024-25 irrespective of whether they were eligible for sparsity and capped in the past, or become eligible for the factor for the first time in 2024-25.

This option removes the need for approval of MFG baseline adjustments for specific schools from the DfE but would reduce the factor unit values in 2024-25 for all schools by an equal percentage (but not by more than 2.5% as that would be outside of the allowable range for Norfolk's factor values). This would affect all schools as it would change the value of the funding factors used but would be the option closest to mirroring the DfE's National Funding Formula outputs - which do not apply a cap to schools' gains. It is estimated that a reduction of **-0.88%** to the NFF factor values would allow for the removal of the funding cap.

**Schools/Trusts are asked to rank their preference of these funding cap options in the consultation survey.**

**A rationale for the preferred ranking is requested, including identification of any potential impact for the LA to consider.**

## **7. Falling Rolls Fund Consultation**

For the first time in 2024-25, LA's will receive funding for Falling Rolls as part of the DSG based on changes between the October 2022 and October 2023 censuses within 'Middle Layer Super Output Areas' (MSOA) which are areas used by the ONS based on population data that enable the DfE to capture falling rolls in small geographical areas within local authorities. LAs will be awarded £140k for each MSOA which sees a 10% or

greater reduction in the number of pupils between the October censuses. Using estimated data and the DfE's Growth and Falling Rolls calculator tool for 2024-25, the LA has estimated that Norfolk may receive £560k, although this will not be confirmed until final DSG allocations are published in December.

If implemented, a Falling Rolls could be used to support schools that may be vulnerable where there is significant decline in pupil numbers, protecting school places where the Local Authority expects growth to return to those establishments in the future.

For 2024-25, the DfE have made changes to the requirements for Falling Rolls funds. Falling Rolls fund can only be used to provide funding where school capacity data 2022 (SCAP) shows that school places will be required in the subsequent three to five years, replacing previous guidance that funding may only be used where local planning data shows that the surplus places will be needed within the next 3 financial years.

In addition, the previous requirement that schools must be Ofsted rated 'good' or 'outstanding' to be eligible for falling rolls funding will no longer apply from the 2024-25 financial year.

The DfE guidance for 2024-25 states that LAs will continue to have discretion over whether to operate a Falling Rolls fund (it is not mandatory to have one), but if a fund is required, Schools Forum should agree the total value and the criteria for allocation.

A suggested value for a Falling Rolls fund for 2024-25 is £560k in line with the LA's estimate of funding to be received based on the DfE's calculator tool.

DfE guidance states that the criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.

The DfE provides some examples of compliant criteria:

- 2022 SCAP shows that school places will be required in the subsequent 3 to 5 years (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies to contain spending within its formula budget

The DfE states that methodologies for distributing funding could include:

- a rate per vacant place, up to a specified maximum number of places (place value likely to be based on basic per pupil funding)
- a lump sum payment with clear parameters for calculation (for example, the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)

The LA is continuing to work through the complexities of identifying what the options would be for appropriate criteria and the possible methodology for distribution of a Falling Rolls fund if it was to exist. Therefore, at this stage, the LA has not yet been in a position to

produce the technical modelling for the allocation of a Falling Rolls fund. However, in agreement with Schools Forum, the LA has included a top-slice of £560k within the technical papers that model estimated individual schools' budget share changes for 2024-25.

This means that the introduction of a Falling Rolls fund will not mean that schools will see a reduction to their estimates provided for this consultation, but if one was not agreed, then capped schools would see a small increase. As context, the estimated potential Falling Rolls fund is less than 0.1% of the Schools Block.

Schools Forum will consider the matter further at their November meeting; please speak to a Member of the Forum if you have any views that you would like to share ahead of that discussion.

## **8. Maintained Schools' Audits - Consultation**

Some Members of Schools Forum has requested that the LA consider a top-slice of funding for internal audits for maintained schools, to ensure all schools undertake audits as part of good financial management. Although schools may buy this audit from a provider of their choosing, an option to charge maintained schools' budgets for LA audits is included as an option within the autumn consultation.

Maintained schools are required to have a traded audit at least once every 5 years as well as a financial health check. If not, they will be automatically red RAG rated. However, they can buy this audit from a provider of their choosing. The cost over 5 years is c. £1,100 in audit costs and £400 in health check cost per school. The overall cost per year works out to £300 per school<sup>4</sup>.

As a comparison, academies are audited every year and pay directly for these.

Internal audits come under 'responsibilities held by local authorities for maintained schools' and can be funded from maintained schools' budgets with agreement of the maintained schools' members of Schools Forums.

If, following feedback from maintained schools, a decision is taken to top-slice funding for internal audits for maintained schools then the LA will need to review the resource available to ensure that revised demand can be met.

**Maintained schools will be asked to vote on the following options as part of the consultation:**

- **No charge to maintained schools for audits (no change to current arrangements)**
- **Charge maintained schools' budgets to cover the cost of audits**

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<sup>4</sup> Previously, a calculation was provided on a per pupil basis in a later paragraph – this has been removed in this update as the charge would be per school rather than per pupil.

## **9. Special Schools' Funding Review – GCSE provision**

The top-up model for special schools was reviewed two years ago. At that time, no resources were specifically identified to recognise costs incurred by special schools where pupils can study and sit a high number of GCSEs (greater than 5). As a result, the LA was asked to undertake a second review of that element specifically. In addition, a review of special schools' residential funding was recommended due to the significant period of time since it was last reviewed (being out of scope at the time of the previous funding review).

A Special School's Funding Review group met between March-June to discuss proposals to include within the Fair Funding consultation. Due to the impact that any additional costs will have upon the Safety Valve/Local First Inclusion DSG Management Plan (and the level of DSG block transfers agreed from mainstream schools' budgets), mainstream schools as well as special schools are invited to respond to the proposals affecting special schools' funding.

A proposal for the funding of GCSE provision was discussed with the group and is included within this consultation.

Work on the funding of residential provision continues and the review group will meet again this autumn to continue with that work, with a view to a possible separate consultation later in autumn.

### **GCSE provision**

A proposal for GCSE provision based on the allocation of additional funding for pupils in special schools that are studying for more than 5 GCSE's at a cost of £1,626 per additional GCSE (with higher cost for subjects with more than one exam paper) is included in the consultation survey.

It is accepted that each school takes the decision on how to provide for GCSEs within their own setting, and there are variations in how schools choose to do this.

Pupils that are attending our ASD/ Communication and Interaction and SEMH schools are likely to be capable of accessing a mainstream style of KS4 provision, and in some schools the pupils may choose from a range of options. The number of GCSEs taken by each pupil will vary depending on ability and the curriculum offer at their school. Most of our Special schools with a mainstream ability intake are/will be offering 5 GCSEs per pupil, and the cost of this level of provision is generally expected to be met within existing pupil funding.

Special schools provided the LA with approximate costs that they thought might be specific to GCSE provision, and those were used to arrive at costings for additional GCSEs provided.

The additional expenses directly attributable to enhanced GCSE provision are:

- specialist teaching time
- additional exam fees, and
- invigilation time.

It was acknowledged that most qualified professionals can deliver other KS4 qualifications, however GCSEs could require specialist teachers (depending on the subject on offer).

We recognise that there are pupils in special schools who may be capable of achieving a higher number of GCSEs than the anticipated five, and to support those pupils the LA is consulting on a proposal whereby some additional funding might be provided to special schools.

The proposal assumes that a young person may access more than 5 GCSEs when predicted attainment is level 4+ in English and maths. Where this might not be the case it would be expected that more time is spent on these core subjects.

The LA has apportioned the teaching costs which could be given to schools as additional funding. It is proposed that this funding could be paid per pupil / per GCSE taken over and above the already anticipated number of five GCSEs.

Assumptions have been made around number of formal teaching sessions per week and the potential teaching time required for a GCSE, as well as average class sizes for GCSEs in special schools.

Estimated cost of 1fte. specialist teacher (potentially covering more than one GCSE subject and based on a class of 6 pupils): Main Pay Range level 6 with SEN 2 allowance (inc. on-costs) = £58,404

<u>Specialist Teaching</u>		
Sessions/hours formally taught in a week (6 per day)	30	
Approx. sessions/hours per week for a GCSE subject	3	
Cost of Teacher for each session (over a whole year)	£1,947	
3 x GCSE lessons per week (for whole year)	£5,840	
Divided by a class of 6	<b>£973</b>	per pupil/per additional exam

In addition, other costs directly attributable to providing an above average level of GCSE provision outside of the specialist teaching are proposed to be covered as follows:

Exam fee		£45	per pupil/per additional exam
<u>Invigilation</u>			
Average number of invigilators required per exam	1.2		
Average number of hours per exam (inc. breaks)	3.24		
Average hourly invigilator requirement per exam	3.89		
Scale D Teaching Assistant (£26,436 inc. on costs)			
hourly rate	£13.74		
Total cost of invigilation per exam		£53.42	per pupil/per additional exam
<u>Paperwork</u>			



Hours required per GCSE (based on OCR qualification)	12		
Teacher hourly rate (MPR6 with on-costs)	£46.17		
Total cost of paperwork		£554.03	per pupil/per additional exam
<b>Total exam costs per additional exam</b>		<b>£653</b>	(rounded up)

The total of all these elements together gives a per pupil / per exam costing of £1,626, which could be funded for all pupils taking any number of GCSEs over and above the anticipated five.

As an example, a special school with 10 pupils who completed 7 GCSE's (2 above the anticipated number) could receive additional funding of £32,520 (based on one exam per subject).

Should this option be taken forward, the LA proposes that the funding will be split into two parts. Initially, the teaching element (£973) would be given to enable the school to set up the additional GCSE and fund the teacher. When the pupil is entered for the exam, the LA would then fund the remainder (£653 per pupil per exam).

This split is because the LA has been informed that young people may study a GCSE but then not take the exam, and therefore the school may not incur the exam costs.

In order to allocate funding, the LA would obtain data in advance from all the relevant special schools based on the number of pupils that are expected to take more than five GCSEs, and the number of additional exams over and above the five. The pupils will all be expected to have predicted grades of 4+ in English and maths. This data would be used to fund the initial specialist teaching element via top-ups. The second funding element for exam fees, invigilation and paperwork would be allocated retrospectively for those pupils who are entered into the GCSE exams.

Based on the number of children achieving and sitting more than five GCSEs previously, the estimated financial impact of implementing this proposal is approximately **£0.118m** per year, split between the following schools as follows:

School	Estimated number of qualifications attracting funding	Estimated funding (teaching element £973)	Estimated funding (exam fees, invigilation and paperwork £653 per paper)	Totals
<b>Fen Rivers</b>	20	19,460	33,303	<b>£52,763</b>
<b>Eaton Hall</b>	4	3,852	6,661	<b>£10,513</b>
<b>Bure Park</b>	0	-	-	<b>£0</b>
<b>The Wherry</b>	19	18,297	31,638	<b>£49,935</b>
<b>Duke of Lancaster</b>	2	1,926	3,330	<b>£5,256</b>
	<b>45</b>	<b>£43,535</b>	<b>£74,932</b>	<b>£118,467</b>

The survey asks all schools to respond to the proposal for GCSE funding due to its potential impact on the Safety Valve/Local First Inclusion DSG Management Plan.

The options within the survey are as follows:

**Option 1** - Addition of funding for GCSE provision based on:

- a teaching element of £973 per additional GCSE, for pupils studying for more than 5 GCSE's.
- exam fees, invigilation, and paperwork at £653 per exam entered (there may be more than one exam for some GCSE subjects)

This would be implemented as a new pupil characteristic with separately funded band values for the teaching element and exam element. As this characteristic has not previously been funded within the special schools' band values, and it is intended to be allocated as additional funding for the schools affected, the funding for additional GCSEs would be given in addition to any protection required for all special schools through the Minimum Funding Guarantee (MFG).

**Option 2** - No change to current funding arrangements for special schools

A comments box will also be provided for further feedback.

## **Appendix A: Members of Norfolk's Schools Forum**

### **Maintained Primary School Headteachers**

Sarah Shirras, St. Williams Primary School

### **Maintained Primary School Governors**

Mike Grimble, Avenue Junior School

Martin White (Chair), Nebula Foundation

### **Maintained Secondary School Headteachers**

Joanna Tuttle, Aylsham High School

### **Maintained Special School Representative**

Carolyn Ellis-Gage, Parkside School

### **Academies Representatives**

Adrian Ball, Diocese of Ely MAT

Steven Dewing Sapiientia Education Trust

David Hicks, Synergy MAT

Clare Jones, Boudica Academy Trust

Joanne Philpott, Ormiston Academy Trust

Sarah Porter, The HEART Education Trust

Daniel Thrower Wensum Academy Trust

### **Special School Academy Representative**

Rachel Quick, The Wherry School

### **Maintained Nursery School Representative**

Carole Jacques, Earlham Nursery School

### **Early Years Representative**

Lacey Douglass, The Heathers Nursery

### **Short Stay Schools for Norfolk Representative**

Glyn Hambling, Unity Trust

### **16 – 19 Representative**

Martin Colbourne, City College Norwich

### **Non-School Members**

Bob Groome, representing secondary phase teachers on the National Education Union

Vicky Warnes, representing primary phase teachers on the National Education Union

Hayley Porter-Aslet, Norwich Diocesan Board of Education

Helen Bates, Roman Catholic Church Diocese

## **Appendix B – New Split Sites factor (compulsory change, for information)**

In 2024-25 the DfE are introducing a national formulaic approach to split sites funding. This will replace LA's locally determined split sites formulae and will be a compulsory factor for all local authorities, ensuring that split sites funding will be allocated consistently and fairly across the country.

### Current Split Sites factor

Norfolk's current locally determined Split Sites factor provides the following funding for schools not contained within a single site, where the sites are separated by one-third of a mile (536 metres) or more by road:

Primary Schools = £42,412,

Secondary Schools = £58,222, and;

All-Through Schools = £89,780

In addition, for multiple split sites (schools with 3 or more sites all at least one-third of a mile apart), for each extra site:

1) Primary Schools = £26,474, and;

2) Secondary Schools = £58,222.

There are currently no schools in Norfolk that have multiple split sites.

### New Split Sites factor (compulsory)

The DfE's new Split Sites factor is made up of two compulsory elements:

Basic eligibility funding – schools must be allocated a lump sum payment for each of their additional eligible sites. To qualify, the additional sites must be part of the main school with the same unique reference number (URN), separated from the main school site by a public road or railway, and have a building on them that is primarily used for the education of 5–16-year-old pupils in mainstream education. It excludes playing fields, 'ancillary buildings' and buildings that are leased out full time by the school to another entity.

Distance funding - additional funding on top of the basic eligibility lump sum for schools whose eligible sites are separated by more than 100 metres (by road distance) from the main site. Allocations should be made through a tapered approach starting at 100 metres, increasing linearly up to 500 metres at which point schools should receive the maximum funding amount.

The NFF lump sum for basic eligibility is **£53,700** and the NFF maximum distance funding is **£26,900**. Local authorities are required to set their local factor values within the 2.5% mirroring threshold of the lump sum values.

The number of additional sites that schools can receive funding for should be capped at 3 per school. If a school has more than 3 additional sites, the distance funding should be calculated based on those that are furthest away from the main site.

Any loss in funding for schools which have previously benefited from their local split site factor will be automatically protected through the MFG. This will apply to All-Through Schools in Norfolk that currently receive a higher amount through the local Split Sites factor. If a school reorganisation means that a school stops being a split site school, the LA maintains the right to amend the MFG calculation to prevent the split sites funding from being protected.

The DfE have provided illustrative modelling of the new split sites factor here: [Schools block national funding formula: split sites funding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/schools-block-national-funding-formula-split-sites-funding)

For Norfolk, the DfE modelling shows that there are 4 schools<sup>5</sup> eligible for split sites (each having 1 additional site), all of which, depending on final checks, may also receive the full distance funding element. The funding for each would then be **£53,700 + £26,900 = £80,600** using NFF factor values.

Any funding differences between the current local Split Sites factor and the new compulsory Split Sites factor from April'24 are included for affected schools within the consultation technical papers.

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<sup>5</sup> The schools eligible for Split Sites factor based on DfE modelling are: Litcham School, Icení Academy, Horsford CofE VA Primary School and The Harleston Sancroft Academy.

## Appendix C – DfE’s Safety Valve Programme

The Early Years Finance (England) Regulations 2023 state the ring-fenced status of DSG and how any DSG deficits must be handled. DSG deficits must be carried forward to be dealt with only from future DSG income.

The grant conditions issued for the 2023/24 Dedicated Schools Grant (DSG) are available here (with 2024/25 expected to be published in December 2023):

[DSG: conditions of grant 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/dsg-conditions-of-grant-2023-to-2024)

Like many other local authorities, Norfolk currently has a cumulative DSG deficit. Therefore, any overspend on the DSG (for example, due to the number of special school places exceeding the funding available) is required to be repaid through future DSG income, unless the Secretary of State authorises an exception to this.

Whilst a deficit remains, Norfolk County Council’s General Fund (council tax funding) continues to bear the hidden cost of lost interest whilst the County Council ‘bank rolls’ the deficit.

The initial stage of the programme in 2021 worked with 14 LAs which were predominantly small unitary and London borough councils. The programme has been expanded and Norfolk was invited to join the negotiation process in May 2022.

The key requirements that need to be addressed by all LAs in the programme are:

- How the LA will control the DSG deficit and reach an in-year balance (as a minimum), and how quickly. It is requested that this be set out in the DfE DSG management plan template. The DSG management plan should also indicate any planned block transfer requests, which will be handled through the Safety Valve programme where required.
- How the LA will contribute to the reduction of the historic deficit through use of DSG surpluses, in addition to reaching an in-year balance.
- How the LA will ensure that the plan is deliverable, how it will be managed as it is implemented and how this plan will continue to ensure the appropriate support for children and young people with SEND. This includes ongoing tri-annual monitoring of progress towards the agreement by the LA.
- A clear explanation of the financial support the LA needs from the DfE to eliminate the historic deficit over the period of the agreement. This could include, if necessary, a request for some funding to help implement the proposal, as well as funding to eliminate the deficit directly, although we would not expect this to constitute a significant element of the total financial support requested.

Norfolk worked intensively with the DfE during 2022/23 as part of the Safety Valve programme, the DfE mechanism to work with LA’s who have the highest levels of High Needs Block (DSG) pressure/overspend, to develop a DSG Management plan and to negotiate DfE investment of £70m over a 6-year period.

There are now 34 LAs currently with Safety Valve agreements and further LAs have been invited to join the programme this year. The core aim for DfE and LAs alike is to achieve an in-year balanced budget to enable the cumulative deficit to be addressed.