

School Funding 2024/25

Report to the Schools Forum 28 September 2023

- 1.1 In July 2023, the government announced Dedicated Schools Grant (DSG) per pupil funding allocations for 2024/25. This will provide the basis for the 2024/25 T&W school funding, but as the final figures for school funding use October 2023 census data (and for early years January 2024 and January 2025 Censuses), we don't yet have the actual amounts that will be allocated for 2024/25.

2024/25 Schools Block - Allocations

- 1.2 A feature of recent years has been the introduction of specific grants which are subsequently added to the core DSG allocations. In 2023/24 the 'schools supplementary grant' was brought into the main schools block and in 2024/25 the same will happen with the 'mainstream schools additional grant'. In order to provide a more meaningful comparison, the figures below combine the DSG allocations in 2023/24 with the 'mainstream schools additional grant' where appropriate.

Table 1: 2024/25 Primary School Funding

Factor	2023/24	2024/25	Increase
Basic entitlement	£3,513	£3,597	2.39%
Lump sum	£132,510	£135,700	2.41%
FSM	£480	£490	2.08%
FSM6	£809	£830	2.60%
IDACI A	£670	£685	2.24%
IDACI B	£510	£520	1.96%
IDACI C	£480	£490	2.08%
IDACI D	£440	£450	2.27%
IDACI E	£280	£285	1.79%
IDACI F	£230	£235	2.17%
Low prior attainment	£1,155	£1,185	2.60%
EAL	£580	£595	2.59%
Mobility	£945	£970	2.65%
Minimum per pupil	£4,509	£4,655	3.24%

Table 2: 2024/25 Secondary School Funding

Factor	2023/24	2024/25	Increase
KS3 Basic entitlement	£4,953	£5,072	2.40%
KS4 Basic entitlement	£5,583	£5,717	2.40%
Lump sum	£132,510	£135,700	2.41%
FSM	£480	£490	2.08%
FSM6	£1,182	£1,210	2.37%
IDACI A	£930	£950	2.15%
IDACI B	£730	£750	2.74%
IDACI C	£680	£695	2.21%
IDACI D	£620	£635	2.42%
IDACI E	£445	£455	2.25%
IDACI F	£335	£345	2.99%
Low prior attainment	£1,750	£1,790	2.29%
EAL	£1,565	£1,605	2.56%
Mobility	£1,360	£1,395	2.57%
Minimum per pupil	£5,910	£6,050	2.37%

- 1.3 The tables above do not include the 'Teachers pay additional grant' which was introduced from September 2023 and will continue as a separate grant for the 2024/25 financial year. The funding rates for 2023 to 2024 financial year are:
- a basic per-pupil rate of £36 for primary pupils, including pupils in reception
 - a basic per-pupil rate of £50 for key stage 3 pupils
 - a basic per-pupil rate of £57 for key stage 4 pupils
 - a lump sum of £1,345
 - an FSM6 per-pupil rate of £31 per eligible primary pupil
 - an FSM6 per-pupil rate of £45 per eligible secondary pupil
- 1.4 The above rates will be scaled up by 12/7 in 2024/25 to make up a full financial year allocation. Although not published by the DfE, this implies full year funding rates as follows (to nearest £):
- a basic per-pupil rate of £62 for primary pupils, including pupils in reception
 - a basic per-pupil rate of £86 for key stage 3 pupils
 - a basic per-pupil rate of £98 for key stage 4 pupils
 - a lump sum of £2,306
 - an FSM6 per-pupil rate of £53 per eligible primary pupil
 - an FSM6 per-pupil rate of £77 per eligible secondary pupil
- 1.5 For special schools and AP institutions (i.e. PRUs) the funding rate for 2023 to 2024 financial year is £260 per place which would scaled up by 7/12 be £445 per place for FY2024/25.
- 1.6 The DfE are continuing to move towards a National Funding Formula (NFF) at school level, by requiring local authorities to move each of their formula factors at least 10% closer to NFF values. However, there is a caveat, that this does not apply to authorities already deemed to be mirroring the NFF, defined by the DfE as within 2.5% of the national values.
- 1.7 As Forum members will be aware, for several years we have mirrored the NFF as closely as possible in our local funding formula. We therefore fall within the 2.5% limit and so this requirement will not affect our local formula.
- 1.8 The national minimum funding guarantee has again been set between a minimum of 0% and a maximum of 0.5%. T&W is likely to aim for the maximum 0.5%.
- 1.9 The amount of growth funding to be allocated to each authority is not specified as it will be based on differences between the October 2022 and the October 2023 census data.

2024/25 Schools Block - Commentary

- 1.10 As can be seen in Tables 1 and 2 above, the funding increases for 2024/25 are significantly below current levels of inflation. Whilst the impact of the teachers pay award in September 2023 is covered through the additional grant above, there appears to be an implicit expectation that 2024 pay awards will be lower than 2023 - otherwise there will be a significant real terms decrease in school funding.

- 1.11 Pay awards in turn are influenced by general inflation levels and so the overall impact upon schools depends upon the level of inflation over the next twelve months or so. Following two years in which DSG was supplemented at a later stage by additional grants, there would appear to be a possibility of this again occurring in 2024/25, if inflation does not reduce to much lower levels.

2024/25 High Needs Block - Allocations

- 1.12 The national increase in the national amount of high needs funding is 4.3% and on provisional figures this will result in T&W's high needs block amounting to £36.5m after import/export adjustments, an increase of around £1.5m, or 4.3% i.e. in-line with the national average. The final allocations will be confirmed in December, once October 2023 census data has been used to update parts of the formula.

2024/25 High Needs Block - Commentary

- 1.13 This increase is much lower than in recent years, which have seen increases per annum for T&W exceeding £3m. It should be noted, however, that the initial 2023/24 increase was only £1.9m, with a subsequent increase arising from a further national allocation in the government's Autumn 2022 budget statement.
- 1.14 As noted regarding the schools block, the net impact upon settings and the local authority is heavily dependent upon levels of inflation in 2024. On the face of it, however, the published high needs allocations seem somewhat detached from reality. There are ever increasing high needs costs, both from inflation but also a continuing increase in the level of need.
- 1.15 Lower increases in funding clearly create a risk that more authorities cannot keep their high needs spending within the allocated resources. Even now, around 90 (out of 150) local authorities are subject to one of the DfE's financial recovery programmes;- 'safety valve' or 'delivering better value in SEND'. The 'safety valve' programme, according to the Local Government Chronicle, had by March 2023 agreed £986m of additional funding for relevant councils (albeit spread over a number of years from 2021 to 2029). Although definitive national figures are difficult to obtain, surveys from organisations such as the County Councils Network indicate a national overall DSG debt of several £billions.
- 1.16 As Forum is aware, several years ago T&W did incur a (relatively modest) DSG deficit, but with the Forum's help (by agreeing 0.5% to be moved from the schools block to high needs for two successive years) and though the local authority's effective financial management, we cleared it and have retained a modest level of surplus since then.
- 1.17 However, this has only been achieved in the context of larger DSG increases than is indicated for 2024/25. There is therefore, increasing financial risk for us in high needs, particularly if there is no further funding for 2024/25 and continuing cost pressures from significant pay awards and high inflation generally.

2024/25 Central School Services Block Allocations (CSSB)

- 1.18 The provisional allocation of CSSB is lower than 2023/24 at £1.091m compared to £1.102m. This is a combination of the historic commitments allocation being reduced by 20% per year (albeit T&W's has a low sum falling into this category, so we only lose £2,048) plus the overall remaining sum being reduced by 2.5%, as T&W is on a protected allocation.
- 1.19 The final allocation is updated by pupil numbers, as the allocation is calculated on an amount per pupil. Therefore, if pupil numbers overall increase again in T&W, we may receive a final cash allocation close to that for 2023/24.

2024/25 CSSB – Commentary

- 1.20 The relentless squeeze on local authority funding continues, given that the overall cash total of T&W's CSSB has remained broadly static in recent years, against a background of year on year inflation.

2023/24 and 2024/25 Early Years - Allocations

- 1.21 Initial allocations for the current year (2023/24) for T&W were £11.5m for three and four year olds and £1.8m for two year old funding.
- 1.22 In March 2023 the government announced a funding increase for the Early Years sector, to take effect from September 2023. For T&W children the increase was an additional 30p per hour for three and four year olds (from £4.90 to £5.20) and a very substantial £1.70 per hour for two year olds from £5.63 to £7.33. These increases equate to 6.1% and 30.2% respectively.
- 1.22 Based upon the budgeted numbers within the original allocations this would equate to an additional £400k and £320k respectively in 2023/24 funding.
- 1.23 The DfE has also announced that from April 2024 eligible working parents of two-year-olds will be entitled to 15 free hours per week of childcare. This is in addition to the current offer which applies only to deprived pupils. From September 2024 the offer will be expanded to working parents of pupils from nine months of age. From September 2025 the offer will expand further for all pupils of working parents aged nine months and above to be entitled to 30 hours free provision until they start school.
- 1.24 The DfE have published indicative funding rates for two year olds for 2024/25, which for T&W is £7.65 per hour, i.e. an increase of 35p from the September 2023 rate. The indicative rate for under 2s is £10.42 per hour for T&W.

2023/24 and 2024/25 Early Years - Commentary

- 1.25 There will be a significant increase in the scale of the early years offer over the next two years. For 2 year olds, this is accompanied by a very significant increase in funding per hour. This which would seem to form an implicit admission that the previous funding rate was insufficient to cover provider costs.

- 1.26 The DfE's focus has clearly been on the new elements of the offer, which has led to a gap in the information for the existing offer for three and four year olds, in that unlike two year olds and under, there have yet to be indicative funding rates published for 2024/25 for three and four year olds.

Summary

- 1.27 In all areas of DSG, with the exception of early years old funding, the proposed increases are well below the current level of inflation. As in previous years, the lowest increase (in fact a decrease per pupil) is in the central school services block, covering local authority services.
- 1.28 It remains to be seen if the current high levels of inflation continue into 2024 and whether, if this is the case, the pattern of recent years is repeated, with supplementary grant announcements. Thus, at present, the school funding environment is more uncertain than was the case before inflationary pressures began to significantly increase.

Tim Davis
Group Accountant
September 2023