

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	13th September 2024
2.	Title:	Schools Budgets 2024-25 – Latest Position
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 To provide an update on the school's budget for 2024/25 and to outline the main funding changes announced by the DfE since the last School Forum in June 2024.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the schools forum note the latest DSG funding for schools for the 2024/25 financial year.
- 2.2 That Schools Forum note financial positions of Rotherham's maintained schools and the identified financial risks against the schools DSG budgets for the year.
- 2.3 That the Schools forum note the announcements of the Teachers Pay Award alongside the Core Schools Budget Grant allocation.
- 2.4 That the Schools forum note the delay to the publication of the indicative schools and high needs national funding formula (NFF) allocations for 2025-26 due to the timing of the general election.

3. BACKGROUND INFORMATION & CONTEXT

- 3.1 Following the DfE notification of Rotherham's DSG funding in December 2023, a report was presented to Schools Forum outlining the overall funding envelope across all four of the DSG funding blocks (£333.5m in total, £243.7m in Schools Block funding). This informed the budget setting process for the 2024-25 financial year.
- 3.2 Individual school budget shares were issued in February 2024 in accordance with the statutory deadline; with a requirement for schools to submit approved detailed 3-year budgets to the Authority by the 17th of May 2024.

4. LATEST DEDICATED SCHOOLS GRANT 2024-25

- 4.1 The latest confirmed DSG funding allocation for Rotherham for 2024-25 is £109.7m, which includes a total of £30.4m in Schools Block funding.

- 4.2 The latest allocation includes a change of £363k on the high needs block made up of a £234k increase for Special Free Schools and £129k import/export adjustment. All other blocks remain unchanged since the last report to Schools Forum in June.

2024-25 DSG Funding Blocks	March 2024 Allocation	Latest July Position (£m)	Change (£m)
Schools Block	30.45	30.45	-
Central Block	1.57	1.57	-
Early Years Block	30.95	30.95	-
High Needs Block	46.37	46.73	0.36
Total DSG	109.34	109.70	0.36

5.0 UPDATE ON CENTRAL SCHOOLS BUDGETS 2024-25 (DSG)

These relate to budgets for schools' expenditure that are retained and where it is cost effective to be managed by the council. It comprises in the main elements of the schools' block, early years, and the high needs DSG blocks.

- **Schools Block** – After taking account of the recoupment adjustment for academies the funding allocated to the LA and delegated to maintained schools is £30.45m.

It should be noted that a funding transfer of 0.5% was made from the schools block to the high needs block and reflects the confirmed DfE decision on the disapplication request made by the LA. Consequently, the actual delegated budget for 2024-25 currently stands at £29.25m.

The de-delegated budgets for Schools in Financial Difficulty (SIFD), School Improvement & Trade Union activities are all showing a balanced position for 2024-25. The LA has committed to supporting two schools using the SIFD funding for 2024-25 and it is likely that additional commitments will need to be made as schools continue to face rising costs alongside a drop in pupil numbers.

Growth and falling rolls will be funded from DSG reserves for 2024-25.

- **Central Schools Services Block** – There has been no change to the allocation for the central block and the latest confirmed funding stands at £1.57m. The central schools DSG funding is used to support ongoing commitments such as SACRE, Teachers Pensions Grant, Schools forum servicing, Schools Admissions and Copyright Licensing.

- **High Needs Block** – A cost pressure of £1.5m is currently forecast for the High Needs block and mainly relates to SEND. This represents a £0.3m increase in the deficit compared with the position in the Safety Valve agreement (agreed with the DfE). The increased deficit is mainly due to the following; inflationary costs; increase in EHCP pupils in mainstream schools and specialist provision; and continuing placements in out of authority independent settings. Work is ongoing through the SEND sufficiency programme to create more local places and provision aimed at reducing out of authority specialist placements
- **Early Years Block** – a balance position is currently forecast across the early years block, with the brought forward balance at the start of 2024/25 to be utilised to fund the Inclusion support Grant payments to providers. At this stage it is envisaged that participation numbers for the 2 year olds and 3&4 year olds childcare entitlement (including the expansion) will be in line with budget projections.

DSG Reserve Position

The latest DSG reserve account shows an overall deficit of £1.8m in 2024/25 and £0.9m in 2025/26 (final year of the Safety Valve programme).

6. UPDATE ON DELEGATED SCHOOLS BUDGETS 2024-25

6.1 The total net balances as reported by 24 LA maintained primary, secondary and special schools and nurseries in their July budget monitoring statements are shown below. It is worth noting that the July position does not include the full effects of the teachers pay award or the Core Schools Budget Grant that were announced towards the end of the month.

	2023/24 Outturn	2024/25 Original Budget	2024/25 Latest Budget Outturn	Variance
Nursery	0.440	0.558	0.627	0.069
Primary	1.466	0.590	0.877	0.287
Secondary	0.556	0.088	0.207	0.119
Special	-0.070	0.016	0.077	0.061
	2.391	1.252	1.787	0.536

6.2 Main highlights from the above:

- When compared to the original budget, the July position shows a net improvement of £536k.
- The July budget monitoring shows a decrease in net surplus of £604k compared to the 2023/24 outturn position. This is reflective of the increased financial pressures faced by schools.

- The latest position includes a total of 5 schools with deficit balances compared to the original 3 that have licensed deficits from the original budget submission in May. One school has returned to a balanced position from their original budgeted deficit position.

Schools with deficit	Original budget	Latest July position	Comments
Aston Fence J&I	-£0.009	-£0.021	Unforeseen staffing costs.
Brinsworth Manor Infants	-£0.077	£0.014	Significant changes in staffing during academisation.
Wales Primary	-£0.052	-£0.051	No significant changes from original budget and deficit reduction plan.
Badsley Primary	£0.006	-£0.035	Increased agency spend.
Blackburn Primary	£0.002	-£0.014	Budget to be revised with new headteacher.
Rawmarsh Ryecroft	£0.039	-£0.008	Significant reduction in pupil numbers. Budget to be revised with new business manager in September.

- The three schools that submitted a deficit budget have had licensed deficits approved by the LA. Two of these schools will receive funding through the Schools in Financial Difficulty (DSG) fund in 2024/25.
- Since the original budget submission, a further three schools are now projecting deficits in their July budget monitoring statements. Schools continue to raise sustainability concerns regarding cost pressures and the impact appears more severe in primary schools who are already under budget pressure from reducing pupil numbers and therefore have limited scope to absorb increasing costs. However, early indications suggest that these schools will be able to submit a more balanced position in their revised budget submissions in October. The LA will continue to monitor these deficits and work closely with schools to support them in managing their overall financial position.

7 TEACHERS PAY AWARD & CORE SCHOOLS BUDGET GRANT

- 7.1 The DfE has announced that teachers will receive a 5.5% pay increase from September 2024 after accepting recommendations made by the independent School Teachers Review Body (STRB) in July.
- 7.2 The DfE has said that schools including mainstream, special and alternative provision, will be provided with almost £1.1billion in additional funding to support them with overall costs in 2024-25.
- 7.3 The DfE will also provide an additional £97m for schools delivering post-16 education and £34m for schools delivering early years provision.

- 7.4 The additional funding will be provided through the new Core Schools Budget Grant (CSBG). The new grant is based on a combination of per-pupil allocation, a lump sum and weighting for disadvantaged pupils.
- 7.5 The base funding rates for the 2024-25 financial year are:
- a basic per-pupil rate of £76 for primary pupils, including pupils in reception.
 - a basic per-pupil rate of £108 for key stage 3 pupils
 - a basic per-pupil rate of £122 for key stage 4 pupils
 - a lump sum of £2,900
 - a FSM6 per-pupil rate of £70 per eligible primary pupil
 - a FSM6 per-pupil rate of £100 per eligible secondary pupil
- 7.6 In 2024-25, funding through the CSBG will cover the 7-month period from September 2024 to March 2025. The impact of the pay award covers two financial years and the funding announced therefore only covers the first seven months.
- 7.7 Schools will receive one payment to cover the 2024-25 financial year. The ESFA will pay the grant in November 2024 for local authorities and December 2024 for academies.
- 7.8 The funding for mainstream primary, secondary and all through schools will be incorporated into core budget allocations for 2025-26, by being rolled into the schools national funding formula (NFF).
- 7.9 Arrangements will be put in place to cover the CSBG for the period April – August 2025 for academies, given their funding cycle follows the academic year.
- 7.10 The Local Government pay offer of £1,290 for SCP 2-43 or 2.5% for SCP 44 upwards is still being negotiated with unions but the additional funding schools will receive through the CSBG will ensure that schools are, at a national level, covered for the current 2024-25 pay offer for support staff.

8. 2025-26 BUDGET SETTING

- 8.1 Due to the timing of the general election, the ESFA were unable to announce the school's budget or publish the indicative schools and high needs national funding formula (NFF) allocations for 2025-26. As a result, the annual funding cycle will differ from previous years and new timelines will be confirmed in due course following decisions on the overall core schools budget settlement for 2025-26.
- 8.2 The Local Authority continues to experience pressure on its High Needs block. The latest position on the DSG Management Plan is forecasting a pressure of £884k at the end of 2025-26 compared to the balanced position that was originally expected in 2021/22 when RMBC became part of the Safety Valve programme. The current projection includes an assumption of a 0.5% transfer from the Schools Block in 2025-26.

- 8.3 Despite the delay in indicative funding allocations being released by the ESFA, the local authority is seeking the support of the Schools Forum early to support this request as we continue to manage the deficit on the High Needs block.
- 8.4 The ESFA and the Safety Valve Delivery Team are encouraging Local Authorities to submit disapplication requests early to help schools and local authorities manage the impact of the delays to the usual NFF timings.

9. NAMES & CONTACT DETAILS

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