

**Item 8**

**School Funding 2024/25**

Contact for further information:  
Schools Forum Clerk  
schoolsforum@lancashire.gov.uk

**Brief Summary**

This report provides information about Government announcements on school funding for 2024/25.

**Recommendation**

The Schools Forum is asked to:

- a) Note the report and that the final allocation for 2024/25 would be notified in December 2023.
- b) Note that consultation responses on the level of MFG would be presented to the Forum meeting on 17 October 2023 and that the Forum would be asked to formally consider the 2024/25 rate.
- c) Support the proposal to retain the current notional SEN calculation for the 2024/25 financial year.
- d) Support the proposed voting arrangements as set out for consideration of the MFG proposals.
- e) Support the disapplication to the DfE to request the continued use of an Exceptional Factor in the Lancashire formula, to provide allocations to 4 schools to cover the costs of renting premises for the schools.

**Detail**

The Department first published the 2024-25 NFF in July 2023. Following the discovery of a technical error made by officials during the initial calculations, an update was made to the schools NFF in October 2023.

The technical error was due to incorrect processing of pupil numbers in the initial calculations. This error meant that the overall cost of the schools NFF was underestimated, and incorrect factor values were published in July. Overall, the error overestimated funding by 0.62%

This update contains the new, correct, factor values. No other changes have been made to the structure of the NFF, or the rules governing the local formulae, since July. The total amount of funding in the core schools budget will remain at £59.6 billion in 2024-25.



The High Needs Block and Central School Services Block are unaffected by this update.

Reports based on the July 2023 update were presented and noted in the Working Groups prior to the update. Therefore, the Authority is presenting this report to the Schools Forum to provide an overview of School Funding for 2024/25.

The total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS).

Funding through the mainstream schools national funding formula (NFF) is increasing by 1.9% per pupil in 2024-25, compared to 2023-24.

Government announcements confirm that the DfE will move forward with its plans to implement a direct national funding formula (NFF). As part of the gradual transition to the direct NFF, in 2024/2025, local authorities will be required to start bringing their own formulae closer to the schools NFF, with the aim of moving to the direct NFF by the 2027 to 2028 funding year, or sooner.

As members will be aware. Lancashire has already adopted the NFF as the local funding methodology, so there are no implications in 2024/25 from DfE requirements.

Key changes to the schools NFF in 2024 to 2025 are:

- introducing a new formulaic approach to allocating split sites funding in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor
- rolling the 2023 to 2024 mainstream schools additional grant (MSAG) 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
- increasing NFF factor values (on top of the amounts we have added for the mainstream schools additional grant) by:
  - 1.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum
  - 1.4% to the minimum per pupil levels (MPPL)
  - 0.5% to the funding floor
  - 1.6% to the free school meals (FSM) factor value
  - 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for



the year to April 2023 and (ii) split sites funding which has been formularised

- introducing, for the first time, a methodology for calculating and allocating funding for falling rolls

The department has confirmed the following aspects of the high needs NFF for 2024 to 2025:

- the funding floor is set at 3% so each local authority will see an increase of at least 3% per head of their 2 to 18 population (as estimated by the Office for National Statistics (ONS))
- the gains limit is set at 5%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population
- The basic structure of the high needs NFF for 2024 to 2025 has not changed from the 2023 to 2024 NFF
- In the financial year 2024 to 2025 maintained special schools and PRUs, special and AP academies (including free schools) and maintained and academy hospital schools will continue to receive a separate allocation equivalent to the additional funding allocations in 2023 to 2024. These allocations gave maintained special schools and special academies 3.4% of their total place and top-up funding income and gave PRUs and AP academies and free schools 3.4% of their total income

There will be a separate pay grant for teachers' pay made to cover pay increases in 2023 to 2024 and 2024 to 2025. Further details on the TPAG can be found at [teachers' pay additional grant: 2023 to 2024](#).

### **Minimum Pupil Funding**

The DfE announcements included the relevant minimum pupil funding (MPF) levels for primary and secondary schools, which incorporate the 1.9% uplift for 2024/25:

- The primary schools, the MPF level will be £4,610 per pupil in 2024/25 compared to £4,405 per pupil in 2023/24.
- For secondary schools, the MPF level will be £5,995 per pupil from 2024/25 compared to £5,715 per pupil in 2023/24.

Members are reminded that the MPF levels are not the same as the Age Weighted Pupil Unit (AWPU) or the basic pupil element in your school funding. AWPU is the rate set to allocate the basic entitlement of funding for pre-16 pupils in mainstream schools that is provided for all pupils. This is then supplemented by other formula factors based on the characteristics of your pupils and the school, including your lump sum allocation. The MPF funding ensures that schools receive a minimum level of funding calculated by dividing all your pupil led factors plus the lump sum allocation by the number of pupils on roll. This calculation excludes other factors, for example rates.



**Appendix A** provides details of all the NFF factors and their values for 2024/25.

### **Schools Business Rates**

Further to the DfE changes to the payment process of schools business rates revised arrangements were introduced in some LAs in 2022/23.

DfE have indicated that they have requested local authorities to confirm by January 2024 the payment process they will be implementing for April 2024. In 2 tier local authority areas (like Lancashire), all billing authorities need to agree to implement the National Non Domestic Rates (NNDR) changes before they are introduced and if mutual consent is not reached it will not be possible for any billing authority to adopt the revised payment process. The Local Authority is currently alerting all billing authorities of the implications on the School budget if Lancashire do not agree to implement the NNDR changes.

Updates will be provided to the Schools Forum when necessary.

### **Local Schools Block Formula 2024/25**

Even though Lancashire has adopted the national funding formula methodology as the local funding formula, a degree of local discretion remains about the Schools Block arrangements in 2024/25. Further information is provided below.

#### *Minimum Funding Guarantee (MFG)*

For 2024/25, during the transition to the direct NFF, there remains local discretion around the level of Minimum Funding Guarantee (MFG). LAs have the freedom to set the MFG in local formulae between +0.0% and +0.5% per pupil.

Views will be sought from Lancashire primary and secondary schools and academies in the consultation to take place early in the Autumn Term 2023. The LA proposal included in the consultation will be for the MFG to be set at +0.5% in 2024/25, as this provides the maximum allowable protection for Lancashire schools and academies and matches the funding floor protection included in the NFF.

#### *Notional SEN*

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 or funding allocation** but is identified within a maintained school's delegated budget share, or an academy's general annual grant, and is calculated by each LA using their local mainstream schools funding formula factors.

The DfE's 2024/25 operational guidance emphasised that LAs should keep their notional SEN budget under review 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, and that any shortfall in this notional budget can be appropriately met from additional high needs targeted funding. High needs top-up funding is allocated in addition to the notional SEN budget where SEN support costs of £6,000 per pupil are in excess of the notional SEN budget.



Alongside the operational guidance for 2024/25, the DfE have published additional information about notional SEN. This information confirms that there is currently no national approach to the calculation of schools' notional budget for pupils with SEN through the NFF. The guidance does provide data about the notional SEN calculations nationally. It notes that most LAs calculate their schools' notional SEN budget using a combination of funding from the basic entitlement factor, the deprivation factors, and the low prior attainment factors in the local funding formula.

DfE indicate that overall percentage of formula allocations which are designated as the notional SEN budget across all local authorities is 11.5% in 2022 to 2023. The median notional SEN allocation is 11%.

In order to assist consideration of the notional SEN budget, the DfE have made available data about the national position from analysis of LAs schools block funding formulae 2023 to 2024, as shown below:

<b>Notional SEN % in formulae</b>	<b>Count of LAs</b>	<b>% of LAs</b>
0% to 5%	9	6%
5% to 7.5%	21	14%
7.5% to 10%	34	22%
10% to 12.5%	39	25%
12.5% to 15%	21	14%
15% to 17.5%	19	12%
17.5% to 20%	6	4%
Above 20%	4	3%
<b>All</b>	<b>153</b>	<b>100 %</b>

Lancashire's notional SEN figure in 2023/24 equates to 17.17%.

The national data also provides details of the main factors used to determine schools' notional SEN budgets. The table below shows the number of LAs for which each main factor is being used to determine schools' notional SEN budgets in the 2023 to 2024 formulae and also indicates if it used in the Lancashire calculation

<b>Factor</b>	<b>Count of LAs using factor in 2023 to 2024 calculation</b>	<b>Lancashire</b>
Basic entitlement	122	No
Deprivation	153	Yes
English as an additional language	43	Yes
Looked-after children	0	No
Prior attainment	148	Yes
Mobility	3	Yes
Lump sum	31	No
Sparsity	6	No
MPPF	15	Yes
MFG	10	No



Members will recall that the Lancashire notional SEN calculation was reviewed ahead of the 2020/21 financial year, and following a consultation with schools, the Forum supported the introduction of a simplified notional SEN calculation from April 2020.

After reviewing the Lancashire position ahead of FY 2024/25, the LA is not proposing any amendment to notional SEN methodology from April 2024. This is because:

- The Lancashire calculation has been subject to a recent review and consultation with schools;
- The DfE benchmarking shows that Lancashire's calculation is identifying a notional SEN figure at the higher end of the range nationally;
- Due to various staffing changes within the school funding team at the county council, it is judged best to minimise any changes to the funding arrangements
- It seems likely that the DfE will in future issue national guidance about notional SEN calculations as part of a direct NFF.

The Working Group are asked to consider this position and support the proposal to retain the current notional SEN calculation for the 2024/25 financial year.

The LA will keep the notional SEN calculation under review in future years, especially in the light of any national guidance from the DfE.

Notional SEN guidance was circulated on the Schools Portal early in September 2023 to support schools with the national guidance.

### **Exceptional Circumstances Factor**

The 2024/25 Schools Block Operational Guidance continues to allow for an exceptional circumstances factor to be included in the formula. The exceptional circumstances factor must relate to premises costs and is only applicable where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the local authority's area.

This factor has been utilised by Lancashire for several years and in 2023/24 supported 3 schools for a 'rents' payment where the schools needed to rent premises to deliver the curriculum.

Guidance for 2024/25 specifies that where LAs have already received approval for exceptional circumstances from 2018 to 2019 onwards, they can continue to use the approved factors if the criteria are still being met. Where the latest approval was prior to 2018 to 2019 the local authority will need to submit a new disapplication request for consideration.

In Lancashire's circumstances a new disapplication request is required annually.

The 3 schools involved will continue to rent premises in 2024/25 and initial modelling indicates that the criteria for the value of the factor to be more than 1% of a school's budget and applicable to fewer than 5% of the schools in the area are still met.



Recently, the authority have been made aware of a Lancashire Secondary School whom has entered into a rental lease agreement individually. The LA is seeking advice from the ESFA and the County Councils' legal team to clarify if a disapplication can be submitted.

The disapplication deadline to submit applications for exceptional circumstances 17<sup>th</sup> November 2023.

The Forum is asked to support the disapplication to the DfE to request the continued use of an Exceptional Factor in the Lancashire formula, to provide allocations to 3 schools to cover the costs of renting premises for the schools and the additional secondary school if applicable.

At the Schools Forum on 17 October 2023 members will be asked to formally vote on supporting the submission of disapplication request to the DfE, as this will form part of the disapplication request.

### **Dedicated schools grant (DSG) transfers**

Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.

Any DSG underspend brought forward from the previous year can be used to support the growth or falling rolls fund in the schools block, the central school services block, the high needs block, or the early years block.

In 2022/23 and 2023/24, no transfer was possible, as there was no headroom available in the schools block. Further local modelling will be required to assess the 2024/25 position, but at this point it is not expected that headroom will be available.

If required, an urgent consultation about any possible Schools Block transfer will be held with schools and academies once final 2024/25 DSG allocations are received from DfE and have been assessed.

### **Deficit management**

The DfE recognises that there may well be some local authorities which, despite their best efforts and the increased funding for the high needs block, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time.

To date, Lancashire has managed to maintain a surplus DSG reserve.

ESFA continues to provide support and guidance nationally to LAs with highest historic deficits.

### **Central School Services Block (CSSB)**

As members are aware, the Central School Services Block (CSSB) is made up from a formulaic 'ongoing responsibilities' element that relates to responsibilities that local



authorities continue to have for all schools, and a 'historic commitments' element that relates to certain commitments entered into before April 2013.

The total funding for the current responsibilities is £304 million in 2024/25. This funds all local authorities for functions that they have a statutory obligation to perform for all students in the schools and academies they maintain.

In 2024 to 2025, for those local authorities that receive it, historic commitments funding has been reduced by 20%.

### Provisional Allocations for 2024/25

Government NFF announcements in October 2023 were accompanied by provisional data on the allocations LAs will receive for 2023/24 and notional allocations at individual school level. The data is available [here](#) and contains all primary and secondary schools and academies nationally.

It must be noted that the provisional allocations are calculated using pupil numbers from the October 2022 census. Final allocations, to be issued to schools in February 2024, will be based on pupil numbers from the October 2023 school census.

Even though schools are guaranteed an increase in funding per pupil for their pupil-led funding in the NFF in 2024/25, allocations may still reduce at an individual school level if a school has fewer pupils than before.

### Lancashire Position

The revised October 2023 government announcements contain the actual units of funding for primary and secondary schools that will be used to calculate the 2024/25 Schools Block allocations. Information for Lancashire is provided below, including 2023/24 SUF and PUF values for comparison:

Unit of Funding	2023/24	2024/25
Actual primary unit of funding (PUF)	£4,931	£5,203
Actual secondary unit of funding (SUF)	£6,214	£6,538

Announcements also contained provisional 2024/25 allocations for all DSG funding blocks, except early years. The Lancashire information is provided in the table below and it should be noted that the early years block figures for 2023/24 have been replicated for 2024/25 to complete the 2024/25 DSG estimate.

Forecast DSG Income	2023/2024 Baseline £m's	DfE notional 2024/25 allocation (using Oct 23 data) £m's	Difference £m's	Difference %





Schools Block	951.747	972.495	20.748	2.18%
High Needs Block	175.550	201.104	25.554	12.80%
Early Years Block (NOT UPDATED)	82.472	82.472	0	0%
CSSB	6.810	8.821	2.011	22.80%
<b>Total</b>	1,216.579	1,264.892	48.313	3.9%

The current forecast shows a total increase of circa 2% in the Schools Block from April 2024, however, it must be remembered that actual DSG allocations in Lancashire, to be published in December 2023, could be lower than those in the provisional notification from the DfE, dependant on pupil data from the October 2023 school census.

The Schools Block figures are also shown without the Growth Fund allocations, as these are calculated outside the NFF methodology, although it should be noted that the DfE NFF consultation referred to elsewhere on the agenda starts to develop possible proposals on this subject.

The Schools Block funding increase is welcomed, but members will be aware that there are considerable costs pressures currently facing the sector, with staff costs, energy and general inflation all increasing significantly above this level.

The High Needs Block is forecast to increase by circa 13% for 2024/25. It should be noted that the high needs block 2023/24 figure is the baseline and doesn't include the additional high needs funding allocated to the authority in the autumn 2022 statement, meaning the true funding increase is less than stated.

In HNB, demand growth over the last few years has been circa £10million per year, peaking at £17million in the last financial year. The expected growth along with the current pressures in the sector will only add to the cost increases for the sector going forward. Therefore, considerable strain on the HNB is expected in 2024/25.

#### *Falling rolls*

For the first time in 2024 to 2025 DfE will allocate funding based on growth and falling rolls.

Funding will be allocated based on the reduction in pupil numbers that medium super output areas (MSOA) within each local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each MSOA in a local authority between the most recent October pupil census and the census in the previous October.

Local authorities will continue to have discretion over whether to operate a falling rolls fund. Where local authorities operate a fund, they will only be able to provide funding



where the 2022 SCAP shows that school places will be required in the subsequent 3 to 5 years. This SCAP requirement replaces previous guidance that funding may only be used where local planning data shows that the surplus places will be needed within the next 3 financial years.

**The authority does not have a falling rolls policy in place and is not proposing to implement one due to pressures within the Schools Block. Once final DSG allocations have been received in December 2023, the LA will consult the Schools Forum.**



## Comparison

July 2023

<b>Unit of Funding</b>	<b>2023/24</b>	<b>2024/25</b>
Actual primary unit of funding (PUF)	£4,931	£5,249
Actual secondary unit of funding (SUF)	£6,214	£6,598

<b>Forecast DSG Income</b>	<b>2023/2024 Baseline £m's</b>	<b>DfE notional 2024/25 allocation (using Oct 22 data) £m's</b>	<b>Difference £m's</b>	<b>Difference %</b>
Schools Block	951.747	981.137	29.39	3%
High Needs Block	175.550	201.104	25.554	12.80%
Early Years Block (NOT UPDATED)	82.472	82.472	0	0%
CSSB	6.810	8.821	2.011	22.80%
<b>Total</b>	1,216.579	1,273.534	56.955	4.5%

October 2023 Update

<b>Unit of Funding</b>	<b>2023/24</b>	<b>2024/25</b>
Actual primary unit of funding (PUF)	£4,931	£5,203
Actual secondary unit of funding (SUF)	£6,214	£6,538

<b>Forecast DSG Income</b>	<b>2023/2024 Baseline £m's</b>	<b>DfE notional 2024/25 allocation (using Oct 23 data) £m's</b>	<b>Difference £m's</b>	<b>Difference %</b>
Schools Block	951.747	972.495	20.748	2.18%
High Needs Block	175.550	201.104	25.554	12.80%
Early Years Block (NOT UPDATED)	82.472	82.472	0	0%



CSSB	6.810	8.821	2.011	22.80%
<b>Total</b>	1,216.579	1,264.892	48.313	3.9%

