

# Agenda Item 9

**TITLE** 2024/25 DSG Budget Update

**FOR CONSIDERATION BY** Schools Forum on 11 October 2023

**WARD** None Specific;

**LEAD OFFICER** Director, Children's Services - Helen Watson

## **OUTCOME / BENEFITS TO THE COMMUNITY**

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

## **RECOMMENDATION**

Schools Forum is asked to note the update on the budget for the 2024/25 financial year.

## **SUMMARY OF REPORT**

The report provides an update on work informing 2024/25 budget setting, funding information as it is currently available, and next steps.

## DSG Budget Planning 2024/25

### 01. Purpose of the Report

This report provides Schools Forum with an update on work informing 2024/25 budget setting.

### 02. Recommendation

Schools Forum is asked to note the update on the budget for the 2024/25 financial year.

### 03. Funding Allocation for 2024/25

At the end of July 2023 the DfE advised Wokingham Borough Council of our Primary and Secondary Units of Funding for the 2024/25 financial year.

We were also advised of our provisional High Needs and Central School Service Block income. The Growth Factor element of the Schools Block, the final High Needs Block, Central School Services Block and Early Years Block income won't be confirmed until the end of December 2023.

Block	2023/24 TOTAL		2024/25 PROVISIONAL		£ Increase	% Increase
Primary Unit of Funding	4,579		4,854		275	
		71,983,274		76,303,327	4,320,053	6.0%
Secondary Unit of Funding	5,936		6,332		396	
		63,495,841		67,731,243	4,235,402	6.7%
Premises Factors		1,634,877		1,790,874	155,997	9.5%
MSAG		4,555,857		Now in baseline		
<b>Sub-total Schools Block</b>		<b>141,669,849</b>		<b>145,825,444</b>	<b>4,155,595</b>	<b>2.9%</b>
Growth Factors	1,665,896					
<b>TOTAL Schools Block</b>		<b>143,335,745</b>			<b>tbc</b>	
<b>TOTAL High Needs Block</b>		<b>28,430,327</b>		<b>29,145,904</b>	<b>715,577</b>	<b>2.5%</b>
<b>TOTAL Central School Services Block</b>		<b>1,039,167</b>		<b>1,075,657</b>	<b>36,490</b>	<b>3.5%</b>

The figures used by the DfE for the above are based on the census data from last year. Final funding allocations in December will take into account the pupil numbers and characteristics from the October 2023 census.

### 04. Schools Block

The Schools Block Task and Finish Group have met to discuss the funding formula.

2024/25 is the second year of official transition to the “direct” schools National Funding Formula (NFF). There are more requirements on local authorities to move their formula closer to the NFF.

- Only allowed the use of NFF factors in our local formulae. This means Wokingham will need to adopt the new formulaic approach to the split sites factor which affects one Wokingham school.
- Local authorities will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2023/24, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF. Wokingham has been moving their formula factor amounts closer each year.
- MFG can be set between +0.0% and +0.5% (In 2023/24 Wokingham’s MFG is +0.5%)
- Minimum Per Pupil Funding has increased (see figures below). The new figures reflect an increase of 2.5% plus the additional of the Mainstream Schools Additional Grant (MSAG)

	2023/24 MPPL	2024/25 MPPL	Increase %
Primary	£4,405	£4,655	5.7%
KS3	£5,503	£5,824	5.8%
KS4	£6,033	£6,389	5.9%
Secondary	£5,715	£6,050	5.9%

Over the summer, we modelled funding based on the NFF factor rates, the minimum allowable NFF factor rates and the maximum allowable factor rates.

At the Task and Finish Group meeting, we found that using the census figures from October 2022 meant that:

- There are 2 versions of the formula that are potentially affordable:
  - using the NFF factor values with Area Cost Adjustment (ACA), and
  - using the minimum allowable NFF factor values
- Assuming:
  - we keep MFG at maximum allowable of 0.5%
  - we have no cap on gains, as there is no cap in the NFF
  - we can increase the FSM factor to £300

We have requested that schools supply us with their up-to-date pupil numbers this term, so we could calculate more accurately what our actual likely final settlement will be in December. Having the pupil numbers still doesn’t change the pupil characteristics from last year (for example percentage of deprivation) as these will be taken from the actual October 2023 census.

The funding consultation with schools is currently running. We will give a verbal update of the results of the Principles of the Schools Block funding formula and

disapplication request for our all-through school at the meeting. The response to the 1% block transfer will be covered under another agenda item.

#### 05. **Growth Fund 2024/25**

For the first time in 2024/25, the DfE will allocate funding based on growth AND falling rolls.

For the current year the growth factor allocation is £1.6m for Wokingham. Through budget planning we allocated the total amount locally from the overall Schools Block allocation to the Growth Fund for the 2023/24 financial year.

We have asked schools to supply us with their pupil numbers this term to enable us to calculate what our Growth and Falling Rolls funding is likely to be for 2024/25 which will help us inform our budget planning, particularly given Growth Fund spend for 2023/24 is now forecast at £1.9m.

Wokingham doesn't currently operate a falling rolls fund. The restriction that support could only be provided to schools judged 'good' or 'outstanding' at their last Ofsted inspection will be removed in 2024/25. Whether schools would like the option of a falling rolls fund has formed part of our consultation with schools.

Looking at likely growth requirements for 2024/25, the budget required for next financial year is likely to be around £1.5m if we utilise all of the growth fund which is currently held in reserves.

#### 06. **Early Years Block**

The Task and finish Group met before the summer holidays to discuss the principles around the allocation of the new Supplementary Grant from September 2023. It was agreed that we would distribute 100% to settings as an additional rate alongside the current funding formula.

We have been given provisional figures for the extended 2-year-old free entitlement from April 2024. The funding Wokingham will receive for 2-year-olds will be calculated using a base rate and an amount for additional needs.

From September 2024 the free entitlement will extend to 9 months up to 2-year-olds which the DfE will need to create a new rate for.

We are expecting all the new rates to be confirmed in the Autumn term.

As with other blocks, the Teachers Pay and Pension Grant (TPPG) which has previously been paid separately, will be rolled into the baseline for 2024/25.

From 2024/25 the DfE are expecting to extend the eligibility for Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF).

The Early Years Task & Finish Group will convene this term and will be kept updated as more information becomes available.

07. **High Needs Block**

As High Needs Block Task & Finish Group was established in the latter stages 2023/24 budget setting. The group will convene in the coming weeks to review and consider budget setting assumptions and recommendations for the coming financial year.

The group's work will be informed by the longer term financial modelling linked to the DSG management plan and the Safety Valve process to ensure that recommendations made on the budget for 2024/25 are set in the context of the wider work.

08. **Next steps**

Work under each of the task & finish groups will continue over the coming weeks with the aim of having draft budget assumptions for each block reported back to Forum in December.

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