

Wiltshire Council

School Funding Working Group – 27 November 2023

Schools Forum - 5 December 2023

National Funding Formulae for Schools and High Needs – 2024-25

Purpose of report

1. To seek 'in principle' decisions from members of Schools Forum with regards to the Wiltshire funding formula for the 2024-25 year.
2. To update members of Schools Forum on the National Funding Formula (NFF) for 2024-25, following the notification received from the Department for Education on the 6 October 2023, of an error made during the NFF calculations.
3. At the Schools Forum meeting on 5 October 2023, the key funding arrangements as published by the DfE in its document '*The national funding formulae for schools and high needs – 2024-25*', were presented. This report will highlight the key changes and impact for Wiltshire schools.
4. Prior to the funding settlement being announced in mid-December, a number of 'in principle' decisions are sought to help with the school budget preparations. Separate papers have been prepared relating to the De-delegation consultation, funding to support the School Improvement services and the transfer of funding from the Schools Block to support the High Needs Block.

Background

5. The 2024-25 year represents another year where the Government has pledged to boost schools funding, with an increase of 1.9% into the overall Schools Block compared to the 2023-24 year.
6. The DfE will allocate school funding based on the National Funding Formula (NFF) to local authorities. The funding is then run through the local funding formula, taking account of Schools Forum decisions to create individual school budgets. The Schools Block of the Dedicated Schools Grant (DSG) had initially been awarded an increase of 2.4% for the core funding factors compared to the 2023-24 year.
7. The 2024-25 year will be another 'soft' year with local Schools' Forum still retaining its role in determining the school funding allocation methodology. The DfE have confirmed their intention to move to a 'hard' national funding formula and are proposing a move to the full hard formula by 2027-28. In the meantime, there will continue to be a tightening towards the full NFF.

Revised Proposals for 2024-25

8. The Permanent Secretary at the DfE wrote to THE Education Select Committee on 6 October 2023 to advise that initial calculations and allocations through the NFF had been overstated. A copy of the letter is attached as **Appendix 1**.
9. An error had occurred when processing estimated pupil numbers and as a result the NFF would not be affordable within the £59.6bn cash envelope awarded to fund the 2024-25 year. As a result, proposed funding allocations will be reduced. The uplift in core funding values will now be 1.4% and not the proposed 2.4%.
10. The impact of this error only impacts the Schools Block. The proposed reduction in funding in Wiltshire's Schools Block is £3.3m or 0.9% of the proposed funding.

Schools Block 2024-25	Amount
Original Allocation – Wiltshire	£366,935,033
Revised Allocation – Wiltshire	£363,622,610
Reduction	-£3,312,423

11. The indicative DSG Block allocations based upon October 2022 census data are detailed below. The funding will be refreshed when the December funding allocations are announced to take account of the updated October 2023 census data. (The Early Years Block figures are simply replicated from the 2023-24 allocation to provide a view of the overall quantum of funding for 2024-25.)

	Schools*	High Needs	Central	Early Years	TOTAL
2023-24	£355,982,301	£69,303,114	£2,600,176	£30,866,919	£458,752,510
2024-25	£363,622,610	£72,967,232	£2,653,884	£30,866,919	£470,110,645
Headline Uplift	£7,640,309	£3,664,118	£53,708	£0	£11,358,135
% Uplift	2.15%	5.29%	2.07%	0.00%	2.48%

* - Net of Growth funding

12. The main formula for the 2024-25 year is broadly similar to the formula for the 2023-24 year however there are some changes, as detailed below.
 - a. Overall, funding through the NFF will increase by 1.9%
 - b. Core pupil-led funding factors and the lump sum to increase by 1.4%
 - c. Free School Meal funding to increase by £10 to £490 per pupil (2.1%)
 - d. The Mainstream Schools Additional Grant funding values will be built into the 2024-25 funding rates
 - e. The 'Minimum per pupil funding level' to increase by 1.4% (inc. MSAG) to.
 - i. £4,610 for Primary
 - ii. £5,995 for Secondary
 - f. A transfer of up to 0.5% of Schools Block funding to the High Needs Block will be permitted, subject to Schools Forum approval
 - g. All NFF factors must be used in the formula
 - h. Setting the Minimum Funding Guarantee between 0.0% and 0.5%
 - i. The revised 2024-25 NFF funding values are detailed in **Appendix 2**

The Minimum Funding Guarantee

13. The 'Minimum Funding Guarantee' (MFG) is a protection mechanism within the funding formula which means that schools are guaranteed a certain amount of per-pupil funding each year. Since the introduction of the NFF, schools have been guaranteed at least the same amount of per-pupil funding, plus 0.5%, year on year. In other words, the NFF has confirmed a minimum uplift of 0.5% in per pupil funding.
14. Unlike previous years where the NFF rate has been mandated at +0.5%, for the 2024-25 formula Schools Forum can set the rate between 0.0% and 0.5%. The last time that Schools Forum had the discretion to set the MFG rate was in 2020-21, where the rate had to be set between 0.5% and 1.84%. Schools Forum agreed to set the rate at 1.84% to protect schools and the cost to the funding formula was £185,685 (0.06% of total Schools Block funding).
15. The MFG is calculated by taking the total School Budget Share and removing any 'school or premises' funding, including Lump Sum, Rates and Sparsity and then dividing the remaining funding by the number of pupils on roll. This then provides the MFG rate per pupil.
16. Setting a positive MFG of 0.5% for 2024-25, would mean uplifting the MFG rate per pupil by 0.5% for 2024-25 and then comparing this to the 2023-24 rate. Should the MFG per pupil rate not automatically have increased (due to uplift in funding factors) by 0.5%, then schools will receive MFG funding to ensure that they receive the MFG 0.5% uplift.
17. Funding through the MFG used to exceed £2.2m in the Wiltshire funding formula, however since moving to the NFF in 2018-19, the total quantum has not exceeded £250,000 and in the 2023-24 formula was £165,610 (0.048% of total Schools Block funding).
18. Setting the MFG at 0.5% would ensure that all schools received a minimum uplift in their per pupil funding of 0.5%, consistent with previous years.

Role of Schools Forum and the Local Authority

19. The government has confirmed its intention to move to a single direct NFF by 2027-28 and to determine every school's budget centrally. For the 2024-25 year, the DfE have confirmed it will be another 'soft' year, with each LA along with its Schools Forum being able to determine its school funding formula, subject to any NFF requirements and constraints.
20. All NFF factors have been mandatory since 2023-24 and the formula for Wiltshire will be presented to Schools Forum when the final allocations have been confirmed in mid-December and then to the LA for political ratification and approval in February 2024.

Key Funding Decisions to be taken by Schools Forum for the 2024-25 year

21. A number of funding decisions need to be taken by Schools Forum for the 2024-25 year including.
- To apply all the NFF factors in full
 - To set the Minimum Funding Guarantee between 0.0% and 0.5%
 - To transfer funding from the Schools Block to High Needs Block

Budget Setting Process 2024-25

22. The timeline for setting the 2024-25 budget is expected to follow.

5 December 2023	Schools Forum agree in principle decisions for funding, de-delegation and block transfers
15 December 2023	DfE issue funding allocations
18 January 2024	Schools Forum confirm and 'sign off' school budgets for the 2024-25 financial year
20 February 2024	School budgets signed off at Full Council meeting
By 28 February 2024	all schools notified of funding for 2024-25

23. In terms of setting the budgets for schools for 2024-25, the amount of funding available for distribution to schools will be calculated as follows.

DSG Schools Block Allocation	£363,622,610
Less: Growth Fund	x,xxx,xxx
Less: Transfer to Other Blocks	x,xxx,xxx
Total available for School Funding	xxx,xxx,xxx

Initial Modelling

24. Initial modelling of the Schools Block demonstrates that the NFF is affordable, based upon the October 2022 census and therefore the full NFF could be implemented.

Proposal

25. Schools Forum to make 'in principle' decisions for the following formula factors to enable school budgets to be prepared ready for the January 2024 meeting.
- To apply all the NFF factors in full
 - To set the Minimum Funding Guarantee between 0.0% and 0.5%, in line with NFF and subject to affordability.

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Robin Walker MP
Chair, Education Select Committee
SENT VIA EMAIL

6 October 2023

Dear Robin,

National Funding Formula Update

I am writing to inform you that we will be updating the schools national funding formula (NFF) for 2024-25 later this afternoon.

We published the schools NFF for 2024-25 in July. However, we have uncovered an error made by DfE officials during the initial calculations of the NFF. Specifically, there was an error processing forecast pupil numbers, which means that the overall cost of the Core Schools Budget would be 0.62% greater than allocated. We will therefore be issuing new NFF allocations to correct that error while continuing to deliver, in full, the £59.6bn Core Schools Budget that has been promised.

I apologise for this error. The Secretary of State has asked me to conduct a formal review of the quality assurance process surrounding the calculation of the NFF, with independent scrutiny. Improvements have already been identified to ensure similar mistakes are not repeated in the future.

The recalculation of funding does not affect the total amount we plan to spend in the Core Schools Budget in 2024-25 - which includes funding for mainstream schools, and funding for high needs. It will remain at £59.6bn in 2024-25, the highest ever in real terms per pupil. This is a percentage increase from 2023-24 of 3.2%, and will properly fund the teacher pay increase agreed in 2023.

The recalculated funding is at record levels, at an average of £5,300 per primary school pupil and £6,830 per secondary school pupil in 2024-25, up from £5,200 and £6,720 respectively in 2023-24. The 2024-25 high needs NFF allocations (which fund provision for children with complex SEND) are unaffected, as are other funding streams outside the NFF, including the Teachers' Pay Additional Grant announced in the summer.

Schools have not yet received their 2024-25 funding – so the correction of this error does not mean adjusting any funding that schools have already received. Likewise, the error will not impact on the publication of the Dedicated Schools Grant (DSG) in December, or when schools will receive their final allocations for 2024-25.

Nevertheless, we recognise that the correction of this error will be difficult for local authorities and frustrating for some school leaders, which is why the Department has worked as quickly as possible to rectify the error. We will work closely with school stakeholders, including unions, to communicate this change and support schools and local authorities.

The documents which will be updated and replaced with new versions today are:

- The policy document for the 2024-25 NFF, which is available on: [National funding formula for schools and high needs - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/national-funding-formula-for-schools-and-high-needs)
- The "national funding formula: summary table", and the "impact of the schools NFF" tables, published on: [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/tables/national-funding-formula-tables-for-schools-and-high-needs-2024-to-2025)

I expect you will have further questions on the re-publication of the NFF once it has been issued, and look forward to discussing them with you in due course.

Again, I would want to express my sincere apologies that this error has occurred, and reassure you that rigorous measures are being put in place to ensure that it will not be repeated.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Acland-Hood', written in a cursive style.

**SUSAN ACLAND-HOOD
PERMANENT SECRETARY**

Appendix 2

Factor	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 Original	2024-25 Revised
Primary KS1&2 AWPU	£2,747	£2,857	£3,123*	£3,217	£3,394**	£3,597***	£3,562***
Secondary KS3 AWPU	£3,863	£4,018	£4,404*	£4,536	£4,785**	£5,072***	£5,022***
Secondary KS4 AWPU	£4,386	£4,561	£4,963*	£5,112	£5,393**	£5,717***	£5,661***
Primary & Secondary FSM	£440	£450	£460	£470	£480	£490	£490
Primary FSM6	£540	£560	£575	£590	£705**	£830***	£820***
Secondary FSM6	£785	£815	£840	£865	£1,030**	£1,210***	£1,200***
IDACI Primary Band A	£575	£600	£620	£640	£670	£685	£680
IDACI Primary Band B	£420	£435	£475	£490	£510	£520	£515
IDACI Primary Band C	£390	£405	£445	£460	£480	£490	£485
IDACI Primary Band D	£360	£375	£410	£420	£440	£450	£445
IDACI Primary Band E	£240	£250	£260	£270	£280	£285	£285
IDACI Primary Band F	£200	£210	£215	£220	£230	£235	£235
IDACI Secondary Band A	£810	£840	£865	£890	£930	£950	£945
IDACI Secondary Band B	£600	£625	£680	£700	£730	£750	£740
IDACI Secondary Band C	£560	£580	£630	£650	£680	£695	£690
IDACI Secondary Band D	£515	£535	£580	£595	£620	£635	£630
IDACI Secondary Band E	£390	£405	£415	£425	£445	£455	£450
IDACI Secondary Band F	£290	£300	£310	£320	£335	£345	£340
Prior Attainment – Primary	£1,022	£1,065	£1,095	£1,130	£1,155	£1,185	£1,170
Prior Attainment – Secondary	£1,550	£1,610	£1,660	£1,710	£1,750	£1,790	£1,775
EAL – Primary	£515	£535	£550	£565	£580	£595	£590
EAL - Secondary	£1,385	£1,440	£1,485	£1,530	£1,565	£1,605	£1,585
Mobility – Primary	£0	£875	£900	£925	£945	£970	£960
Mobility – Secondary	£0	£1,250	£1,290	£1,330	£1,360	£1,395	£1,380
Lump Sum	£110,000	£114,400	£117,800	£121,300	£128,000**	£135,700***	£134,400***
Sparsity – Primary (Max.)	£25,000	£26,000	£45,000	£55,000	£56,300	£57,700	£57,100
Sparsity – Secondary (Max.)	£65,000	£67,500	£70,000	£80,000	£81,900	£83,900	£83,000
Primary - MPPFL	£3,500	£3,750	£4,180	£4,265	£4,405	£4,655	£4,610
Secondary – MPPFL	£4,800	£5,000	£5,415	£5,525	£5,715	£6,050	£5,995

* - Includes the Teachers Pay and Pension Grants of £180 for Primary and £265 for Secondary

** - Incorporates the Schools Supplementary Grant funding for 2022-23 for AWPU, FSM6 and Lump Sum

*** - Incorporates the Mainstream Schools Additional Grant for 2024-25 for AWPU, FSM6 and Lump Sum