

Meeting:	<b>Schools Forum</b>
Date:	12 September 2023
Subject:	<b>Item 4: DSG Budget Setting 2024-25</b>
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

## **Section 1 – summary**

1. This report updates Schools Forum on the 2024-25 DSG budget setting.
2. Schools Forum is required to:
  - Note the changes to school funding in 2024-25

## **Section 2 – report**

### **Schools Block**

3. In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools Services Block. For the schools block this means that each LA will be funded on the basis of the aggregate of the NFF for all schools, academies and free schools in its area but the final formula for distribution will be determined by each LA following consultation with schools and Schools Forums.
4. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19.
5. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018-19. The NFF will continue for 2024-25.

### **Summary of proposals for 2024-25**

- In 2024-25 LA will continue to set a local schools’ formula in consultation with local schools.
- Introduction of a new formulaic approach to allocating split sites funding in the NFF replacing any previous locally determine split sites factors. The new split sites factor is compulsory for all LAs.

- The Minimum Per-Pupil Funding Levels (MPPL) will be set at £4,655 for primary schools and £6,050 for secondary schools compared with £4,405 and £5,715 in 2022-23.
  - LAs will be funded for falling rolls as well as growth
  - NFF Factor values have increased by:
    - 2.4% to basic entitlement, Low Prior Attainment (LPA) FSM6, IDACI, mobility, EAL and the lump sum
    - 2.4% to the Minimum Per Pupil Levels (MPPL)
    - 0.5% to the floor
    - 1.6% to Free School Meals (FSM)
    - 0% on the premises factor
  - The 2023-24 Mainstream Schools Additional Grant (MSAG) will be rolled into the NFF. Adjustments have been made to the NFF factor values and baselines to reflect this.
  - Minimum Funding Guarantee (MFG) – LAs will be able to set an MFG between +0% and +0.5%. This is consistent with 2023-24
  - Block transfers – LAs will continue to be able to transfer up to +0.5% of the schools block to other blocks of the DSG, with schools forum approval. A disapplication is required for transfers above 0.5% or for any amount where schools forum does not give approval.
6. Indicative school budgets based on the October 2022 census are shown at Appendix A. The budgets have been based on a Minimum Funding Guarantee of 0% to mirror the formula in 2023-24. The final MFG will be subject to affordability within the overall formula. **It should be noted that these budgets are subject to changes in relation to the October 2023 schools' census.** These include:
- Fluctuations in pupil numbers
  - Changes in demographics resulting in changes to per pupil levels of funding
  - Affordability of the overall funding formula which may dictate the final MFG applied.
7. Appendix B sets out the breakdown of the difference between the 2023-24 budget and the 2024-25 indicative budget.
8. In 2024-25 there is an estimated additional £10.672m of funding in the National Funding Formula however it should be noted that this includes £6.599m of funding to replace the Mainstream Schools Additional Grant (MSAG) which was a new grant in 2023-24.

### **Schools Block Baseline Funding 2024-25**

9. The National Funding Formula generates a primary and secondary unit of funding (P/SUF). This is the per pupil funding of all Harrow schools based on the aggregate

of the funding which the NFF has generated for each school. This funding forms the majority of funding in the Schools Block. There is also an allocation for premises and a further allocation for the growth fund.

10. Table 1 shows the 2024-25 Primary and Secondary Units of Funding (P/SUF) and the total allocation based on the October 2022 schools census.

**Table 1 – baseline funding**

<b>Factors</b>	<b>PUF</b>	<b>Pupils</b>	<b>SUF</b>	<b>Pupils</b>	<b>Total</b>
Per pupil	£5,157	21,514	£7,142	13,342	£206,236,262
Premises					£3,137,103
Growth Fund (TBC December 2023)					TBC
<b>Grand Total indicative Schools Block 2024-25</b>					<b>£209,373,365</b>

### **Per Pupil Funding**

11. The National Funding Formula has generated a primary and secondary unit of funding. This is the per pupil funding of all Harrow schools based on the aggregate of the funding which the NFF has generated for each school. The per pupil factor values are shown below at Table 2

**Table 2 – funding formula factor values**

<b>Factors</b>	<b>2023-24</b>		<b>2024-25</b>		<b>% Change</b>	
	Pri	Sec	Pri	Sec	Pri	Sec
Pri AWPU	£3,739.75		£3,958.35		6%	
KS3 AWPU		£5,272.45		£5,581.53		6%
KS4 AWPU		£5,942.38		£6,291.33		6%
FSM	£528.90	£528.90	£539.23	£539.23	2%	2%
Ever6	£776.82	£1,134.93	£913.38	£1,331.56	18%	17%
IDACIF	£253.43	£369.13	£258.61	£379.66	2%	3%
IDACIE	£308.52	£490.33	£313.63	£500.71	2%	2%
IDACID	£484.82	£683.16	£495.21	£698.79	2%	2%
IDACIC	£528.90	£749.27	£539.23	£764.82	2%	2%
IDACIB	£561.95	£804.37	£572.24	£825.35	2%	3%
IDACIA	£738.25	£1,024.74	£753.82	£1,045.44	2%	2%
LPA	£1,272.66	£1,928.27	£1,304.05	£1,969.82	2%	2%
EAL	£639.08	£1,724.43	£654.77	£1,766.24	2%	2%
Mobility	£1,041.27	£1,498.54	£1,067.45	£1,535.14	3%	2%
Lump Sum	£141,039.36	£141,039.36	£149,332.42	£149,332.42	6%	6%

### **Rolling in the Mainstream Schools Additional Grant (MSAG)**

12. The MSAG was introduced in 2023-24 and was paid to schools as an additional grant. From 2024-25 this has been rolled into the NFF as follows:

- Additional £119 primary, £168 KS3, and £190 KS4 per pupil in the basic entitlement
- Additional £104 primary and £152 secondary FSM6 factors
- Additional £4,510 in the lump sum

### **Teacher's Pay Additional Grant (TPAG) 2023-24 and 2024-25**

13. In July 2023 the government announced the TPAG to support schools with the September 2023 teachers' pay award. Funding will be allocated to mainstream schools (5-16 age range), special and AP schools. Funding for eligible early years provision and 16 to 19 provision in mainstream schools will be announced later this year.
14. In 2023-24 funding will be for the period September 2023 to March 2024. The TPAG will continue into 2024-25 as a separate grant.
15. Funding for mainstream schools in 2023-24 will be allocated on the same basis as the Mainstream Schools Additional Grant (MSAG) using the October 2022 schools' census
  - A basic per pupil rate – primary £39.67, KS3 £55.09, KS4 £62.81
  - A lump sum – £1,482.02
  - A per pupil rate for pupils recorded as eligible for FSM at any point in the last 6 years FSM6 – primary £34.16, secondary £49.58
  - The above rates include the Harrow Area Cost Adjustment
16. Funding for special schools and AP will be based on £290.17 per place (including Harrow Area Cost Adjustment).

### **Growth Funding**

17. Growth funding is allocated through the NFF within the Schools Block however it has not been published yet as it will be based on the pupil data as recorded on the October 2023 census. This will be published in December.
18. Funding will be based on the difference between the primary and secondary NOR between the October 2022 and 2023 school censuses. Growth is measured at the middle layer super output area (MSOA) within each LA.
19. Schools forum must be consulted on the total size of the growth fund from each phase, and should be consulted prior to any expenditure from the growth fund being incurred.
20. In 2024-25 LAs will continue to set criteria to determine how to allocate growth funding to schools in their local area. The proposed methodology will be to allocate funding based on the relevant basic entitlement x 30 places to each school opening a new class. This will be presented for discussion in January 2024.

## **Falling Rolls Fund**

21. For the first time in 2024-25 the DfE will allocate funding based on both growth and falling rolls.
22. Falling rolls funding will be distributed on the basis of the reduction in pupil numbers that LAs experience each year. It is based on the observed differences between the primary and secondary NOR between the October 2022 and 2023 school censuses.
23. As with the growth fund, falling rolls are measured at the MSOA within each LA to capture falling rolls in small geographical areas. The falling rolls allocate for each LA will be £140,000 per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years. This allocation will be subject to an area cost adjustment.
24. LAs will continue to have discretion over whether to operate a falling rolls fund. The fund will only be eligible where school capacity data 2022 (SCAP) shows that school places will be required in the subsequent three to five years. The requirement that schools must be Ofsted rated 'good' or 'outstanding' to be eligible for falling rolls funding will no longer apply from 2024-25.
25. Schools' forum must be consulted on the total size of the growth fund from each phase, and should be consulted prior to any expenditure from the growth fund being incurred.
26. An update will be brought back in November 2023 once the indicative October 2023 census data is available and it is clearer as to whether Harrow is likely to qualify for this funding.

## **The Notional SEN Budget**

27. Mainstream schools are notified each year of an identified but notional SEN budget within the overall budget allocation. It is an identified amount within a maintained school's delegated overall budget. It is intended as a guide for a school's spending decisions and is neither a target nor a constraint on a school's duty to use its 'best endeavours' to secure special provision for its pupils with SEN.
28. LAs are responsible for calculating the amount of this notional budget using funds from the schools block and in relation to the mainstream NFF. There is no national approach to the calculation of schools' notional budget.
29. In discharging that responsibility mainstream schools are expected to
  - Meet the costs of provision for pupils identified as on SEN support

- Contribute towards to cost of provision for pupil with high needs (most with EHCPs) up to £6,000 per annum and above the costs of the basic provision for all pupils in the school
30. The notional SEN budget is not intended to provide £6,000 for every pupil with SEN nor is it intended to provide a specific amount per pupil for those with lower additional support costs.
31. For 2024-25 the DfE recommends that a check of the notional SEN budget calculation is made, in line with guidance, and that an annual review is carried out subsequently. There may be validation checks as part of the budget submission process if it appears that the total notional SEN budget provides schools with less than a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHCP.
32. An update will be brought back to Schools Forum in November 2023 which will consider the current formula for the allocation of the notional SEN budget and any proposed changes once the data has been reviewed in accordance with the guidance.

### **High Needs Block**

33. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block of the DSG:
- Special schools and special academies in Harrow and out of borough
  - Additionally Resourced Mainstream (ARMs) units in mainstream schools and academies
  - Places in independent and non-maintained school provision
  - EHCPs in mainstream schools and academies in Harrow and out of borough
  - Post 16 provision including Further Education
  - SEND Support services, therapies and support for inclusion
  - Alternative provision including Pupil Referral Units and education other than at school
34. The government introduced a National Funding Formula for High Needs from 2018-19. Funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity, annual funding transfer from the schools block into the high needs block have been approved by Schools Forum
35. From 2018-19 the Schools Block has been ring-fenced and transfers between blocks has been restricted to 0.5% of the Schools Block (approx. £990k). The decision to agree a transfer remains with Schools Forum. It agreed a transfer of 0.5% in 2018-19 and a reduced transfer of 0.25% in 2019-20 however it did not agree to any transfer beyond 2019-20 on the basis that the government should be properly addressing the

inherent underfunding of High Needs pupils and to continue to top-slice mainstream school budgets masks the extent of the problem.

36. The 2024-25 HNNFF and underpinning operational processes and principles remain largely unchanged. Nationally, high needs funding is increasing by 4.3%.
37. The funding floor factor in the HNNFF is 3% per head of 2- to 18-year-old population which means that every LA will receive at least 3% per head more than they received in 2023-24.
38. The limit on gains in the NFF is set at 5% calculated based on per head of population using the 2023-24 funding baseline. That funding baseline includes the additional funding allocations announced in December 2022 which Harrow received £1.987m through the High Needs Additional Grant (HNAG)
39. LAs must continue to pass on additional funding allocations in 2024-25 equivalent to the 3.4% top up funding allocated to special schools and PRUs in 2023-24 through the HNAG
40. The provisional HNB for 2024-25 and current HNB for 2023-24 is shown below.
41. There is a projected additional sum of £1.3m in 2024-25 after the 2023-24 HNAG is rolled in.

Description	2023-24	2024-25
High Needs Block Allocation (excl basic entitlement	£42,849,347	£46,143,780
Basic Entitlement Factor (excl TPG/TPECG)	£3,240,105	£3,235,961
Basic Entitlement related to TPG/TPECG Special	£436,202	£436,202
Import/Export Adjustments	-£1,194,000	-£1,188,000
Additional Funding for Special Free Schools	£12,000	£6,000
Hospital Education	£223,503	£230,207
AP & INMSS TPG/TPECG allocation	£130,445	£130,445
<b>Total HNB before academy recoupment</b>	<b>£45,697,602</b>	<b>£48,994,596</b>
Academy recoupment for ARM, special schools and FE	-£1,619,168	-£1,619,168
<b>Net High Needs Block</b>	<b>£44,078,434</b>	<b>£47,375,428</b>
High Needs Additional Grant 2023-24	£1,987,390	£0
<b>Final High Needs Block</b>	<b>£46,065,824</b>	<b>£47,375,428</b>

### Early Years Block

42. In the current financial year there will be an increase in the published funding rates for 2-, 3- & 4-year-old nursery provision. This will be provided through the new Early Years Supplementary Grant (EYSG). This has been used to increase the hourly rates to LAs which in turn must be passed on to providers.
43. The new provider rates from September 2023 to March 2024 are in the table below

Area	Per	Current	EYSG	New Rate	% increase
2 year olds	Hour	£6.92	£2.26	£9.18	33%
3&4 year	Hour	£5.44	£0.30	£5.74	6%
EYPP	Hour	£0.62	£0.04	£0.66	6%
DAF	Child	£828.00	£30.92	£858.92	4%

44. Initial funding allocations will be based on the data from the January 2023 Early Years census which will then be adjusted to reflect actual numbers taking up the entitlement from the January 2024 census. LAs are expected to manage any fluctuation in hours beyond the annual census adjustments as part of business as usual.

45. From 2024-25 the EYSG funding will be rolled into the Early Years Block of the DSG. Further information related to the EYB for 2024-25 will be published in December 2023.

### **Other non-DSG grants 2024-25**

46. Pupil Premium will continue in 2024-25. Details of other non-DSG grants will be published at a later date.

### **Section 3 – contact details**

#### **Contact:**

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