

School and Nursery Budgets 2024/25 Notes of Guidance



Derby City Council

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Background

For 2024/25 Derby benefits from the national funding settlement received with almost £17.739 million of growth in the Schools Block and £1.968 million in the High Needs Block. In Derby we continue to fully implement the National Funding Formula meaning schools in Derby continue to be funded above the levels national policy has determined, this is great news for all our schools.

The High Needs Block remains under considerable financial pressure. In consultation with all schools, Schools Forum have also agreed a transfer 0.5% (£1.229m) from the Schools Block into the High Needs Block This will further ease the pressures reported within the High Needs Block after the Council contribution toward HN transformation of £1m for both 22-23 and 23-24 financial year.

The Dedicated Schools Grant for Derby is split into four blocks: Schools Block, Early Years Block, High Needs Block and Central School Services Block. Blocks have been ring fenced since 2018/19, but Local Authorities can transfer 0.5% of their school's block funding to another block with School Forum agreement. Block transfers above 0.5% need School Forum and Secretary of State Approval.

The Minimum Funding Guarantee (MFG) has been set at 0.5% (per pupil protection), which operates to protect the per pupil funding protection. For 2024/25 the Minimum Per Pupil Funding level (MFL) set by the DFE has increased to £4,610 for primary and £5,995 for secondary aged pupils. The MFL operates to protect those schools that have not reached the set minimum funding levels above. Derby's average MFLs are £5,368 for primary pupil (16% above MFL) and £6,948 for secondary pupil (16% above MFL) well above the MFL.

Derby has been able to fully introduce the National Funding Formula throughout all the factors in the Schools' Budget however to enable the ongoing affordability School Forum agreed to cap above 1.4% per pupil increase and scaling back of 50%. Schools need to be mindful that the MFL overrides any cap that takes a school below MFL, with the 1.4% cap only applying to those schools already above the minimum funding levels. Scaling back factor of 50% mean the school who benefit from a gain retain the full 50%. These factors are shown on the Minimum Funding level per pupil/MFG/Capping and scaling line on the School Block Funding Budget.



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The Mainstream Schools Additional Grant (MSAG) was mainstreamed into the school block funding for 2024-25.

Additional funding released by the DFE for mainstream school for 2024 to 2025 –

- Teachers' pay additional grant 2024 to 2025 -. The methodology for the 2024 to 2025 TPAG, in respect of the increase in teachers' pay from September 2023 has now been published and can be found at [teachers' pay additional grant: 2024 to 2025](#).
- Teacher pension Grant for 2024 to 2025 to reflect the additional costs of the increase of 5 percentage points, to 28.6%, to the employer contribution rates to the teachers' pensions scheme from April 2024, awaiting further information to be announced.



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Formula Funding – Schools Block

Derby has been able to fully introduce the National Funding Formula rates in 2024/25, which is an extremely positive position for Derby.

Derby is only using NFF funding factors described below:

Basic Entitlement - Age Weighted Pupil Funding (AWPU)

The funding regulations state that there should be a single unit value for primary aged pupils and a single unit value for each of Key Stage 3 and Key Stage 4. The AWPU rates detailed below:

	AWPU 2023/24	AWPU 2024/25
Primary Pupils	£3,394	£3,562
Secondary KS3 Pupils	£4,785	£5,022
Secondary KS4 Pupils	£5,393	£5,661

Post 16 pupils are being funded separately through the sixth form programme funding directly from the Education and Skills Funding Agency (ESFA).

A technical change in place funding in 2018/19 transfers ERS element 1 funding (AWPU) from the High Needs Block to the Schools Block, which means the number on roll includes high needs places within Enhanced Resource Units.

i) Education Funding Agency Allocations for Sixth Form pupils

The sixth form budget allocations are not included.

ii) Pupil Numbers

All formula calculations are based on actual pupil numbers as at October 2023 school census.

iii) Growth Fund allocations

Schools with additional permanent classes established for basic need and agreed with the Council, the number on roll (NOR) have been amended to reflect the extra children. In these instances, the school will **not** receive growth funding as the NOR has been increased.



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The Growth Fund criteria remains unchanged, there was a technical adjustment for the increase in primary growth this can be seen in the [January 2024 School Forum Documents – Growth Fund and Pupil Numbers on Roll Adjustments \(derby.gov.uk\)](#)

[Schools' forum - Derby City Council](#)

iv) Minimum funding level per pupil

The minimum funding level per pupil is set by the DfE at £4,610 for primary and £5,995 for secondary aged pupils. Additional funding through this factor is shown on the Minimum Funding level per pupil/MFG/Capping line on the School Block Funding Budget. MFG has been set at 0.5%, Capping is set at 1.4% and scaling at 50%.

Deprivation

This factor is to recognise the additional cost of deprivation. To target funding in this way, we have used a combination of measures; Income Deprivation Affecting Children (IDACI), Current Free School Meals and Free School Meals Ever 6 which is a pupil premium indicator.

Prior Attainment

The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs. Low prior attainment funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling. The following is used:

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.



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English as an Additional Language

EAL pupils may attract funding for a maximum of 3 years after the pupil enters the statutory age school system.

Pupil Mobility

Pupil mobility will be allocated to schools with a high proportion of pupils with an entry date in the last 3 years which is not typical (for example, pupil recorded in January or May census). The threshold for individual schools to trigger this is 6% of their pupil cohort being defined as 'mobile'; defined as pupils entering school outside of the 'normal' admission date.

Lump Sum

The primary and secondary lump sum is £134,400.

Split Sites

This factor allows funding to be directed to schools with split sites, to reflect the costs of operating on split sites.

Rates

2024-25 will see Derby adopting the changes allowable which sees rates being paid directly to the billing authorities by the ESFA., Rates will no-longer be paid directly by schools. However, the liability remains with the school for reporting purposes and each budget statement will refer to the rates element of the budget for reference purposes.

PFI Contract Costs

This factor allows funding to be directed to schools with PFI contract costs as they represent an additional and unavoidable cost to schools. The schools concerned will pay the PFI factor allocation back to the local authority and must not allocate this for any other purpose.



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Formula Funding - Early Years Block

Note 24-25 budget statement, due to the changes in Early Years funding the budget statement that supports a School's budget setting process will only show three-and-four-year-olds estimated budget, this is due to historic trend information being available to allow for estimated hours for the coming year to be calculated. All elements of funding will be paid on participation, however, for budget setting purposes with regard to the 9 months to 35 months, it is for the individual schools to estimate in their plans the income amounts they anticipate according to their early years offer.

To note that the early years teachers' pay grant has been mainstreamed in respect of the September 2023 teachers' pay award, as well as the additional funding to support providers with the costs of employer contributions to the teachers' pension scheme which are due to increase from April 2024.

Three-and-four-year-old funding

The national formula will allocate funding for three-and-four-year-olds; both universal 15-hour entitlement and the 30-hour extended entitlement for children of working parents. Both universal and extended entitlement funding will remain participation based and built into the 2024/25 budget.

The number of requirements on how local authorities can allocate funding to providers remains for this financial year. These requirements are intended to ensure that funding provided by the ESFA is fairly distributed to providers, which include:

- A minimum amount of funding to be passed through to providers.
- A local universal base rate for all types of providers, to be set by local authorities.
- Supplementary funding for standalone maintained nursery schools remains for Financial Year 2024/25. The funding will be paid through a lump sum basis and an increased hourly rate paid on the universal hours only.
- Mandatory and discretionary supplements local authorities can use.
- A disability access fund.

A requirement for authorities to establish a special educational needs inclusion fund.

The annual budget for early year's providers and mainstream settings for three-and-four-year-olds has been calculated using hours estimated for each provider adjusted for reasonableness and past hour trends. Hourly Rates for all sectors have increased by 11.7%. Budgets are adjusted in year for all providers.



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Hourly Rates for 3-and-4-year-old funding 2023-24 & 2024-25		
	Hourly Rates	
	2023-24	2024-25
Base Rate	£4.70	£5.25
Deprivation Funding (IMD)	£0.20/£0.60	£0.20/£0.60
English as an Additional Language (EAL)	£0.20	£0.20
Supp. Stand Alone Nursery Funding	£2.05	£3.27

2-year-old Disadvantage Funding

Previously this has been directly passported over to the providers, from 2024-25 there is a local formula in place to transfer the funding.

The number of requirements on how local authorities can allocate funding to providers remains for this financial year. These requirements are intended to ensure that funding provided by the ESFA is fairly distributed to providers, which include:

- A minimum amount of funding to be passed through to providers.
- A local universal base rate for all types of providers, to be set by local authorities.
- A disability access fund.
- A requirement for authorities to establish a special educational needs inclusion fund.

Hourly Rates for all sectors have increased by 35.74%. The funding will be paid to providers based on actual uptake.

Hourly Rates for 2-year-old Disadvantage funding 2023-24 & 2024-25		
	Hourly Rates	
	2023-24	2024-25
Base Rate	£5.68	£7.71

2-year-old working parents Funding

New element from April 2024.

There are several requirements on how local authorities can allocate funding to providers. These requirements are intended to ensure that funding provided by the ESFA is fairly distributed to providers, which include:



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- A minimum amount of funding to be passed through to providers.
- A local universal base rate for all types of providers, to be set by local authorities.
- A disability access fund.
- A requirement for authorities to establish a special educational needs inclusion fund.

The funding will be paid to provides based on actual uptake.

Hourly Rate for 2-year-old working parents funding 2024-25	
	Hourly Rate
	2024-25
Base Rate	£7.71

9 months to 23 months working parents Funding.

New element from September 2024.

There are several requirements on how local authorities can allocate funding to providers. These requirements are intended to ensure that funding provided by the ESFA is fairly distributed to providers, which include:

- A minimum amount of funding to be passed through to providers.
- A local universal base rate for all types of providers, to be set by local authorities.
- A disability access fund.
- A requirement for authorities to establish a special educational needs inclusion fund.

The funding will be paid to provides based on actual uptake.

Hourly Rate for 2-year-old Disadvantage funding 2024-25	
	Hourly Rate
	2024-25
Base Rate	£10.80



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Early Years information

As part of the NFF, the following has also been implemented:

- To establish a £720,558 SEN inclusion fund to support children with additional needs across all settings. (This is funded by £450,000 from the high needs block for 2024-25 the remaining is from the early years block)
- Disability Access Fund. This supports early year's providers to make initial reasonable adjustments and build the capacity within their setting to support disabled children. Providers will receive additional funding for children in their setting in receipt of Disability Living Allowance (DLA) and every child eligible is entitled to £910 per year (one payment per year to the first provider only).



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Formula Funding - High Needs Block

Specialist providers including special schools and enhanced resource provision in mainstream schools, continue to be funded based on actual pupil numbers with a base level of funding to offer some stability.

High needs funding is increasing by a further £440 million, or 4.3%, in 2024-25. Following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF has ensured every local authority received at least a 3% increase per head of their 2-18 population. The Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. For 2024-25 Derby Special school element 3 funding will remain at the currently levels with no inflation. The challenges on the High Needs Budget does mean a deficit budget is being set for 2024/25.

The pupil-led element of funding is to be met by the commissioning local authority and will be based on the individual needs of each pupil.

The authority will continue to recover top up funding for places commissioned from other local authorities, for maintained Schools only.

Where previously the authority recovered top up funding for places commissioned from other local authorities within the SEN schools, this is now only applicable for those schools who remained Maintained. It does not apply to Academy schools.

Special Schools & Alternative Provision

i) Place Led Funding

The numbers of planned places attract a place funding of £10,000 per place.

ii) Teachers Pay and Pension Grant

Teachers pay and pension grant is allocated on the number of planned places in special schools and AP. It is funded at £660 per place. This will continue in 2024/25.

Additional funding released by the DFE for mainstream special schools and PRU's school for 2024 to 2025 –

- Teachers' pay additional grant 2024 to 2025. The methodology for the 2024 to 2025 TPAG, in respect of the increase in teachers' pay from September 2023 has



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now been published and can be found at [teachers' pay additional grant: 2024 to 2025](#).

- Teacher pension Grant for 2024 to 2025 to reflect the additional costs of the increase of 5 percentage points, to 28.6%, to the employer contribution rates to the teachers' pensions scheme from April 2024, awaiting further information to be announced.

Additional funding (announced December 22) for AP and Special schools is continuing. The guidance requires local authorities to pass on the same level of additional funding to these schools similar to the previous year, Derby have used the recorded commissioned place numbers based on 5/12th 23-24 and 7/12th 24-25 (£0.792m) to be consistent.

iii) Pupil Led funding

Top up funding will be provided for each individual pupil dependant on their level of need. In 2024/25, Special School places element 3 funding (excluding residential unit) will remain at the current funding levels with no inflation.

Special Schools and Alternative Provisions should be aware that pupil led funding follows the child. When a pupil joins or leaves your school your **Funding will be adjusted** to reflect these changes. Funding adjustments will be made to schools regularly throughout the year, based on funding regulations.

If a school is an Academy, they will receive Element 1 and 2 funding directly from the ESFA. Derby will fund Element 3 for Derby pupils only. As noted above academies are responsible for reclaiming other Local Authority's (LA) pupil Element 3 directly from the relevant LA.

Special Schools & Alternative Provision Element 3 Funding 2023-24 & 2024-25				
School	School Type	Phase	Element 3 2023/24	Element 3 2024/25
Ivy House School	Profound and Multi Learning Difficulties	All	16,173	16,173
St Andrews School - Day	Severe Learning Difficulties	Secondary	10,670	10,670
St Andrews School - Residential	Severe Learning Difficulties	Secondary	19,530	19,530
St Clare's School	Severe Learning Difficulties	Secondary	6,605	6,605



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St Giles School	Severe Learning Difficulties	Primary	11,178	11,178
St Martins School & Horizons	Severe Learning Difficulties	Secondary	9,145	9,145
The Kingsmead School	Social Emotional and Mental Health	Secondary	18,021	18,021
Bridge Street KS 1/2 PRU	-	Primary	14,424	14,424
Bridge Street KS 3/4 PRU	-	Secondary	16,654	16,654

ERS Places

i) Place Led Funding

Each place has been funded based on the number of places agreed in a school as stated in the service level agreement. In 2018/19, there was a technical change in place funding for ERS Units. From 2018/19, ERS places are funded at £6,000 (Element 2). Element 1 is funded through AWPU and other school budget factors the minimum per pupil funding for a primary school £4,610 per place and for secondary £5,995 per place.

ii) Pupil Led Funding

Top up funding will be provided for each individual pupil dependant on their level of need. Surplus places do not attract top up funding and have not been built into your budget.

ERS Units should be aware that pupil led funding follows the child. When a pupil's banding changes, or they join/leave your school your **Funding will be adjusted** to reflect these changes. Funding adjustments will be made to schools regularly throughout the year, based on funding regulations.

If a school is an Academy, they will receive Element 2 funding directly from the ESFA. Derby will fund Element 3 for Derby pupils only. As noted above Academies are responsible for reclaiming another LA's pupil Element 3 directly from the relevant LA.

The affordability of the HN Block means there has been no change to Element 3 banding rates for 2024/25 a reminder of rates are in the table below, as all ERS units will have a minimum of 3% increase in their Element 1 funding (School block).



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ERS Places Element 3 Funding 2022-23 & 2023-24

School	School Type	Phase	Element 3 2023/24	Element 3 2024/25
Allestree Woodlands Community School	Hearing impairment	Secondary	6,000	6,000
Brackensdale Primary School	Communication and Interaction ASD	Primary	8,000	8,000
Markeaton Primary School	Visual Impairment	Primary	22,980	22,980
Reigate Park Primary School	Hearing impairment	Primary	6,000	6,000
Saint Benedict Catholic School	Visual Impairment	Secondary	10,000	10,000
Saint Benedict Catholic School - Post 16	Visual Impairment	Secondary	10,000	10,000
Springfield Primary School	Communication and Interaction ASD	Primary	8,000	8,000
The Bemrose Community School	Communication and Interaction ASD	Secondary	9,000	9,000

Element 3 Funding

Element 3 funding will not be part of the base budget for a mainstream school but will be paid during the financial year. Schools will be notified separately of children and funding.

As stated above, Academies are responsible for reclaiming another LA's pupil Element 3 directly from the relevant LA.

Notional SEN

Notional SEN funding is included within schools delegated budgets, the amount of which can be identified on the budget proforma.

It is recommended that schools communicate this information to governors and report on a regular basis throughout the year. Below is an extra from the DfE guidance on the importance of understanding a School's notional budget.

SEND notional funding is included in each budget to enable schools to support and provide additional resources for children and young people with SEND. The Council remains consistent with their request for Schools to set separate budget plans in relation



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to SEND notional funding so that they can clearly demonstrate how the funding has been prioritised specifically for children with SEND. Therefore, Schools could again be asked to provide a SEND budget plan for 2024/25 when raising any concerns in relation to meeting the specific needs required as part of a child's EHC plan.

It remains a school governing bodies responsibility to monitor such a budget separately to be fully satisfied that funding is prioritised for vulnerable children with additional needs.

The notional SEN budget provides funding for schools to meet support costs of up to £6,000 per individual child (often referred to as element 2 funding). Funding applications for further additional funding (element 3 funding) will not be supported by SEN Funding Panel unless schools are demonstrating that this notional funding has been targeted in this way.

In the same way that mainstream schools have a notional SEN budget, for early years settings notional SEN funding is deemed to be included as a percentage figure within the funding from the Early Years Block. All early year's settings will be expected to contribute towards the costs of any child with high needs. The amount of this contribution, over a full financial year, has been defined as £300 per high needs child in a maintained nursery and £200 in a school nursery or PVI setting.

De-Delegation

Where maintained schools have collectively agreed that they can be provided centrally, budgets have been de-delegated and returned to the local authority.

De-delegation is not an option for academies, special schools, nurseries or PRUs however academies can access Trade Union (TU) duties recharges on a buy back basis.

Schools Forum

All formula changes have been approved at Schools Forum and Council Cabinet. For further information please see web site:

<http://www.derby.gov.uk/education-and-learning/schools-and-colleges/schools-forum/>



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Contacts

For school specific queries please email SchoolFinanceTeam@derby.gov.uk and ensure that the title of your email is 'School Funding Query and School Name', to ensure that emails are clearly identified.

For general queries please contact:

Jemma Gaunt on 01332 642684

Chris Holmes on 01332 642687



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