

Schools Forum

Date: 14 September 2023

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Venue: TEAMS Meeting

Paper

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Public

SCHOOLS REVENUE FUNDING 2024-25**Responsible Officer** Jo Jonese-mail: jo.jones@shropshire.gov.uk

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Summary

In July 2023, the Education & Skills Funding Agency (ESFA) published schools revenue funding guidance for 2024-25 for local authorities and schools forums.

This report summaries the latest Government guidance for schools revenue funding for 2024-25. The full guidance document can be accessed at

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

Shropshire Council, with the agreement of Shropshire Schools Forum, agreed to replicate the national funding formula through Shropshire's local funding formula from 2018-19.

Recommendation

This report is for information only.

REPORT**Background**

1. The Government introduced a national funding formula for allocating schools, high needs, and central school services funding through the Dedicated Schools Grant (DSG) to local authorities from April 2018.
2. Local authorities currently retain responsibility for determining local funding formulas for allocating funding to schools and academies in their area. Shropshire Council, with the agreement of Shropshire Schools Forum, agreed to replicate the national funding formula in Shropshire's local funding formula to schools from 2018-19.
3. The guidance on schools revenue funding arrangements for 2024-25 was published by the ESFA in July. The guidance includes details of updates to the national funding formula.



4. Along with the guidance, the Government has published provisional local authority level allocations for 2024-25 for the schools and high needs blocks within the DSG and notional 2024-25 national funding formula school level allocations.

School Revenue Funding Arrangements 2024-25

5. The actual primary unit of funding (PUF) and secondary unit of funding (SUF) which will be used to calculate each local authority's schools block allocation has been published for 2024-25. For Shropshire these equate to £5,273 per pupil and £6,375 per pupil, respectively. As a comparison, in 2023-24 Shropshire's PUF was £4,960 and SUF was £5,971. In 2022-23 Shropshire's PUF was £4,747 and SUF was £5,687.
6. These units of funding will be applied to pupil numbers recorded in the October 2023 school census to determine final schools block allocations for 2024-25. These will be issued to local authorities as usual in mid-December.
7. In 2024 to 2025, each local authority will continue to set a local schools funding formula, in consultation with local schools. To ensure a smooth transition towards the direct NFF, local authorities will continue to be required to bring their own formulae closer to the schools NFF. As a reminder, Shropshire has mirrored the NFF in its local schools funding formula since 2018-19.
8. In 2024-25 the following changes will be implemented.
 - LA's must use the new national formulaic approach to split sites – for Shropshire, more funding will have to be allocated under this approach than in previous years with the local formula.
 - LA's must follow the new local formula 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 funding calculation.
 - LA's will be funded for falling rolls as well as growth.
 - This will be a big change to Shropshire as previous years we have used the growth fund to cover other costs, including the transfer of 0.5% to High Needs block and funding schools in line with the NFF.
 - With these changes we may not be able to fund schools in line with the NFF for 2024-25 and some aspects may require adjustment.
9. The following key elements of the schools NFF have been confirmed by the Government in 2024-25:
 - The 2023-24 mainstream schools additional grant (MSAG) has been rolled 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.
 - The NFF values have increased for the following factors (on top of increase for MSAG) by 2.4% for basic entitlement, low prior attainment, FSM6, IDACI, EAL, mobility, sparsity and lump sum. FSM has increased by 1.6% and minimum per pupil levels have increased by 2.4%.
 - The minimum per pupil funding levels will be set at £4,655 for primary schools and £6,050, for secondary schools. These levels were £4,405 and £5,715 respectively in 2023-24. This represents the rolling in of the MSAG and at least a further 2.4% increase per pupil.
 - Local authorities will be able to set the minimum funding guarantee (MFG) also known as the funding floor, between 0.0% and 0.5%. The NFF factor is 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline.
10. Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. A disapplication will be required for transfers above 0.5%, or any amount without schools forum approval. In previous years Shropshire schools forum has agreed to transfer any remaining balance, up to 0.5% of the schools block, to the high needs block to support the increasing pressures on the high needs block, after fully allocating individual school budget shares in line with the NFF. In 2023-24 funding was not transferred due to existing DSG High Needs Block surplus being carried forward and there was no funding remaining in the Schools Block Growth fund, where previous transfers had been funded from.
 11. Local authorities are required to engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their schools forums, about any proposed changes to the local funding formula including the principles adopted and any movement of funds between blocks.
 12. Local authorities are required to identify a notional budget for their mainstream schools which helps them comply with their duty to use their 'best endeavours' to meet the special educational needs (SEN) of their pupils. The notional SEN budget is not a separate budget but is identified within a maintained school's delegated budget share, or an academy's general annual grant and is calculated by local authorities using their local mainstream schools funding formula factors.



The guidance has been updated to help LA's review their notional SEN budget calculations and to help schools understand what the notional SEN budget is for. All LA's should review this calculation each year alongside their local formula to make sure that their schools' notional SEN budget is a realistic amount for meeting the costs of additional SEN support up to £6,000 per pupil, noting that any shortfall in this notional budget for particular schools where a standardised calculation does not work can be met from additional high needs targeted funding. High needs top-up funding should be allocated in addition to the notional SEN budget for SEN support costs in excess of £6,000 per pupil. [The notional SEN budget for mainstream schools: operational guide 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/the-notional-sen-budget-for-mainstream-schools-operational-guide-2024-to-2025)

High Needs Funding Arrangements 2024-25

13. The latest guidance confirms the following aspects of the High Needs national funding formula for 2024-25:
 - The national increase in high needs funding, from 2023-24 to 2024-25, will be £440 million, or 4.3%.
 - The funding floor – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2024-25 the funding floor has been set at 3% (compared to 5% in 2023-24).
 - The gains cap – the limit on gains per head of the population compared to the baseline. For 2024-25 the gains cap will be set at 5% (compared to 7% in 2023-24) which means that local authorities can see an increase of up to 5% before their gains are capped.
 - The basic structure of the high needs NFF for 2024-25 has not changed from the 2023-24 NFF.
 - Any differential adjustments to the top-up funding bands or reorganisation of the top-up funding by local authorities will be subject to the special schools' MFG in the normal way. The MFG for maintained special schools and special academies to be operated by local authorities for 2024 to 2025 must be at least 0% and the local authority should consider setting the minimum increase within a range of 0% to 0.5%. This is equivalent to the MFG for mainstream schools.



Central School Services Funding Arrangements 2024-25

14. The NFF for the central school services block (CSSB) of the DSG provides funding for local authorities to carry out central functions on behalf of compulsory school age pupils in maintained schools and academies.
15. The CSSB will continue to have two distinct elements:
 - Ongoing responsibilities, which funds all local authorities for central functions they must deliver for all pupils in maintained schools and academies, such as education welfare and asset management.
 - Historic commitments, which funds some local authorities for commitments they made prior to 2013-14 that are unwinding.
16. Funding for ongoing responsibilities in 2024-25: local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is of 2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.51%.
17. Funding for historic commitments continues to be reduced in 2024-25 by 20% from local authorities' 2023-24 allocations. As in 2023-24, historic commitments funding will be protected from dropping below the total value of ongoing prudential borrowing or termination of employment costs, based on evidence received by the department. This protection will be applied in the DSG, and so will not be shown in NFF allocations.

