

## **Wiltshire Council**

### **School Funding & SEN Working Group**

**8 January 2024**

### **Schools Forum**

**18 January 2024**

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## **Schools Revenue Funding 2024-25 - Funding Settlement & Budget Setting Process**

### **Purpose of the Paper**

1. To update Schools Forum on the revenue funding settlement and the budget setting process for 2024-25.
2. The report will outline the funding settlement announced by the Department for Education (DfE) on 19 December 2023 and the impact on school budgets arising from the settlement. The report will also outline the decision-making process for the 2024-25 budget.
3. Further details on each of the funding Blocks and the specific decisions required will be set out in separate papers on this agenda. A separate decision paper will also be provided so that decisions can be considered after all the update reports have been discussed.

### **Introduction to Funding Changes for 2024-25**

4. The 2024-25 year represents another year where the Government has pledged to boost schools funding, with an increase of £1.8bn (3.1%) into the overall Schools Block compared to the 2023-24 year. In addition, a further £440m (4.3%) has been pledged for High Needs in the 2024-25 year.
5. This compares to an increase of £2.3bn in Schools Block funding and £400m for High Needs in the 2023-24 year. The total quantum of funding within the Schools Block now stands at £59.6m and the High Needs Block at £10.5m.
6. In addition, the Teachers Pay Additional Grant (TPAG), designed to fund the 'unfunded' 3% of the Teachers Pay Award from September 2023, will continue in the 2024-25 year, totalling a further £900m.
7. There will also be an additional grant for the 2024-25 year to reflect the additional costs of the increase to employer contribution rates for the Teachers Pensions' Scheme from April 2024. The contribution rate is increasing by 5 percentage points from 23.68% to 28.68%. Details of how this grant will be calculated will be made available in due course.

8. In the Chancellor's Autumn Statement for 2022, the '*Mainstream Schools Additional Grant*' was announced, providing a further £2bn of funding for schools in 2023-24. This grant has now been 'rolled into' core school funding rates for the 2024-25 year.
9. The Schools Block of the Dedicated Schools Grant (DSG) has been awarded an increase of 1.4% for the core funding factors compared to the 2023-24 year.
10. The DfE will allocate school funding to Wiltshire based on the National Funding Formula (NFF). The funding has then been run through the local funding formula, taking account of Schools Forum decisions, to create individual school budgets, in line with the NFF.
11. The 2024-25 year is another 'soft' year with local Schools' Forum still retaining their role in determining the school funding allocation methodology. The DfE have confirmed their intention to move to a 'hard' national funding formula and are continuing to propose a move to the full hard formula by 2027-28.
12. In the meantime, there will be a continued gradual tightening of local formulas towards the full NFF. As Wiltshire has already made the decision to mirror the NFF, there are no implications from this tightening for Wiltshire schools.
13. The introduction of mandatory '*minimum per pupil funding levels*' for the 2020-21 year represents a step towards the introduction of a 'hard' or 'direct' NFF and the rates have increased for the 2024-25 year as detailed in the table below.

<b><u>MPPFL</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>	<b><u>2023-24</u></b>	<b><u>2024-25</u></b>
Key Stage 1&2	£3,750	£4,180	£4,265	£4,405	£4,610
Key Stage 3	£4,800	£5,215	£5,321	£5,503	£5,771
Key Stage 4	£5,300	£5,715	£5,831	£6,033	£6,331

14. The Minimum Funding Guarantee (MFG) threshold has been adjusted to ensure that all schools gain through the allocations per pupil and must be set between 0.0% and +0.5%. Schools Forum agreed at the December 2023 meeting to set this at the maximum 0.5%.

15. 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 has increased by 2.7%
  - b. Core pupil-led funding factors and the lump sum increased by 1.4%
  - c. The '*Minimum per pupil funding level*' to increase by 4.8% to
    - i. £4,610 for Primary
    - ii. £5,995 for Secondary
  - d. The Free School Meals factor (for the costs of providing a meal for eligible pupils) has increased by 2%
  - e. A transfer of up to 0.5% of Schools Block funding to the High Needs Block is permitted, subject to Schools Forum approval and a higher level of transfer is subject to Secretary of State approval
  - f. All NFF factors must be used in the formula
  - g. The LAMB grant has been phased out completely and local authorities (LA) are able to continue to de-delegate funding from maintained schools only, to support LA school improvement services
16. Following the cancellation of the 2020 and 2021 school assessments due to Covid-19, the Low Prior Attainment data from 2019 will continue to be used as a proxy for the assessments which would have taken place in 2020 and 2021.
17. The DfE will continue to pay Business Rates on behalf of all Wiltshire schools, as introduced in 2022-23. The DfE will liaise directly with Wiltshire Council for the payment of Business Rates, removing the need for schools to pay their own Business Rates and then recovering the funding.
18. Pupil Premium Grant (PPG) funding will continue in the 2024-25 year, with the rates being uplifted from the current 2023-24 rates, by 1.5%. The DfE have confirmed that the numbers of eligible PPG pupils will be taken from the October 2023 census. The funding rates for 2024-25 are set out in the table below.

<u>Premium</u>	<u>Primary</u>		<u>Secondary</u>	
<b>Year</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2023-24</b>	<b>2024-25</b>
FSM6 (Deprivation)	£1,455	<b>£1,480</b>	£1,035	<b>£1,050</b>
LAC and Post-LAC*	£2,530	<b>£2,570</b>	£2,530	<b>£2,570</b>
Service	£335	<b>£340</b>	£335	<b>£340</b>

\* - LAC PPG is payable to the LA's Virtual Headteacher. Where a pupil has previously been LAC but has left LA care through adoption, special guardianship order or child arrangements order, then the PPG is payable to the school.

## School Revenue Funding Settlement 2024-25

### *Dedicated Schools Grant 2024-25*

19. The DfE issued the revenue funding settlement for schools on 19 December 2023. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£493.461m**. This is an increase of **£41.165m** compared with 2023-24. The table below shows the breakdown of the Blocks.

<b><u>Block</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>	<b><u>2023-24</u></b>	<b><u>2024-25</u></b>
Schools Block	£317,724,345	£328,593,782	£346,293,208	£364,467,745
Central Block	£2,565,122	£2,604,175	£2,600,176	£2,643,673
High Needs Block	£57,835,120	£62,690,534	£70,917,828*	£73,464,566
Early Years Block	£28,217,273	£28,520,960	£32,485,360	£52,885,506
<b>TOTAL FUNDING</b>	<b>£406,341,860</b>	<b>£422,409,451</b>	<b>£452,296,572</b>	<b>£493,461,490</b>

\* Includes Additional High Needs Allocation in 23-24 of £2.942m (Chancellor's Autumn Statement)

20. The increase reflects the impact of the uplift to the Schools' and High Needs Blocks incorporating the additional funding pledged by the government.
21. The increase in the Schools Block reflects the core increase and the additional funding from the Schools Supplementary Grant in 2022-23 and for the Mainstream Schools Additional Grant in 2023-24.
22. The split of funding between the Blocks is set out below to show the year-on-year movements.

	<b><u>2019-20</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>	<b><u>2023-24</u></b>	<b><u>2024-25</u></b>	<b><u>Increase</u></b>	<b><u>(%)</u></b>
Schools Block	275,215,164	293,142,767	317,724,345	328,593,782	346,293,208	<b>364,467,745</b>	<b>18,174,537</b>	<b>5.25%</b>
Central Block	2,570,343	2,479,715	2,565,122	2,604,175	2,600,176	<b>2,643,673</b>	<b>43,497</b>	<b>1.67%</b>
High Needs Block	47,091,825	51,996,188	57,835,120	62,690,534	70,917,828	<b>73,464,566</b>	<b>2,546,738</b>	<b>3.59%</b>
Early Years Block	26,768,825	26,884,359	28,217,273	28,520,960	32,485,360	<b>52,885,506</b>	<b>20,400,146</b>	<b>62.8%</b>
<b>TOTAL FUNDING</b>	<b>351,646,157</b>	<b>374,503,029</b>	<b>406,341,860</b>	<b>422,409,451</b>	<b>452,296,572</b>	<b>493,461,490</b>	<b>41,164,918</b>	<b>9.10%</b>

23. The **Schools Block** has been calculated based on the NFF funding factor values published initially in July 2023 and amended in October 2023 and applied to the October 2023 census information. These have been used to calculate a PUF and SUF (primary unit of funding and secondary unit of funding) for Wiltshire. These units of funding have been multiplied by the numbers of primary and secondary pupils to arrive at the Schools' Block total for 2024-25. (In 2024-25, the rates include the Mainstream Schools Additional Grant (MSAG) funding from the 2023-24 year.)
24. The PUF and SUF rates for 2024-25 are detailed in the table below.

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Increase / %
<b>PUF</b>	£3,849.15	£4,079.69	£4,432.68	£4,574.45	£4,801.29	<b>£5,075.59</b>	<b>£274.30 / 5.71%</b>
<b>SUF</b>	£4,885.94	£5,092.09	£5,514.14	£5,659.78	£5,951.59	<b>£6,258.62</b>	<b>£307.03 / 5.16%</b>

25. Pupil numbers have moved in each phase, as per the table below:

	<u>2018-19</u>	<u>Inc.</u>	<u>2019-20</u>	<u>Inc.</u>	<u>2020-21</u>	<u>Inc.</u>	<u>2021-22</u>	<u>Inc.</u>	<u>2022-23</u>	<u>Inc.</u>	<u>2023-24</u>	<u>Inc.</u>	<u>2024-25</u>
<b>Primary</b>	38,218	15	38,233	262	38,495	-45	38,450	-297	38,153	-566	37,587	-636	36,951
<b>Secondary</b>	24,471	412	24,883	481	25,364	242	25,606	487	26,093	675	26,768	362	27,130
<b>TOTAL</b>	<b>62,689</b>	<b>427</b>	<b>63,116</b>	<b>743</b>	<b>63,859</b>	<b>197</b>	<b>64,056</b>	<b>290</b>	<b>64,246</b>	<b>109</b>	<b>64,355</b>	<b>-274</b>	<b>64,081</b>

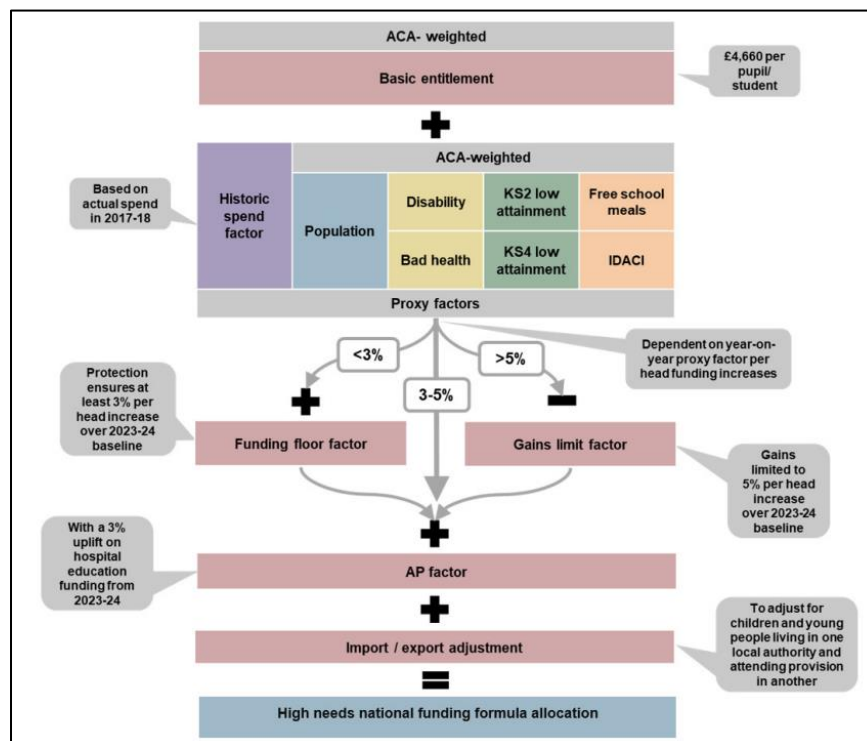
26. Included within the Schools Block of funding of £364.468m is the amount of £1.810m allocated on the basis of pupil growth and falling rolls, within Wiltshire. A breakdown of the elements comprising the Schools' Block is detailed in the table below.

<b>Funding 2024-25</b>	<b>Amount £</b>
Core funding – PUF's (36,950 x £5,075.59)	£187,545,589
Core funding – SUF's (27,130 x £6,258.62)	£169,799,490
Premises Factors (NNDR, split sites, rents, PFI)	£5,313,078
Growth funding	£1,527,503
Falling Rolls funding	£282,085
<b>Total Funding</b>	<b>£364,467,745</b>

27. The **Central Schools Services Block** (CSSB) has been calculated according to the national funding formula for the CSSB. October 2023 pupil numbers have been multiplied by a unit value of £38.32 and a headcount of 64,081. Funding for agreed historic commitments has then been added to that total. The Block is calculated as.

Funding 2024-25	Amount £
Pupil Funding (£38.32 x 64,081)	£2,455,584
Historic Commitment Funding	£188,089
<b>Total CSSB Funding</b>	<b>£2,643,673</b>

28. The **High Needs Block** has been allocated as per the baselines notified to local authorities in December 2023. These baselines are calculated according to the NFF for high needs.



- The basic entitlement amount reflects the numbers of pupils in special schools and has been updated to reflect the October 2023 census. (This performs a similar role to the PUF's and SUF's in mainstream schools)
- A significant percentage of funding is allocated according to historic spend and provides every local authority with a set percentage (50%) of their 2017-18 spending on high needs to reflect past spending patterns.

- Of the other Proxy factors.
  - The Population factor sets out the number of pupils aged 2-18 living within the LA area
  - The remaining 6 factors allocate funding specifically based upon levels of attainment, deprivation and health/disability
- The Funding Floor and Gains Limits ensure that no LA receives a drop in 'per head' funding of greater than 3% or enjoys an increase in excess of 5% 'per head'.
- The AP factor provides funding for Hospital Education and other alternative provision.
- The Import/Export Adjustment reflects the impact of Wiltshire pupils attending a provision in another LA area and vice versa. Wiltshire is a net exporter of pupils and the High Needs Block is reduced accordingly.
- After the adjustments have been made, the resulting High Needs Block allocation has been calculated as follows.

<b>Funding 2024-25</b>	<b>Amount £</b>
Basic Entitlement	5,763,094
NFF Funding from Proxy factors	69,106,789
AP / Hospital	940,683
Import / Export Adjustment	-2,346,000
<b>Total High Needs Funding</b>	<b>73,464,566</b>

29. The **Early Years Block** reflects the indicative hourly rates announced for 2024-25 and an estimate of the full year effect of the entitlement to an additional 15 hours of childcare for children of working parents of 3 and 4 year olds which came into effect in September 2017.
30. Funding within the Early Years Block has increased provisionally by over £20m. This is not a mistake, but reflects the increased provision being made available within the early years sector. The extended funding reflects the following funding changes and extension in provision.
- Introduction of 2 year old entitlement for working parents
  - Introduction of under 2's entitlement funding
  - Early Years Pupil Premium for 2 year olds
  - Early Years Pupil Premium for under 2 year olds
  - Disability Access funding for 2 year olds
  - Disability Access funding for under 2 year olds
  - Increase in entitlement rates for 3 and 4 year olds
  - Increase in 2 year old disadvantaged entitlement rates
31. The Early Years provisional allocation has been calculated as follows

<b>Funding 2024-25</b>	<b>Amount £</b>
Universal entitlement for 3 and 4 year olds	22,347,050
Additional 15 hours for eligible working parents	11,083,480
2 year old disadvantaged entitlement	3,101,130
2 year old entitlement for working parents	9,256,020
Under 2's entitlement	6,357,318
Pupil premium for 3 and 4 year olds	262,890
Pupil Premium for 2 year olds	142,874
Pupil Premium for under 2's	7,144
Disability Access Fund for 3 and 4 year olds	245,700
Disability Access Fund for 2 year olds	67,340
Disability Access Fund for under 2's	14,560
<b>Total Early Years Funding</b>	<b>52,885,506</b>

32. It should be noted that the Early Years Block will be updated during the 2024-25 financial year to reflect the January 2024 and January 2025 Early Years census data and that the above figures are provisional.



## Block Transfers 2024-25

33. The funding regulations do allow for a transfer of funding between the Schools' Block and other Blocks within the DSG. Local authorities have the flexibility to move up to 0.5% from the Schools' Block to the other Blocks including the High Needs Block, with the agreement of Schools Forum. It has previously been agreed by Schools Forum that a transfer up to a maximum of 0.55% (£2m) would be supported, if affordable.
34. Due to the requirement that any transfer in excess of 0.5% would require the express approval from the Secretary of State, a Disapplication Request to transfer 0.55% has been submitted and a decision is pending but expected to receive support in light of the LA's Safety Valve programme and Schools Forum support.

## Budget Setting Process 2024-25

35. Local authorities are required to submit the proposed delegated budget for schools in their areas to the DfE by 22 January 2024. The DfE are required to confirm the formula is compliant with the funding regulations and will then confirm budgets to academies by the end of February 2024. The LA is required to notify maintained schools of their budget shares by the end of February 2024.
36. In terms of setting the budgets for schools for 2024-25, financial modelling has confirmed that the NFF is fully affordable taking account of the Block transfer of £2m and setting a Growth Fund of £733k. The amount of funding required to fund all schools in accordance with the NFF is £358.042m. The Schools Block funding available for distribution to schools in 2024-25 is calculated as follows:

DSG Schools Block Allocation	364,467,745
Less: NNDR (Business Rates)	3,691,968
Less: Growth Fund	733,508
Less: Transfer to Other Blocks	2,000,000
Total available for School Funding	<b>358,042,269</b>

37. The update reports will show that many of the decisions in relation to individual funding Blocks will impact on the affordability, or otherwise, of other proposals. It will be important for members of Schools Forum to be aware that the full NFF is affordable for the 2024-25 year and that this confirmation can be taken into account when considering the final decision paper.

## **De-Delegation**

38. There are a number of budgets that maintained primary and secondary schools can agree to de-delegate so that services continue to be provided centrally. De-delegation cannot be applied to amounts delegated to academies or special schools.
39. At the December 2023 Schools Forum meeting, it was agreed by the maintained schools voting members that the de-delegation of services would continue in 2024-25, as in 2023-24. The amount of each de-delegated service budget is based upon the relevant formula factors for maintained schools.
40. In addition, it was agreed that maintained schools would de-delegate funding to support school improvement services, previously funded from the LAMB grant, which was phased out at the end of March 2023.

## **Proposal**

41. Schools Forum is asked to note the report.

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