



Report to Schools Forum

Date: 16th January 2024

Title: School Budget Proposals 2024-25

Author: Sarah Fogden, Head of Finance – Children’s Services

1. Purpose of Report

1.1 The report sets out latest information on the 4 blocks of the Dedicated Schools Grant (DSG) based on the October 2023 census and other up to date information as published by the Department of Education (DfE) on the 19th December 2023. The report sets out the implications of the allocations and budget proposals for each block. Recommendations for each block are included in the relevant section of the report.

1.2 The report and recommendations have been reviewed by the Schools Forum Funding Group on 5th January 2024.

2. DSG Allocation 2024-25

Recommendation

- a) **To recommend that Buckinghamshire Council sets the overall Dedicated Schools Budget at £631.2m in line with the funding allocation announced on 19th December 2023.**

2.1 Table 1 gives the latest allocations with a total of £631.2m before recoupment for DSG in 2024-25, and updates previous information reported to Schools Forum. Buckinghamshire will receive an increase of £36.5m compared to the 2023-24 DSG settlement. The main change is in Early Years, this is explained elsewhere in this paper.

Table 1: 2024-25 DSG allocation – Comparison with Indicative Settlement and previous year

| | Schools block | Central school services block | High needs block | Early years block | Total DSG |
|--|---------------|-------------------------------|------------------|-------------------|-----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| DSG Allocation 2024-25 (Dec 2023) | 438,659 | 4,681 | 127,534 | 60,366 | 631,240 |
| 2024-25 Indicative Settlement | 436,891 | 4,671 | 127,345 | | |
| Movement | 1,768 | 10 | 189 | | 1,967 |
| For Info: | | | | | |
| 2023-24 Final Settlement (including supplementary grant for Schools & Early Years) | 426,775 | 4,935 | 123,464 | 39,568 | 594,741 |
| Movement from 2023-24 | 11,884 | -254 | 4,070 | 20,799 | 36,500 |

Section A

Recommendations

- a) To agree the allocation of funding to mainstream schools based on the local funding formula for schools agreed in December 2023, updated for the October 2023 census data.
- b) To agree the methodology for affordability, either the cost of the Minimum Funding Guarantee should be funded through the capping of gains, or the formula should be made affordable by scaling at 99.93%.
- c) To confirm the criteria for the Growth Fund in 2024-25.

3. Schools Block

3.1 School Block's allocations for Buckinghamshire are now based on the October 2023 census and reflect the national increases to the formula's core factors, as well as the minimum per pupil funding.

3.2 Table 2 compares the December 2023 allocation and the indicative allocation that was based on the previous year's census data:

Table 2: Schools Block 2024-25 and movement from Indicative settlement

| | Pupil Numbers | Pupil Led factors | Premises Led Factors | Growth Funding | Total 23-24 |
|-----------------------------------|---------------|-------------------|----------------------|----------------|-------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| DSG Allocation 2024-25 (Dec 2023) | 77,331 | 431,550 | 4,684 | 2,425 | 438,659 |
| Indicative allocation | 77,094 | 429,782 | 4,684 | 2,425 | 436,891 |
| Change from Indicative settlement | 237 | 1,768 | 0 | - | 1,768 |

3.3 The increase of £1.768m compared to the indicative settlement is due to the increase in pupil numbers generating an additional £1.768m of funding. There is a fall in numbers of 197 in Primary and an increase in 434 in Secondary.

3.4 In 2024 to 2025 as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools.

3.5 The local funding formula model as agreed by Schools Forum in December 2023 has been recalculated using the updated allocations. Table 3 summarises the funding levels for 2024-25 compared with the indicative settlement and with the current year.

3.6 As in 2023-24, there is insufficient funding to implement the National Funding Formula in full. The main reason for this is the number of pupils eligible for funding through the additional educational needs factors. The DfE calculates the funding unit each year based on the previous census data. If pupil numbers eligible for additional education factors increase between years, this can leave the funding short.

The main factors causing the shortfall are:

- Continued increase in pupils eligible for Free School Meals
- A significant increase in pupils attracting funding through Lower Prior Attainment. Primary lower prior attainment requires funding of £1m more than in 2023-24 reflecting an increase of 1.93% in eligible pupils.

3.7 There are 3 options for bringing the NFF into balance:

- a) To scale back use of the growth fund allocation
- b) To apply the funding formula in full, but to cap the gains made by some schools to make the formula affordable.
- c) To scale down the values of the formula factors due to affordability.

3.8 In 2023-24, a combination of all three options were used, with scaling at 99.89% and capping at 6.17%, and use of the growth funding allocation.

3.9 The modelling for the 2024-25 formula starts from use of the growth funding in the formula, this reduces the Growth Fund contingency places funding. For Model 1a), there is insufficient growth funding to cover the contingency places. If the need for the contingency places materialised, the overspend would need to be carried forward into 2025-26 as first call on the growth funding. Model 1b) allocates sufficient funding to cover the contingency projects.

Table 3: Summary of Funding Levels 2024-25

| Illustrative Funding Levels Funding Factors | 2023/24 Final Rates | 2024/25 Indicative Funding Model | 2024/25 Final funding model 1a | 2024/25 Final funding model 1b |
|--|---------------------------|---|---|---|
| Scaling factor (% of NFF) | 99.89% | 100.00% | 100.00% | 99.93% |
| | £m | £m | £m | £m |
| Total through funding formula | 413.49 | 434.98 | 438.32 | 438.23 |
| Growth Fund | 0.91 | 2.26 | 0.64 | 0.74 |
| Total cost to schools block | 414.40 | 437.24 | 438.97 | 438.97 |
| Met from : | | | | |
| Pupil Led Funding | 406.93 | 429.78 | 431.55 | 431.55 |
| Premises Funding | 3.46 | 4.68 | 4.68 | 4.68 |
| Growth Funding | 3.47 | 2.47 | 2.42 | 2.42 |
| Transfer from Growth Reserves | 0.53 | 0.31 | 0.31 | 0.31 |
| Total Funding Available | 414.40 | 437.24 | 438.97 | 438.97 |

| | | | | |
|--------------------------|----|---|----|----|
| No. of Schools Protected | 23 | 8 | 20 | 20 |
| No. of Schools Capped | 24 | 0 | 7 | 0 |

| | £ | £ | £ | £ |
|------------------------|----------|--------|----------|---------|
| Cost of MFG Protection | 140,290 | 63,540 | 136,851 | 148,357 |
| Capping of Gains | -140,290 | 0 | -136,851 | 0 |

3.10 Model 1a) looks at capping. If capping is set to offset the cost of the Minimum Funding Guarantee (MFG), as applied in previous years, the outcome is that 7 schools are capped with budget allocations reducing by £137k. Of the 7 schools, there are 3 schools whose funding reduces by £106k in total. These schools initially gain from the new split site factor in the national formula, but capping removes a significant amount of that gain.

3.11 Model 1b) scales back all factors to reflect affordability. This model shares the shortfall across all schools, resulting in scaling of 99.93%, with no capping.

3.12 20 schools will attract the minimum funding guarantee (MFG) in 2024-25.

3.13 The recalculated model reflects the agreed growth fund methodology. This means schools in receipt of growth fund for agreed pupil numbers will see this funding in their school level details.

3.14 Appendix 3 gives funding allocation information at school level. For maintained schools the allocations are prior to the deduction for de-delegated services. Final allocations to individual's schools, via the Schools Budget Share template will include this adjustment.

3.15 The details, including schools level allocations, are given in the Appendices:

- Appendix 1 – Proposed Funding Rates
- Appendix 2 – Proposed Funding Levels

- Appendix 3 - Comparison by School

3.16 Schools Forum is asked to agree the methodology for affordability, either the cost of the Minimum Funding Guarantee should be funded through the capping of gains, or the formula should be made affordable by scaling at 99.93%.

4. Additional Considerations

Teachers Pay Award Grant (TPAG)

4.1 The September 2023 Teachers Pay award of 6.5% is being funded via money that the DfE estimated an average school already had in their budget, estimated at 3.5% and a new grant, the Teachers Pay Award Grant. equivalent to 3% funding. The grant is in addition to DSG and will continue to be paid for the 2024-25 financial year. For Early Years, the grant is rolled into the core Early Years funding.

4.2 School level allocations will be published for 2024-25 in May 2024 for mainstream, special schools and AP.

Teachers Pension Grant

4.3 There will be an additional grant for 2024 to 2025 to reflect the additional costs of the increase to the employer contribution rates to the Teachers' Pensions Scheme from April 2024. Further details will be announced in due course.

Pupil Premium Grant

4.4 Funding rates for the pupil premium in the financial year 2024 to 2025 will increase to:

- primary FSM6 pupils: £1,480
- secondary FSM6 pupils: £1,050
- looked-after children: £2,570
- children who have ceased to be looked-after: £2,570
- service children: £340

5. Growth Fund

5.1 Appendix 4 shows the estimated use of growth funding in 2024-25 based on the criteria agreed in January 2023. The current criteria were reviewed and amended in January 2020 for the 2020-21 financial year to reflect revised DfE guidance and are detailed as follows:

- 1) Growth to meet increases in pupils numbers in existing schools – where it has been agreed with a school to increase a school’s PAN on a permanent basis, this is reflected in an adjustment to the pupil numbers via the Local Authority Planning Tool (APT), with funding through all of the per pupil formula factors.
- 2) Where there is a temporary increase in pupil numbers or it is unclear as to exactly where growth is needed, this is dealt with outside of the schools funding formula as a growth fund project.
- 3) Start-up funding for new schools will be at DfE’s Growth Factor Lump Sum rate for Primary schools and twice the DfE’s Growth Factor Lump Sum rate for Secondary schools.
- 4) Pupil numbers for new schools are included in the APT at 30 pupils per open class for each ‘new’ year group.
- 5) Diseconomies Funding for new schools is based on a per pupil arrangement, with guaranteed funding of all open year groups at 27 pupils per class.

5.2 Schools Forum is asked to agree the criteria for the growth fund.

6. Falling Rolls Fund

6.1 For the first time in 2024-25, the Schools DSG block includes funding for falling rolls, the allocation for Buckinghamshire is £145k.

6.2 LAs have discretion over whether to operate a falling rolls fund or not. Where local authorities operate a fund, they will only be able to provide funding where school capacity data 2022 (SCAP) shows that school places will be required in the subsequent three to five years (used to be 3 years).

6.3 Falling Rolls is no longer restricted to good or outstanding schools, all schools qualify.

6.4 Compliant criteria would generally contain some of the features set out below:

- SCAP shows that school places will be required in the subsequent three to five years (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies to contain spending within its formula budget and it is expected (using SCAP data – detailed above) that these posts will need to be re-filled in the subsequent 3 to 5 years.

6.5 Officers are currently reviewing data in areas that have seen falling rolls to assess whether this position is likely to continue into the future and if that is the case whether falling roll funding may be required. As soon as this review has been undertaken, data will be provided to provide an indication of the full implication that it may have in terms of funding requirements.

Section B

Recommendation

- a) To agree the Central Schools Service Block budgets for 2024-25 as detailed in Appendix 5.

7. Central Schools Services Block (CSSB)

7.1 The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:

- ongoing responsibilities
- historic commitments

7.2 Historic commitment funding relates to continuing expenditure by local authorities on commitments entered into before 2013, on activities which since that date have been deemed not to be appropriate for local authorities to fund directly from the DSG. The government's expectation was that the spend on these commitments would reduce over time and as a result funding for historic commitments is being reduced by 20% on the previous year's allocation each year.

7.3 The 2024-25 CSSB allocation is summarised as follows:

Table 4: Central Block Funding 2024-25

| Central Schools Services Block | Pupil Numbers | Unit Rate for Ongoing Commitments | Funding for Ongoing commitments | Funding for historic commitments (£s) | Total 2024-25 Allocation |
|---|---------------|-----------------------------------|---------------------------------|---------------------------------------|--------------------------|
| | | £ | £'000 | £'000 | £'000 |
| 2024-25 Allocation (December 2023) | 77,330.50 | 40.81 | 3,155.86 | 1,525.02 | 4,681 |
| Indicative 2024-25 Allocation | 77,094.00 | 40.81 | 3,146.30 | 1,525.02 | 4,671 |
| Change | 236.50 | 0.00 | 9.56 | 0.00 | 10 |
| Memorandum - comparison with 23-24 | | | | | |
| 2023-24 Allocation (December 2022) | 77,094.00 | 39.28 | 3,028 | 1,906 | 4,934 |
| Change from 2023-24 | 236.50 | 1.53 | 128 | - 381 | - 253 |

7.4 The allocation for 2024-25 is £253k lower than in 2023-24. The 2024-25 allocation is slightly higher than previous predictions as the Ongoing Commitment allocation includes one-off compensation of £64k for a prior year error in licence charges. Funding is expected to continue to reduce over the next 3 years. Table 5 shows the projected impact of funding changes on CSSB allocations over the next 3 years.

Table 5: Predicted Central Block Allocation in future years

| 3 year Funding Prediction | 2024-25 | 2025-26 | 2026-27 |
|---|--------------------|--------------------|--------------------|
| Ongoing Commitments | | | |
| Per Pupil rate, assume 2% increase per year | £ 40.81 | £ 41.63 | £ 42.46 |
| Pupil numbers, as per census, assume no growth | 77,330.50 | 77,330.50 | 77,330.50 |
| Total Ongoing Commitments | £ 3,155,952 | £ 3,219,071 | £ 3,283,453 |
| Change in DSG each year | | 63,119 | 64,381 |
| Historic Commitments 20% reduction each year | £ 1,525,024 | £ 1,220,019 | £ 976,015 |
| TOTAL Central Block Allocation | £ 4,680,976 | £ 4,439,091 | £ 4,259,468 |

7.5 As a result of the estimated reduction in the CSSB, a 3 year savings plan was agreed for the period 2022-23 to 2024-25 using an element of reserves. Further savings will need to be identified for 2025-26.

7.6 Appendix 5 shows the proposed budget for 2024-25.

7.7 Schools Forum is asked to agree the Central Schools Services Block budgets for 2024-25 as outlined in Appendix 5.

Section C

Recommendation

- a) To agree the budget for the High Needs Block in 2024-25 at £127.5m and that further discussions to consider the potential shortfall in the high needs budget are held with the DSG Spending Review Group.

8. High Needs Block

8.1 The allocation for the High Needs Block in 2024-25 is £127.5m, an increase of £4m compared to the current year.

Table 6: High Needs Block Allocation 2024-25

| | High needs block |
|--|------------------|
| | £'000 |
| DSG Allocation 2024-25 (Dec 2023) | 127,534 |
| 2024-25 Indicative Settlement | 127,345 |
| Movement | 189 |
| For Info: | |
| 2023-24 Final Settlement (including supplementary grant for Schools & Early Years) | 123,464 |
| Movement from 2023-24 | 4,070 |

8.2 In determining the high needs block budget for 2024-25 the following pressures and opportunities need to be taken into account:

- a) Full year effect of pressures in 2023-24
- b) Projected ongoing increases in demand in 2024-25, including planned increases in places arising from the Sufficiency Strategy
- c) Consideration of an inflation uplift to top up values
- d) Potential mitigations arising from actions already taken in the DSG Management Plan.
- e) New Mitigations from the Delivering Better Value in SEND work

8.3 These pressures and potential mitigations are summarised in the table below. Based on initial estimates there is a potential shortfall of £2.9m still to be met in order to set a balance high needs budget.

8.4 It is recommended that further work be carried out with the DSG Spending Review Group to manage the high needs budget in 2024-25.

Table 7: Summary of Pressures against the High Needs Block 2024-25

| | £'000 | £'000 |
|---|--------|---------------|
| High Needs Budget 2023-24 (gross of deductions) | | 123,464 |
| | | |
| Items For Consideration | | |
| Move to outturn | 2,620 | |
| Additional capacity | 2,364 | |
| Uplift for top ups (assumed as 3%) | 1,687 | |
| Fee increases (external) | 1,043 | |
| Projected increase in demand | 5,953 | |
| Total increased pressures | | 13,667 |
| | | |
| Potential Savings | | |
| Review DSG support for SEN posts | -500 | |
| Original Inclusion mitigations | -393 | |
| Original capacity mitigations | -4,985 | |
| DBV mitigations | -168 | |
| Other planned mitigations | -646 | |
| Total potential savings | | - 6,693 |
| | | |
| High Needs Budget 2024-25 | | 130,439 |
| DSG funding 2024-25 | | - 127,534 |
| Shortfall | | 2,904 |

Section D

Recommendation

a) To agree the Early Years Funding Formulae (EYFF) for 2024-25.

9 Early Years Block

9.1 The 2024-25 funding arrangements include the outcome of the DfE consultation on proposals to support delivery of the new working parent entitlements for children agreed 9 months up to and including 2 years old from 2024.

9.2 The key changes are:

- The introduction of a new national funding formula covering both the existing 2 year old entitlement for disadvantaged children and new working parent entitlements. This means that all children from 9 months to statutory

school age will receive at least 15 hours of government funded early education.

- Extending the 95% pass through rate to each of the new funding formula
- A requirement for local authorities to have a disadvantaged 2 year old rate that is at least equal to the rate for 2 year old children of working parents
- A new deprivation supplement for the disadvantaged 2 year old and new working parent entitlements
- All local authorities to have special educational needs inclusion funds (SENIF) for all children regardless of the hours taken
- Extending eligibility for EY Pupil Premium and Disability Access Fund (DAF) to eligible children aged 2 and under

9.3 The Department of education (DfE) provides local authorities with the funding streams set out below, together they form the Early Years block of the Dedicated Schools Grant (DSG). They are:

- An hourly funding rate for 9 months old up to 2 years for the new working parent entitlement (from 1 September 2024)
- An hourly rate for 2 year olds which will be the same for both the disadvantaged and the working parent entitlements
- An hourly rate for the universal and additional hours entitlement for three and four year olds
- supplementary funding for Maintained Nursery Schools (MNS)
- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF)

9.4 The funding and therefore the hourly rates include funding being provided in respect of the September 2023 teachers' pay award, as well as funding to support providers with the increased costs of employer contributions to the teachers' pension scheme from April 2024.

9.5 The funding does not include the extension planned for September 2025, for eligible working parents of children aged 9 months and above will be able to access 30 hours.

9.6 The final funding for 2024-25 for the existing funding will be based on 5/12ths of January 2024 numbers and 7/12ths January 2025 numbers. For the new working parent entitlements, the first census will not be until January 2025, the DfE will therefore request additional headcounts from the Local Authority for Summer and Autumn 2024.

9.7 The Early Years Block for 2024-25 was announced on 29th November 2023 and includes an increase of 33p in the hourly rate for 3 and 4 year olds, after allowing for Teachers

Pay & Pension Grant. Buckinghamshire is subject to capping at 5%, so the funded hourly rate is £6.14 rather than the £6.27 that the formula generates.

For 2 years old, the funded hourly rate to Buckinghamshire before the allocation of supplements is £8.80.

For 9 months to 2 years, the funded hourly rate to Buckinghamshire before the allocation of supplements is £11.94.

9.8 The allocation is based on the pupil census for January 2023 and is summarised in tables 8 a) and 8b) below. Table 8 a) reflects an increase in funding of £6.6m for existing provision since 2023-24 but this movement includes the impact of the 2023-24 Early Years Supplementary grant. Table 8 b) shows the funding for the new extended entitlements is £16.7m.

Table 8a – Early Years Block Allocation for existing entitlement

| Early Years Allocation 2024-25 | universal entitlement for 3 and 4 year olds | additional 15 hours entitlement for eligible working parents of 3 and 4 year olds | 2 year old disadvantaged entitlement | early years pupil premium for 3 and 4 year olds | disability access fund for 3 and 4 year olds | supplementary funding allocation for maintained nursery schools | Total early years block for existing entitlements |
|--------------------------------|---|---|--------------------------------------|---|--|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2024-25 allocation | 27,674 | 11,159 | 3,853 | 267 | 186 | 530 | 43,669 |
| 2023-24 allocation | 23,708 | 9,559 | 2,929 | 244 | 147 | 434 | 37,022 |
| Change | 3,966 | 1,599 | 924 | 24 | 38 | 96 | 6,647 |

Table 8b – Early Years Block allocation for NEW entitlements

| Early Years Allocation 2024-25 | 2 year old working parent entitlement | under 2s entitlement | early years pupil premium for 2 year olds | early years pupil premium for under 2s | disability access fund for 2 year olds | disability access fund for under 2s | Total early years block |
|--------------------------------|---------------------------------------|----------------------|---|--|--|-------------------------------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2024-25 NEW allocation | 9,767 | 6,714 | 141 | 7 | 46 | 22 | 16,697 |

9.9 Local authorities are required to pass at least 95% of their funding to early years providers. This pass-through requirement ensures that the majority of Government funding reaches providers so that they can deliver the free entitlements. Excluded from this calculation are payments to Maintained Nursery Schools (MNS) from the MNS supplementary funding allocation; the Disability Access Fund (DAF) and the Early Years Pupil Premium (EYPP).

9.10 Local authority compliance with the 95% pass-through requirement is measured with reference to local authorities' planned budgets. The DfE will monitor compliance via the annual s251 budget returns and may consider the future use of s251 outturn data to monitor compliance with the pass-through.

9.11 The Early Years Forum will meet on 8th January 2024 to consider the impact of the allocation and proposals for the 2024-25 formula for Early Years providers. Subject to meeting the DfE requirements, there can be different formula for each funding stream. There are three proposals for each of the formula.

9.12 For 3 and 4 year olds, the options are:

Option A – replicating 2024-25

Option B – same

Option C – Reduced inclusion fund

9.13 For the disadvantaged 2 year olds, the 2 year old working parent entitlement and the under 2 entitlement, the options are:

Option A – including an optional supplement, inclusion fund & contingency.

In addition, the 2 year old working entitlement and under 2 entitlement include a deprivation element.

Option B – same, but reducing the optional supplement

Option C – Increased inclusion fund

9.14 The impact on rates within the Early Years Funding Formula (EYFF) of these options are illustrated in Appendix 6 to this report.

9.15 The outcome of the discussion at the Early Years Forum will be reported to Schools Forum to enable the decisions taken at Early Years Forum regarding the final formula to be ratified.