

Wiltshire Council

School Funding & SEN Working Group

14 January 2025

Schools Forum

23 January 2025

Dedicated Schools Grant Revenue Funding 2025-26 - 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 2025-26.
2. The report will outline the funding settlement announced by the Department for Education (DfE) on 18 December 2024 and the impact on school budgets arising from the settlement. The report will also outline the decision-making process for the 2025-26 budget.
3. Further details on each of the funding Blocks and the specific decisions required will be set out in individual papers on this agenda. A separate 'Decision Matrix' will also be provided so that decisions can be considered after all the update reports have been discussed.

Introduction to Funding Changes for 2025-26

4. The 2025-26 year represents the first year of school funding since the general election in July 2024. Following the increases in both Teachers and Support Staff pay, the new Government has pledged to boost schools funding, with an increase of £2.3bn (3.5%) into the overall Dedicated Schools Grant compared to the 2024-25 year. Of this increase, £1bn is committed to High Needs and SEND for the 2025-26 year, the remaining £1.3bn for schools.
5. This compares to an increase of £1.8bn in Schools Block funding and £440m for High Needs in the 2024-25 year. The total quantum of funding within the Dedicated Schools Grant now stands at £68.75bn of which the High Needs Block comprises £11.2bn.
6. The Teachers Pay Additional Grant (TPAG), designed to fund the 'unfunded' 3% of the Teachers Pay Award from September 2023, was continued into the 2024-25 year, as a separate grant. Moving into the 2025-26 year, this grant will be incorporated into the core funding values for AWPU, FSM6 and Lump Sum, at the prevailing rates used in the grant.

7. Similarly, there was also an additional grant for the 2024-25 year, the Teachers' Pension Employers Contribution Grant (TPECG) to reflect the additional costs of the increase to employer contribution rates for the Teachers Pensions' Scheme from April 2024. The contribution rate was increased by 5 percentage points from 23.68% to 28.68%. The TPECG grant followed the same funding format as the TPAG, and will be incorporated also into the AWPU, FSM6 and Lump Sum core funding values in 2025-26.
8. In July, the new government concluded the pay negotiations for teachers and subsequently for support staff too. The respective pay awards of 5.5% and a flat rate increase of £1,290 to all pay scale points were supplemented by a new 'Core Schools Budget Grant (CSBG)'.
The CSBG was awarded for the seven-month period from September 2024 to March 2025. The CSBG has now been uplifted to reflect the annualised funding and incorporated into core school funding rates for AWPU, FSM6 and Lump Sum for 2025-26.

Grant Element	TPAG	TPECG	CSBG (full-year equiv.)	TOTAL
Primary basic per-pupil	£62	£75	£127	£264
KS3 basic per-pupil	£86	£106	£179	£371
KS4 basic per-pupil	£98	£119	£202	£419
Primary FSM6 per-pupil	£53	£65	£115	£233
Secondary FSM6 per-pupil	£77	£100	£168	£345
Lump sum	£2,306	£2,800	£4,815	£9,921

10. For Special Schools, the TPAG, TPECG and the CSBG will be rolled up into one grant and awarded in the 2025-26 as a new CSBG. Full details of the grant will be released in due course.
11. The Schools Block of the Dedicated Schools Grant (DSG) has been awarded an increase of 0.5% for the core funding factors compared to the 2024-25 year. Representations have been made to the Department for Education that this level of increase is unsustainable for schools.

12. At the Autumn Statement (October 2024 Budget) the Government fixed the timing envelope for Phase 2 of the Spending Review, which will conclude in the Spring of 2025. Phase 2 will *deliver a new settlement for public services, making changes to how the government approaches public spending to support public services.*
13. The DfE has allocated 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 requirements.
14. The 2025-26 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' NFF and are continuing with a gradual tightening of local formulas towards the full NFF.
15. As Wiltshire has already made the decision to mirror the NFF, there are limited implications from this tightening for Wiltshire schools. In preparing school budgets, the DfE set minimum and maximum funding factor values, however complying with the NFF values ensure Wiltshire schools are fully funded.
16. 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 2025-26 year as detailed in the table below.

<u>MPPFL</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Key Stage 1&2	£3,750	£4,180	£4,265	£4,405	£4,610	£4,955
Key Stage 3	£4,800	£5,215	£5,321	£5,503	£5,771	£6,221
Key Stage 4	£5,300	£5,715	£5,831	£6,033	£6,331	£6,831

17. 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 -0.5% and 0.0%. Schools Forum agreed at the December 2024 meeting to set this at the maximum 0.0%, subject to affordability.

18. The main formula for the 2025-26 year is broadly similar to the formula for the 2024-25 year however there are some changes, as detailed below.
- a. Overall, funding through the DSG has increased by 3.5%.
 - b. Core pupil-led funding factors and the lump sum increased by 0.5%.
 - c. The '*Minimum per pupil funding level*' to increase to.
 - i. £4,955 for Primary
 - ii. £6,465 for Secondary
 - d. The Free School Meals factor (for the costs of providing a meal for eligible pupils) has increased by 1% (from £490 to £495)
 - 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.
19. 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.
20. 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.
21. Pupil Premium Grant (PPG) funding will continue in the 2025-26 year, with the rates for the new year still to be confirmed. The numbers of eligible PPG pupils will be taken from the October 2024 census. The funding rates for 2024-25 are set out in the table below.

Premium	Primary		Secondary	
	2024-25	2025-26	2024-25	2025-26
FSM6 (Deprivation)	£1,480	?	£1,050	?
LAC and post-LAC*	£2,570	?	£2,570	?
Service	£340	?	£340	?

* - 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 2025-26

Dedicated Schools Grant 2025-26

22. The DfE issued the revenue funding settlement for schools on 18 December 2024. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£551.890m**. This is an increase of **£58.429m** compared with 2024-25. The table below shows the breakdown of the Blocks.

Block	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Schools Block	£317,724,345	£328,593,782	£346,293,208	£364,467,745	£391,209,428
Central Block	£2,565,122	£2,604,175	£2,600,176	£2,643,673	£2,881,422
High Needs Block	£57,835,120	£62,690,534	£70,917,828	£74,270,643	£80,886,124
Early Years Block	£28,217,273	£28,520,960	£32,485,360	£52,885,506	£76,913,524
TOTAL FUNDING	£406,341,860	£422,409,451	£452,296,572	£494,267,567	£551,890,498

23. The increase in the Schools Block for 2025-26 reflects the core increase and the additional funding from the TPAG, TPECG and CSBG awarded in the 2024-25 year.
24. The split of funding between the Blocks is set out below to show the year-on-year movements.

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>Increase</u>	<u>(%)</u>
Schools Block	293,142,767	317,724,345	328,593,782	346,293,208	364,467,745	£391,209,428	26,741,683	7.34%
Central Block	2,479,715	2,565,122	2,604,175	2,600,176	2,643,673	£2,881,422	237,749	8.99%
High Needs Block	51,996,188	57,835,120	62,690,534	70,917,828	74,270,643	£80,886,124	6,615,481	8.91%
Early Years Block	26,884,359	28,217,273	28,520,960	32,485,360	52,885,506	£76,913,524	24,028,018	45.43%
TOTAL FUNDING	374,503,029	406,341,860	422,409,451	452,296,572	494,267,567	551,890,498	57,622,931	11.66%

25. The **Schools Block** has been calculated based on the NFF funding factor values published initially in November 2024 and applied to the October 2024 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 2025-26. (In 2025-26, the rates incorporate the TPAG, TPECG, and CSBG grants from the 2024-25 year.)
26. The PUF and SUF rates for 2025-26 are detailed in the table below.

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Increase / %
PUF	£3,849.15	£4,079.69	£4,432.68	£4,574.45	£4,801.29	£5,075.59	£5,488.18	£412.59 / 8.13%
SUF	£4,885.94	£5,092.09	£5,514.14	£5,659.78	£5,951.59	£6,258.62	£6,780.05	£521.43 / 8.33%

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

	<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>	<u>Inc.</u>	<u>2025-26</u>
Primary	38,233	262	38,495	-45	38,450	-297	38,153	-566	37,587	-636	36,951	-471	36,480
Secondary	24,883	481	25,364	242	25,606	487	26,093	675	26,768	362	27,130	50	27,178
TOTAL	63,116	743	63,859	197	64,056	290	64,246	109	64,355	-274	64,081	-421	63,658

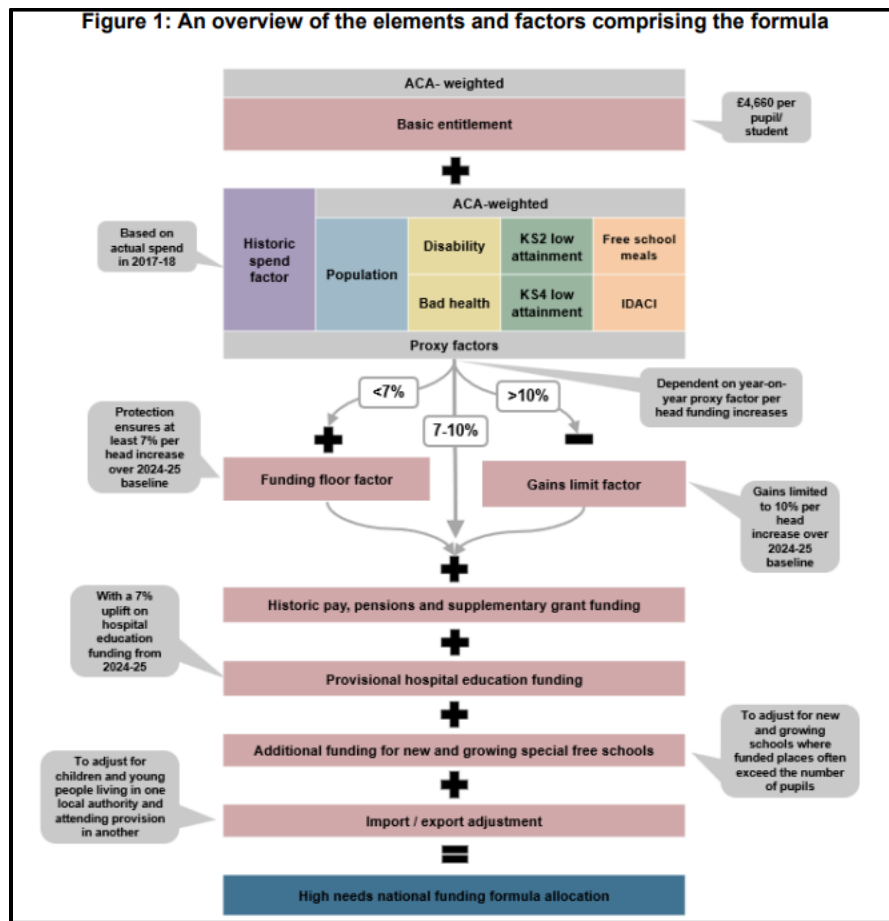
28. Included within the Schools Block of funding of £391.209m is the amount of £1.411m allocated on the basis of pupil growth and falling rolls, within Wiltshire. A breakdown of the elements comprising the Schools' Block is detailed in the table below.

Funding 2025-26	Amount £
Core funding – PUF's (36,480 x £5,488.18)	£200,208,806
Core funding – SUF's (27,178 x £6,780.05)	£184,271,589
Premises Factors (NNDR, split sites, rents, PFI)	£5,317,939
Growth & Falling Rolls funding	£1,411,093
Falling Rolls funding	£0
Total Funding	£391,209,428

29. The **Central Schools Services Block (CSSB)** has been calculated according to the national funding formula for the CSSB. October 2024 pupil numbers have been multiplied by a unit value of £42.90 and a headcount of 63,658. Funding for agreed historic commitments has then been added to that total. The Block is calculated as.

Funding 2024-25	Amount £
Pupil Funding (£42.90 x 63,658)	£2,730,950
Historic Commitment Funding	£150,472
Total CSSB Funding	£2,881,422

30. The **High Needs Block** has been allocated as per the baselines notified to local authorities in December 2024. These baselines are calculated according to the NFF for high needs, in Figure 1 below.



- The basic entitlement amount reflects the numbers of pupils in special schools and has been updated to reflect the October 2024 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
- A “percentage protection” funding floor ensures that the total of the relevant funding elements increase on a per head basis from the per head 2024-25 baseline by at least 7% in 2025-26.
- 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.

Funding 2025-26	Amount £
Basic Entitlement	6,521,782
NFF Funding from Proxy factors	74,906,684
Special Free School Funding	788,077
AP / Hospital	997,581
Import / Export Adjustment	-2,328,000
Total High Needs Funding	80,866,124

31. The **Early Years Block** reflects the indicative hourly rates announced for 2025-26 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.
32. Funding within the Early Years Block has increased provisionally by over £24m. 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.
- The 2-year-old entitlement for working parents
 - The 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
33. The Early Years provisional allocation has been calculated as follows.

Funding Element	2024-25 Amount £	2025-26 Amount £	Increase / Decrease
Universal entitlement for 3 and 4-year-olds	22,347,050	21,934,368	-412,682
Additional 15 hours for eligible working parents	11,083,480	11,370,035	286,555
2-year-old disadvantaged entitlement	3,101,130	2,946,692	-154,438
2-year-old entitlement for working parents	9,256,020	16,155,385	6,899,365
Under 2's entitlement	6,357,318	23,765,192	17,407,874
Pupil premium for 3 and 4-year-olds	262,890	311,152	48,262
Pupil Premium for 2-year-olds	142,874	54,361	-88,513
Pupil Premium for under 2's	7,144	4,891	-2,253
Disability Access Fund for 3 and 4-year-olds	245,700	276,710	31,010
Disability Access Fund for 2-year-olds	67,340	77,854	10,514
Disability Access Fund for under 2's	14,560	16,884	2,324
Total Early Years Funding	52,885,506	76,913,524	24,028,018

34. It should be noted that the Early Years Block will be updated during the 2025-26 financial year to reflect the January 2025 and January 2026 Early Years census data and that the above figures are provisional.

Block Transfers 2025-26

35. 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 would be supported, if affordable and schools funded according to the NFF values.
36. 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 was submitted to meet DfE timescales, as previously reported to Schools Forum.

Budget Setting Process 2025-26

37. Local authorities are required to submit the proposed delegated budget for schools in their areas to the DfE by 22 January 2025. 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 2025. The LA is required to notify maintained schools of their budget shares by the end of February 2025.
38. In terms of setting the budgets for schools for 2025-26, financial modelling has confirmed that the NFF is fully affordable. Taking account of setting a Growth Fund of £0.5m, a Block transfer of 0.236% or £0.914m is affordable.
39. The amount of funding required to fund all schools in accordance with the NFF is £386.035m. The Schools Block funding available for distribution to schools in 2025-26 is calculated as follows:

DSG Schools Block Allocation	391,209,427
Less: NNDR (Business Rates)	-3,760,345
Less: Growth Fund	-500,000
Less: Transfer to Other Blocks	-913,886
Total available for School Funding	386,035,196

40. For the first time since the introduction of the NFF, a transfer of 0.5% is not affordable, mirroring the position of a number of other local authorities. Analysis of the reasons for the Block Transfer of 0.5% not being affordable can be broken down as.

Element	Percentage	Amount
Schools Block Funding Increase	7.34%	
Increased requirement to meet Core NFF values	7.73%	
Gap	0.39%	£1,397,976
Reduction in Growth Funding		£398,495
TOTAL		£1,796,471

41. 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. Schools Forum members need to be aware that the full NFF is affordable for the 2025-26 year and that this confirmation informs the final decision matrix.

De-Delegation

42. 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.
43. At the December 2024 Schools Forum meeting, it was agreed by the maintained schools voting members that the de-delegation of services would continue in 2025-26, as in 2024-25. The amount of each de-delegated service budget is based upon the relevant formula factors for maintained schools.
44. In addition, it was agreed that maintained primary 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

45. Schools Forum is asked to note the report.

Report Author: Grant Davis, Schools Strategic Financial Support Manager

Tel: 01225 718587

e-mail: grant.davis@wiltshire.gov.uk