

Wiltshire Council

School Funding Working Group: 25 September 2023

Schools Forum: 5 October 2023

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

Purpose of report

1. To outline the Department for Education (DfE) funding proposals for schools and high needs in 2024-25. The DfE published its document '*The national funding formulae for schools and high needs – 2024-25*', in July 2023.
2. This report is presented purely to bring the latest DfE funding changes to the attention of members of the Schools' Forum rather than for consultation and decision making. All funding decisions relating to the 2024-25 year will be taken later this year, following the announcement of the 2024-25 funding settlement.

Background

3. Following the additional school funding awarded during the 'Boris billions' years between 2020-21 and 2022-23, the government announced a further pledge to increase core school funding in 2023-24 and 2024-25.
4. In recognition of the turbulent economic position, cost of pay awards, inflationary pressures and extreme energy costs, the government pledged additional funding for schools for the 2023-24 year, through the Mainstream Schools Additional Grant (MSAG).
5. Unfortunately, the additional funding was announced too late to be built into National Formula Funding (NFF) rates for the 2023-24 financial year and hence why the MSAG was paid as a separate grant. Funding received by schools through the MSAG will be rolled into core school funding rates for the 2024-25 year.
6. In addition, a further £440million has been pledged for High Needs nationally, an increase of 4.3% on 2023-24 funding levels. This is significantly less of an increase than in previous years where increases have been more than £700million.
7. The DfE have continued to allocate school funding based on the NFF which will see an overall increase by 2.7% per pupil, compared to funding in 2023-24. Nationally, the Schools Block of the Dedicated Schools Grant (DSG) has been awarded an average increase of:
 - a. 4% in the pupil-led funding factors for 2020-21 compared to 2019-20
 - b. 3% in the pupil-led funding factors for 2021-22 compared to 2020-21
 - c. 3% in the pupil-led funding factors for 2022-23 compared to 2021-22
 - d. 2.4% in the pupil-led funding factors for 2023-24 compared to 2022-23
 - e. 2.7% in the pupil-led funding factors for 2024-25 compared to 2023-24

Proposals for 2024-25

8. The 2024-25 year will be the second transition year towards the direct schools National Funding Formula (NFF). A tightening of the formula will continue, following the first year of a move towards the direct NFF. This tightening will ensure that for the 2024-25 year that:
 - Only NFF factors can be used in the local formula
 - All NFF factors must be used in the formula
 - LAs are required to move their formula 10% closer to the NFF values
9. As with last year, Wiltshire's local school formula already mirrors the NFF and this is acknowledged by the DfE, therefore the tightening will have a minimal impact upon Wiltshire schools.
10. The DfE have announced the indicative DSG Block allocations, based upon October 2022 census data which formed the basis of the 2023-24 allocations. The only Block which can't be proposed at this early stage is the Early Years Block, which is subject to further work by the DfE and in-year changes.
11. The table below sets out the indicative DSG funding for the Schools, High Needs and Central Blocks. *(The figures for 2023-24 include the MSAG monies to enable a fair comparison to be drawn.)* 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	£366,935,033	£72,967,232	£2,653,884	£30,866,919	£473,423,068
Headline Uplift	£10,952,732	£3,664,118	£53,708	£0	£14,670,558
% Uplift	3.08%	5.29%	2.07%	0.00%	3.20%

* - 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 2.7%
 - b. Core pupil-led funding factors and the lump sum to increase by 2.4%
 - c. The 'Minimum per pupil funding level' to increase to.
 - i. £4,655 in primary (was £4,405 in 2023-24)
 - ii. £6,050 in secondary (was £5,715 in 2023-24)
 - d. The MSAG from 2023-24 has been rolled into the baseline funding and then inflated by the relevant percentage increases.
 - e. The Free School Meals factor (for the costs of providing a meal for eligible pupils) to increase by 1.6%
 - f. Setting the Minimum Funding Guarantee between 0.0% and 0.5%
 - g. Increasing the DfE's High Needs funding by £440m or 4.3%
 - h. A transfer of up to 0.5% of Schools Block funding to the High Needs Block will be permitted, subject to Schools Forum approval
 - i. The Central School Services Block comprises of 2 elements, funding towards.

- i. Historic Commitments - £188,089 (20% reduction year on year)
 - ii. Ongoing local authority responsibilities - £2,465,795
 - j. The MSAG Grant to continue to be funded for academy schools for the period between April 2024 and August 2024, to avoid an unfair gap in funding between maintained schools and academies. From the end of August 2024, the MSAG Grant will cease to operate as a separate grant.
 - k. All NFF factors must be used in the formula
 - l. The funding for EAL must be the EAL3 factor, meaning pupils will attract funding for the first three years they are within the state school system.
 - m. Formularising the split sites factor (national rather than local approach)
 - n. Adhere to new NFF requirements for growth funding
13. The 2024-25 year will be another 'soft' year with local Schools' Forum still retaining its role in determining the school funding allocation methodology.
14. The Teachers Pay Additional Grant (TPAG) for the 2023-24 year will continue to be allocated outside of the NFF funding in the 2024-25 year.
15. Whilst most of the formula is unchanged, Appendix 1 highlights some of the subtle key changes to funding criteria of the NFF.

Funding Values Proposed in the NFF for 2024-25

16. The table below sets out the NFF funding values for school for the 2024-25 year.

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

* - 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

Key Funding Decisions taken by Schools Forum in 2023-24 and for 2024-25

17. A number of funding decisions were taken by Schools Forum for the 2023-24 year and will have to be taken for the 2024-25 year including.
- To apply all the NFF factors
 - To fund all factors in line with the NFF guidance
 - To set the Minimum Funding Guarantee between 0.0% and +0.5%
 - To transfer up to 0.5% of the Schools Block to the High Needs Block
 - Confirm compliance with any changes due to NFF

Role of Schools Forum and the Local Authority

18. 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.
19. 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 December and then to the LA for political ratification and approval in February 2024.

Budget Setting Process 2024-25

20. Local authorities are required to submit the proposed delegated budget for schools in their areas to the DfE in January 2024. The DfE are required to confirm the formula is fully compliant with the funding regulations and will then confirm budgets to academies during February 2024. The LA and the DfE will need to notify maintained schools and academies of their budget shares by the end of February 2024, as in previous years.
21. The Local Authority has engaged in consultation with schools in the County, including any changes to the formula, movement between blocks and any de-delegation for maintained schools. 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	xxx,xxx,xxx
Less: Growth Fund	x,xxx,xxx
Less: Transfer to Other Blocks	x,xxx,xxx
Total available for School Funding	xxx,xxx,xxx

Growth Funding

22. The new approach introduced as part of the NFF for calculating the Growth funding will continue in the 2023-24 year. The County will be broken down into middle layer super output areas (MSOA's) and the growth in pupils in the MSOA area between the October 2023 census and the October 2022 census will attract funding at:
- £1,550 per primary pupil
 - £2,320 per secondary pupil
 - £76,195 for each new school (no new schools in Wiltshire this year)

23. The level of Growth funding required in 2024-25 and size of the Growth Fund will be determined later in the year along with confirmation of Growth funding criteria, to ensure compliance with NFF criteria

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 fully implemented. There are questions for Schools Forum to consider regarding a move to the full NFF.

De-Delegation

25. There are several budgets included in the local formula that maintained schools only, can agree to de-delegate so that certain services continue to be provided centrally by the LA. De-delegation cannot be applied to amounts delegated to academies or to special schools. Schools Forum will take this decision on behalf of maintained schools, based upon the results of consultation responses.
26. For the 2023-24 year, it was agreed by the maintained schools voting members that the de-delegation of services would continue as it had for those services de-delegated in 2022-23 and in previous years. This included the de-delegation of funding to support School Improvement services, previously funded by the Local Authority Monitoring and Brokering Grant (LAMB).

Notional SEN

27. Mainstream schools and Academies will continue to receive a clearly identified budget for SEN, known as the Notional SEN budget. Using their notional SEN budget, mainstream schools and Academies will be expected to:
- meet the needs of pupils with low-cost, high-incidence SEN and
 - contribute the first £6,000 of provision for all pupils with high needs.

Questions for Schools Forum

28. Under the funding guidance for 2023-24, Schools Forum will continue to be able to transfer up to 0.5% of their Schools Block allocation to other Blocks of the DSG.
29. As Wiltshire already mirrors the NFF, a decision regarding continuing to follow the NFF will need to be confirmed. No impact from the tightening requirements is likely to be felt in Wiltshire if a decision to continue following the NFF is agreed. (Wiltshire, alongside over 66% of LAs in England, is already mirroring the NFF).

Proposal

30. Schools Forum to note the content of the report and to consider the questions raised.

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Exceptional Circumstances

This factor is used in Wiltshire for those school who do not have their own facilities for holding 'whole school' events such as a hall or playing fields and are required to rent facilities.

Where the rental cost is greater than 1% of a school's budget then the school receives funding to help offset this additional cost.

Whilst the DfE will introduce a standardised system, there are no changes for 2024-25.

Growth Funding

From the 2024-25-year growth funding must be awarded to a school where the local authority (LA) has asked a school to provide a class to meet local basic need.

The funding to be awarded must be at least

Primary Growth Factor (£1,550) x Number of Pupils

The Wiltshire Growth Fund criteria exceeds this minimum standard expected and already applies growth funding where a school is expanded to meet basic need.

Falling Rolls Funding

For the first time, the DfE will issue funding to LAs based on falling rolls as well as growth in pupil numbers. Funding will be allocated based on the reduction in pupil numbers between the most recent October census and the previous October census.

There is no requirement to operate a falling rolls fund and if one were to be introduced, funding could only be awarded where the 2022 'School Capacity Data' demonstrated that school places would be required in the subsequent three to five years.

The requirement for schools to Ofsted judged 'Outstanding' or 'Good' has been removed.

Wiltshire, along with the majority of LA's does not have a Falling Rolls Fund, currently only 20 out of 153 LA's have such a Fund.

The formula for allocating funding to LA's will look at the MSOA's (Middle Layer Super Output Areas) between the October census dates. Where a fall in pupil numbers of greater than 10% is experienced, then for each MSOA area experiencing the fall, an allocation of £140,000 will be allocated to the LA.

Notional SEN

Each LA has discretion around how it calculates and sets the Notional SEN budget for its schools. Wiltshire has always followed the DfE's guidance around setting the Notional SEN budget, where the DfE would expect the calculation of Notional SEN to include.

- *A small part of the basic entitlement funding (AWPU)*
- *A larger part of the deprivation funding (to reflect the higher prevalence of lower-level SEN amongst disadvantaged pupils)*
- *The majority or whole of the low prior attainment funding (the best proxy for pupils with low-cost, high-incidence SEN)*

The DfE provide data relating to each LA's budget position and an analysis of the data has revealed that Wiltshire is very 'centrally placed' with its application of the Notional SEN calculation and comprises.

- *5% of Basic Entitlement funding (AWPU)*
- *50% of FSM6 and IDACI factors, but not FSM funding*
- *100% of Low Attainment funding*

Given that Wiltshire is using the key factors and very much in proportion with the National average, no changes to the formula will be proposed, pending any NFF guidance.

Split Site Funding

Split site funding is awarded to schools operating across more than one site and has formed part of the Wiltshire formula for several years. After a consultation period last year, the DfE have now determined that funding for this factor will be based upon a two-pronged criterion.

- **Basic eligibility** – schools attract a lump sum of funding for each additional eligible site (up to a maximum of three sites). Funding for this element in 2024-25 will be £54,300
- **Distance funding** – the additional site must be at least 100 metres from the main site. A tapering calculation will apply for distances between 100 metres and 500 metres, with the maximum funding being £27,100 and the minimum funding £0. The tapering will be on a straight-line basis.

The maximum amount of funding a school can receive for split site funding will be £81,400 for having two sites. This compares unfavourably to the current Wiltshire allocation for 2023-24 of £97,795. Schools impacted by this funding reduction will receive protection through the Minimum Funding Guarantee (MFG).