

# Southend-on-Sea City Council

Executive Director of Finance and Resources  
Executive Director of Children and Public Health  
To  
School Forum

Agenda  
Item No.

On  
9<sup>th</sup> December 2024

Report prepared by:  
Paul Grout, Senior Finance Business Partner  
In consultation with the:  
Resources Sub Group  
Early Years Forum

---

## Dedicated School Grant Budget (DSG) Planning 2025/26 And Forecast Outturn and Budget Update 2024/25

---

### 1 Purpose of Report

- 1.1 To seek to agree a decision in principle with regard to the setting of local mainstream 2025/26 individual school block funding allocations per pupil but also in view of very restrictive revisions of any such changes to the formulae as now administered through the National Funding Formulae (NFF).
- 1.2 To seek to agree a decision on final indicative 2025/26 DSG budget allocations for de-delegated maintained school block allocations and central block funded services all schools.
- 1.3 And to provide an update on DSG forecast spend balances for 2024/25 alongside annual 2024/25 DfE DSG budget adjustments for early years and high needs.

## 2 Recommendations

### School Forum are asked to agree for 2025/26:

- 2.1 With regard to mainstream individual school's budget (ISB) planning for 2025/26, to continue on the trajectory of adopting the principles of the National Funding Formulae (NFF). (As referenced in 5.1 through to 5.10). And therefore;
- 2.1.1 Any mainstream school that attracts their core NFF pupil led funding factors (i.e. with no need for Minimum Funding Guarantee (MFG) funding floor protections to be applied), to receive the full NFF applied rates as referenced in 5.3.1.
- 2.1.2 And all remaining mainstream schools whose per 2025/26 per pupil led funding rates are either above the revised NFF mandatory 2025/26 minimum funding amounts per pupil or core NFF funding rate per pupil as referenced in 5.3.1 and 5.3.2, to receive up to the same maximum NFF built in protection allowance of up to a 0% uplift per pupil (cash flat).
- 2.2 To support the continuation of the exceptional premises circumstance funding for one school, as referenced in 5.13.
- 2.3 [Maintained School voting rights only] to continue the de-delegation of funding to be centrally retained from the schools block for the following services, as referenced in 6.4.1:
- Staff cover costs (public duties)
- 2.4 The amounts and services that will continue to be funded centrally from the central block where the local authority holds a statutory responsibility for all schools, as referenced in 10.7.
- 2.5 And therefore on the basis of the principle decisions undertaken through both this December 2024 DSG paper and the following January 2025 DSG School Forum paper including planned 2025 26 early years funding rates, will be recommended to Council for final approval in February 2025.

### Asked to Note:

- 2.6 In line with the previous Education Board (EB) / (covering School Forum matters) through the agreed principle decisions of both the March 2019 EB DSG paper and the December 2020 EB DSG paper, that the growth fund to support schools will continue to be held centrally within the schools block and distributed to provide the extra required planned places within the authority, as referenced in 7.2.

### **3 Background**

- 3.1 On the 4<sup>th</sup> July 2024 a general election was held and a new government was formed. Traditionally, Department for Education (DfE) national indicative school funding announcements for the following financial year would have occurred in late July. Therefore given the change in government this has also meant a considerable delay this year to those indicative funding announcements and the new chancellor budget was delivered on the 30<sup>th</sup> October 2024 setting out their key priorities and tax changes. Recently on the 6<sup>th</sup> November 2024 a summary policy note has now been released by the DfE to enable local authorities, schools and academy trusts to have sight of indicative NFF mainstream school funding factors for 2025/26, including high level funding announcements only of high needs and central block allocations and the overall structure of the NFF for 2025/26.
- 3.2 Whilst the usual full suite of indicative and supporting information is not expected to be published until the end of November 2024 which is also now too late to include in this required 9<sup>th</sup> December 2024 DSG School Forum paper. The DfE supplied 6<sup>th</sup> November 2024 policy note, does enable principle planning to commence and whereby the DfE recognise that this information was needed so as to not further impact on financial planning and delays for local authorities, schools and academy trusts.
- 3.3 It is also expected that the DfE early years (EY) funding rate announcements for 2025/26 will also not now be out until the earliest the end of November 2024. Therefore, again, as with last year to allow local authority planning considerations for EY funding announcements will also have to be deferred to the January 2025 School Forum. Whilst the DfE will likely allow until March 2025 for local authorities (LA) to set the 2025/26 funding rates for EY providers, the LA remains keen to finalize these arrangements as early as possible in the new year and therefore support EY providers own planning from April 2025.

### **4 Dedicated Schools Grant 2024/25 budget and forecast and 2025/26 budget update**

#### **Foreword**

- 4.1 “Appendix 1 - DSG 2024/25 budget and forecast update” displays the detail of the updated budget for 2024/25 and latest 2024/25 forecast position for DSG including returning anticipated DSG Reserve levels as at 31<sup>st</sup> March 2025. Within each DSG funding block section of this paper, the latest forecast position is explained alongside any applicable DSG budget updates at this point in time.
- 4.2 Appendix 1, would also traditionally display DfE indicative 2025/26 budget allocations alongside the 2024/25 budget but given the delays in this years announcements as explained in section 3.1 and 3.2, the DfE indicative supporting financial information is not available to layout these indicative published proposals in time for this paper. However, the particular relevant headline NFF announcements from the 6<sup>th</sup> November DfE released policy note will be referenced within each DSG funding block section of this paper.

## 5 Schools Block – Individual School Block (ISB) allocations

### 2024/25 Budget to Forecast Outturn – on line to budget

#### 2025/26 Individual School Budgets

5.1 Whilst, on a traditional funding cycle it is never known what the actual ISB funding will be for next year, until the end of December once the DfE have published the full and actual school block data set based on the latest October school census. Local Authorities through the consultation of School Forums required by statutory duty must propose and decide on the principles on setting the funding formulae and provide formal submission through to the DfE in January 2025. Therefore this section provides the DfE 4<sup>th</sup> November published policy note details of the 2025/26 funding principles and recommends the agreed local approach. Unfortunately, any delays to this now planning process will not only breach DfE submission requirements but will also delay on Schools own financial planning for 2025/26. It therefore remains imperative that these funding principles are agreed at this point.

Therefore in view of 5.1 and to commence that planning and recommended agreement, the key headlines from the DfE 6<sup>th</sup> November 2024 Policy note therefore reflects:

5.2 That the 3 separate DfE mainstream school grants currently paid outside of the ISB will be rolled into the DSG NFF ISB funding formulae for 2025/26, these are the:

5.2.1 2024 teachers' pension employer contribution grant (TPECG).

5.2.2 Teachers pay additional grant (TPAG) - which was administered to support the Sept 2023 teacher pay awards.

5.2.3 Core schools budget grant (CSBG) – which was administered to support the September 2024 teacher pay awards as well as overall costs in 2024/25.

5.3 And after accounting for the rolling of the 3 separate grants above into the 2025/26 NFF ISB Pupil Led factors values:

5.3.1 The underlying 2025/26 Core NFF ISB Pupil led factor values have indicatively presented a range of further small funding increases of broadly circa 0.5% per pupil, mainly applicable to the 'basic per pupil funding' amounts and the 'minimum amounts per pupil', with some other per pupil fundings factor values increasing by 1.0%. This is further illustrated in **Appendix 2a** at the underlying factor value levels and as per the shared DfE policy note shared at a national level.

5.3.2 The funding floor itself has been set at cash flat 0%. This is therefore applicable for any Schools above their core ISB NFF funding amounts or above the minimum amounts per pupil, or should any school on their core NFF rates see a material drop in their pupil characteristics attracting additional needs funding from the previous year, although this scenario itself remains very unlikely.

5.3.3 And local authorities must set the Minimum Funding Guarantee (MFG) between -0.5% and 0%, again which would only be applicable to any Schools above their core ISB NFF amounts or above the minimum amounts per pupil. It is therefore proposed to hold the funding floor itself at the maximum allowable of 0% to

avoid any school facing a formula funding reduction per pupil from their 2024-25 baseline. It is therefore also noted that to set the protection limit of 0%, it may therefore mean to remain technically compliant within the overall 2025/26 funding allocations, require some small partial scaling back of higher funding gains where schools are attracting their Core NFF rates. This circumstance will only be required if there has been a further material increase shift in pupil characteristics between the October 24 census and October 23 census attracting additional needs factor funding, again, a position impossible to project until after the end of December 2024 once the final 2025/26 school block dataset has been released. And in 2024/25 there are now only 5 schools remaining (of the total 45 mainstream schools), who have historic funding protections above the minimum amounts per pupil and or their core NFF rates. This number has continued to reduce as the Core NFF rates have historically uplifted through the NFF.

- 5.3.4 The DfE do also highlight, that the factor values themselves are subject to final quality checks and therefore the precise uplifts to factors may be slightly different to those detailed, but that should not hold up local planning considering any changes will be immaterial.
- 5.4 They also anticipate that further funding, in respect of the increase in employers' national insurance contributions, will be provided in 2025/26 by a separate grant outside of the NFF. They will provide further details on this as soon as possible.
- 5.5 Local Authorities (LAs) are also again able to transfer upto 0.5% of their total schools block to other blocks of the DSG, with School Forum approval. And a disapplication request will continue to be needed to be required for transfers above 0.5%, or if the school forum does not approve any transfer upto 0.5%. It is therefore very welcome locally that we continue not to need to propose any such funding transfers.
- 5.6 In terms of the pure ISB NFF funding formulae itself, it must therefore be noted and continually commended that our own LA and School Forum has positioned itself well over the last now eight years to align our Mainstream School DSG resources to the principles of the NFF (which started in 2017/18).
- 5.7 It must also remain minded, it is also incredibly restrictive to now be able to move away from any of the principles regardless of the fact it still remains a local decision with the agreement of School Forum, and if you are an LA that does not follow the NFF, the DfE are also continuing to enforce all LA's to move to the NFF by reducing those flexible parameters. In 2024/25, the DfE also report that just over 2/3<sup>rd</sup>s of all LA's now follow the full principles of the NFF, and it is expected that this figure will now also be higher.
- 5.8 The only changes an LA could propose is to amend the NFF core per pupil led funding factors within a 2.5% range (provided the totality of funding still fits within the overall funding allocation), but any further increases in those ranges will only reduce funding for those schools above their Core NFF rate and above the minimum amounts per pupil to further below a potential cash flat increase.

- 5.9 Any changes required to the 'minimum amounts per pupil' would also require a disapplication request to the secretary of state. Again, any requested proposed decreases to the minimum amounts per pupil, will only be where remaining local authorities continue to require to bring their own local formulae's within the parameters of the NFF and or where possibly seeking to transfer funding from the schools to the high needs block to support high needs funding pressures. These are highlighted as the main reasons why the DfE Secretary of State could possibly approve any such disapplication requests.
- 5.10 It therefore remains recommended, as explained above (excluding the minimum funding amounts per pupil which is a compulsory factor regardless), that for 2025/26 the School Forum continue to fully adopt and straight mirror the principles of the NFF.
- 5.11 With the absence of the full and indicative 2025/26 data set from the DfE, it does make it very difficult/near impossible to illustrate at an individual school level the potential 2025/26 per pupil rates themselves for the schools that are attracting their Core NFF rates, and as Appendix 2a shows, this is mainly due to additional needs funding factors increasing by varying %'s upto 1.0%. And it regardless still remains caveated that with regard to the applied 2025/26 increases on the core underlying NFF funding rates, it will only be possible to know the actual final per pupil led funding rates for those applicable schools once the DfE have released in late December 2024 the updated School Block data set for 2025/26 (which is based on the October 2024 school census). **And please note** - the then actual final 2025/26 individual school allocations will be subsequently shown in the next January 2025 School Forum DSG paper which will include the updated numbers of pupils on roll at each school (based on the DfE's October 2024 census) multiplied by these now proposed 2025/26 per pupil led funding rates to form the final 2025/26 funding allocations.
- 5.12 However, to aid at an individual school level the 2025/26 NFF funding principles for those Schools directly themselves, Appendix 2B, lists all mainstream schools and their current 2024/25 NFF and total per pupil led funding rates and has categorised each school in 2024/25 as to those on either the '1. Minimum rates per pupil', '2. Attracting their Core NFF funding rate' so those above the minimum rates per pupil and above historic funding floor protections, and the remaining schools '3. on funding floor protections', so those schools in 2024/25 who were above the minimum amounts per pupil and remained above their Core NFF funding rate through funding floor protections. Therefore, the principles of 2025/26 formulae amendments in 5.3 above can be viewed alongside this data set to gauge at an individual school level indicative per pupil 2025/26 funding at this point, which remains subject to the final data set release.
- 5.13 This paper, is also asking for School Forum approval to support the continuation of the exceptional circumstance funding that is currently applied to St Marys Primary school for the rental of their second school site for the financial year 2023/24 onwards. This funding is paid through to the DSG ISB funds that in turn is passed onto the School. The rental agreement for the second site is set to be £87,000 per annum in 2025/26. This has been historically agreed and paid since 2014/15 and should continue to have no impact on funds being taken away from any other school to afford this rental agreement as it has also always

been funded through the premises factors. A DfE condition to agreement of exceptional circumstance must also now have annual School Forum approval. The exceptional premise request has already been submitted to the DfE ahead of the 18<sup>th</sup> November 2024 deadline. The School Forum approval to support the request will follow within this paper (subject to the published minute agreed).

## **6 School block – Centrally retained de-delegated public duties (Voting rights Maintained Schools only)**

### **2024/25 Budget to Forecast Outturn – held to online**

- 6.1 It remains minded, this fund is a small fund held at £1.00 per pupil for any academy school trust (and southend schools within that trust) that choose to buy in, in addition to and agreed for de-delegation from the current 9 maintained schools.
- 6.2 As academy school buy in runs from the start of the current academic year which commenced in September 2024, it is still awaited to confirm which academy schools and trusts intend to buy in for the 2024/25 Academic year.
- 6.3 The current forecast is therefore currently held to online, as it is dependent upon any academy buy in and therefore also affordability as to any resulting agreements in terms of trade union activity claims that can be administered from this fund (in accordance with facilities agreement for schools) for this academic year. Although ofcourse public duty claims (including jury service cover) for staff cover costs, can automatically be re-imbursed from the schools that support this fund if those circumstances occur.

### **2025/26 Indicative DSG funding allocation £4,495 (Final tbc in January 2024)**

- 6.4 Despite, reduced numbers of maintained schools - the local authority is content to continue to administer this fund in 2025/26 provided it is financially sustainable. It therefore remains encouraged that all academy schools do buy in regardless of requiring to make any claims, as agreed school claimants in relation to public duty activity claims will mostly cover matters effecting all schools.
- 6.4.1 And to minimize the cost to maintained schools and encourage academy buy in, it is simply proposed to continue to set the de-delegated sum in 2025/26 at £1.00 per pupil.
- 6.5 The longer term sustainability of this fund into 2026/27 will therefore have to remain subject to annual review (and also given any further potential maintained to academy conversions), and if sufficient academy buy in is not achieved in the current academic year 2024/25 and/or 2025/26 there is now the very likely potential that this fund will not even be offered or possible for consideration to continue to administer in 2026/27.

## **7 Schools Block – Centrally retained Growth Fund**

### **2024/25 and 2025/26 Budget Planning**

- 7.1 As a quick reminder, this is the conditional and intentional purpose of growth funding:
- 7.1.1 The DSG growth fund is centrally retained within the school block allocations, with the core purpose to support a growing school with the revenue resources required of running a new intake class from the September of that applicable academic year.
- 7.1.2 The growth fund is therefore administered to cover the delayed gap in DSG funding within that applicable School's own Individual core DSG school block (ISB) budget share, which is based on the preceding October school pupil census which would therefore not capture the additional intake class's pupil numbers.
- 7.1.3 And it must remain minded, it remains a statutory duty of local authorities to determine and approve any required new local intake class.
- 7.2 As referenced and agreed, in the March 2019 Education Board "DSG Growth Fund application 2019/20 and future years" paper and the December 2019 EB "DSG budget planning 2020/21" paper:
- 7.2.1 The application of applied growth fund is managed on a long term basis, allowing any one year to either overspend or underspend against the DfE's allocated amount for growth provided that the total distribution of the growth fund is affordable over the life of the planned growth. The per pupil growth rates to be paid out from September 2025 can also be no lower than the minimum agreed per pupil rate tolerances declared in the March 2019 EB DSG paper.
- 7.2.2 It must also be noted that our local allocation of growth funding to applicable schools has been pro-active and supportive meeting the DfE conditional requirements for funding new intake classes and/or in year bulge classes where required and agreed.
- 7.2.3 The actual total growth fund amount for 2025/26 will be shown by the DfE in late December 2024, separated and shown within the final 2025/26 school block funding allocations.
- 7.2.4 Therefore, in accordance with the previous agreement and conditions, the growth fund rates from September 2025 will be presented in the next January 2025 DSG paper, alongside any potential for growth funding rates to be increased from September 2024 if affordable over the planned life of the growth. The growth model will therefore continued to be revised and displayed as an Appendix in that paper.
- 7.3 The £23,000 overspend for 2024/25, alongside previously agreed growth fund applications reflects recent extended agreements to continue to provide growth funding where agreed bulge classes in the 2023/24 academic year occurred post the October 2023 census, and therefore those resulting pupils no.s did not capture in the applicable schools core funding allocation for 2024/25.
- 7.4 Whilst, this overspend does return a small cumulative deficit reserve for growth funding at the end of 2024/25 of £23,000, it will be recovered in future years in



accordance with the conditions that the growth funding is managed over the longer term. This current position also highlights that all available growth funding available since 2019/20 (and when the funding model was adapted in view of changes under the NFF), has been administered and positively distributed out to applicable schools since that time.

## **8 Early Years Block**

### **2024/25 Budget update**

- 8.1 As, repeated on a traditional annual basis, the DfE announced in July 2024 the results of the early years (EY) January 2024 census, which not only adjusts and updates the funding applied to EY DSG resources for the last financial year 2023/24 to a now final 2023/24 funding allocation, but also forms the basis of a revised indicative allocation for the current 2024/25 financial year and 2025/26.
- 8.2 It also remains minded, 2024/25 is the also now the first year of the new EY entitlement offers for eligible working parents of children from 9 months now able to access 15 hours of child care per week (over a 38 week period annually). A significant change and large public investment in child care with the intention to support parents to return to work.
- 8.3 The 2024/25 updated budget for EYs is displayed in **Appendix 3**, the results of the 2024/25 updated budget (following the January 2024 EY census), has displayed a small (2.2%) reduction in the current take up of 3&4 year old universal offer, higher increases in the 3&4 additional extended entitlement of 7.5%, a further disappointing drop in 2 year old care disadvantaged funding of (20.4%) (which is commented on further within the next section 8.5.3), and a technical adjustment from the DfE of an increase of 18.2% for expected take up of 9mth to 2 year old eligible working parents. Take up of EY pupil premium for 3&4 year olds is also reduced by (13%).
- 8.4 The final DfE funding adjustment to the EY budget for 2023/24 reflecting the movements as shared in Appendix 3 has resulted in a net reclaim of circa (£144,000) from the DfE to our Local Early Years DSG funding for 2023/24 (also referenced under section 11. DSG funding). This one off sum will naturally fall to reduce the DSG Early Years reserve balance, but and ultimately therefore simply reducing the underspend sum that was taken back to the DSG EY reserves at the end of the March 2024 (as reported in the DSG 2023 24 Final outturn paper in June 2024). However, it again simply highlights the importance of ensuring sufficient level of reserve balances to reduce any negative EY funding impacts as a result of these potential funding adjustments.

### **2024/25 Budget to Forecast Outturn – forecast overspend of £48,000 although note currently anticipated this will be adjusted through updated DfE funding adjustments for 2024/25 (as also referenced under section 11. DSG Funding).**

- 8.5 It must continue to remain minded, the DSG Early Years Block 2024/25 (funding in) allocations remain provisional until the DfE have processed the January 2025 early years census (for the spring term 2025), and will therefore announce revised and final funding allocations for 2024/25 in July 2025. However, at this time, and to give a sense of current direction from head count payment data, in board terms currently based on the Summer 2024 final head counts and Autumn 2024 latest estimates (Appendix 3 also displays the 2024/25 baselines as to which EY entitlement offers are tracked against):

- 8.5.1 9mth to 2yr old eligible working parent entitlements (new from Sept 2024) take up has exceeded DfE opening expectations and is currently running at increase of 23% (equivalent £229,000 forecast overspend, subject to DfE's final annual funding adjustment).
- 8.5.2 2 yr old eligible working parent entitlements (new from April 2024) take up has exceeded DfE opening expectations and is currently running at increase of both 35% in the Autumn term, and 10% in the Summer term (equivalent £346,000 forecast overspend, subject to DfE's final annual funding adjustment).
- 8.5.3 2 yr old disadvantage entitlement funding, whilst it remains disappointing that there was a circa (20%) drop in take up through EY January 2024 from the previous year (as highlighted in section 8.3), there begins to show some early signs of recovery returning a 10% increase in the summer term and 4% in the Autumn term, which has been supported and driven by the new EY central team (from Apr 24) (equivalent £60,000 forecast overspend, subject to DfE's final annual funding adjustment).
- 8.5.4 3&4 yr old universal funding is currently forecast to drop by a further 11% in the Autumn term. This is driven by the trend of reduced birth rates in recent years. (equivalent (£410,000) forecast underspend, subject to DfE's final annual funding adjustment).
- 8.5.5 3&4 yr old extended entitlement funding for working papers is also currently forecast to drop by a further 10% in the Autumn term. Again, this trend will be driven by reduced birth rates. (equivalent (£131,000) forecast underspend, subject to DfE's final annual funding adjustment).
- 8.5.6 Early Years Pupil Premium is also reduced by 13% in the Summer term and 25% in the Autumn term. In part this will also be driven by reduced birth rates, but further planned targeted promotion will assist to increase these eligible claims. (equivalent (£46,000) forecast underspend, subject to DfE's final annual funding adjustment).
- 8.6 All EY centrally retained services and EY SEND inclusion fund remains forecast online at this point in time.
- 8.7 And lastly, as highlighted in the last DSG June 2024 Final Outturn position for 2023/24. It is welcome to confirm that a EY DSG reserve utilization plan (of available balances) has now been devised and administered. The plan has been consulted and referenced through to the early years forum and will be utilized over the next 3 Financial Years at a current £778,000 total. A significant proportion of the plan includes very welcome one off EY SEND support grant funding, which has already been administered to all EY settings in the Autumn term. On EY Central Team reflection and assessment of this SEND support grant, a further grant will be made available in the Summer term 2025. Remaining allocations have been identified to support an additional EY teacher post for 2 years, and smaller amounts for an annual EY conference support and specific resource training materials, as well as targeted funding to support 2 year old disadvantaged families.

## **2025/26 Budget Planning**

- 8.8 As referenced in section 3.3 and for reasons explained, it is planned to release EY Funding rates on all entitlement offers at the January 2025 School Forum. There is no proposals to change the current local funding model, but obviously consideration has to be given to the DfE statutory minimum passport rates of funding and in turn any potential impact that may have on centrally retained

services although expected minimal due to take up increases in both the new entitlement offers for 9 to 2 yr old working parents.

- 8.9 It remains minded, that the final phase of EY entitlement expansion is planned to commence from September 2025 increasing to 30 hrs of childcare per week (over a 38 week year) for eligible working parents from the term following their child turning 9 months to when they start school.

## 9 High Needs Block

### 2024/25 Budget update

- 9.1 The High Needs Block DSG budget has now been adjusted following the DfE's annual 'import and export adjustment\*' announced in July 2024, and it has increased the High Needs Blocks funds by a further £234,000 to now £34.205M, which is as a result of a net increase of a further 39 pupils from other local authorities home based pupils from 2023/24. This is within the post 16 further education provision 'see import and export adjustment\*' note below for further technical detail.
- 9.2 In terms of the overall 2024/25 funding allocations and given the budgets had already been set for service provision, the reduced budget adjustment will simply be rightly held to clear the previous in year budget line set aside of a negative (£181,000) – drawing from the reserve required to balance the 2024/25 in year budget (as referenced in the June 2024 EB DSG High Needs paper), and the remaining £52,000 funding allocation will be to used to support the further required place funding within the post 16 college provision (given this is also the reason for the increased funding allocation).

'import and export adjustment\*' - relates to a DfE defined in year High Need funding adjustment compiled from the latest January school census and RO6 Individualised learner record. Whereby a local authority's high needs block funding allocation is compensated if there is a net import increase from the previous year due to more other local authority home based pupils placed in their area, or alternatively reduced if there is a net export increase from the previous year if more local authority home based pupils are placed in another local authority area. Southend's 2024/25 high need block allocation has therefore increased by (£6,000 per pupil for 39 pupils), due to a now overall revised net import of 118 pupils compared to a previous net import of 79 pupils for the previous year.

### 2024/25 Budget to Forecast Outturn – a projected £0.301M overspend

- 9.3 Firstly simply by point of note, **Appendix 4** displays the now final high need place funding allocations that have been confirmed for the academic year 2024/25, and as agreed and updated through the interim "Head of Place Planning and Transport" which also confirms additional place funding allocations for the colleges.
- 9.4 **Appendix 1**, displays the updated and current 2024/25 forecast outturn for High Needs on a line by line basis, which is also summarized in the table below including a comparison to the detailed budget allocation that was shared in the June 2024 EB DSG high need budget setting paper. It also has to remain heavily caveated, that these forecasts do remain subject to change, particularly as always on independent providers placements but also including final Educational Health and Care Plan (EHCP) banded top up funding amounts for the rest of this financial year.

Summary Heading	2023/24 Final Spend	2024/25 Latest Budget	2024/25 Current forecast (Dec 24)	2024/25 Variance Over / (under)
Place funding	£9.034m	£9.735m	£9.898m	£0.163m
Special and AP top up funding	£9.293m	£10.349m	£10.059m	(£0.290m)
<b>Subtotal</b>	<b>£18.327m</b>	<b>£20.084m</b>	<b>£19.957m</b>	<b>(£0.127m)</b>
Schools, early years, post-16 top up funding	£5.931m	£6.716m	£6.773m	£0.057m
Independent Providers	£2.810m	£3.000m	£3.000m	-
Other HN Provisions	£2.684m	£4.305m	£3.495m	(£0.810m)
<b>Total services line total</b>	<b>£29.752m</b>	<b>£34.105m</b>	<b>£33.225m</b>	<b>(£0.880m)</b>
One off funding - funded from HN DSG reserves	£2.716m	£4.511m	£5.692m	£1.181m
<b>Total*</b>	<b>£32.468m</b>	<b>£38.616m</b>	<b>£38.917m</b>	<b>£0.301m</b>

Total\* - Note, this total excludes the now annual £100k HN DSG funding attached to the EY DSG SEND Inclusion Fund

- 9.5 Place funding, Special and AP top up funding combined represent a relatively small underspend at this point of **(£0.127M)** compared to funding allocations, and a collective small overspend of **£0.057m** across School, early years, post-16 top up funding, although noted there are some material under and over movements within this total provision (as displayed in Appendix 1). And as highlighted above top up funding does remain subject to change as final EHCP top up numbers and therefore funding adjustments for the end of this term and into Spring 2025 are yet to be processed. Independent providers are also currently forecast on line, but again, always remains subject to potential material change.
- 9.6 The other HN provision of services is currently forecasting a **(£0.810M)** underspend, again the full detail is available within Appendix 1, and elements of this was expected (as highlighted in the June 2024 EB DSG Paper) as new posts have been recruited during this Financial Year, particular within the new specialist teaching teams, and awaiting further expansion of personal budgets. Therefore the full year effect of costs will continue on an ongoing basis.
- 9.7 One off funding from HN Reserves. Through the direction, of the Director of Education, Early Years and Inclusion and shared details through the year. Significant and positive one off transformational SEND initiatives have continued through the use of Reserves. This includes continued and further investment in non-statutory support of additional Education Psychologists advising schools, new investment into preparation of Adult hood and SEND careers advise, further new investment in additional specialists teacher posts, and further new investment into a current temporary team for Speech and Language therapist and assistants. All welcome and positive additional initiatives to support, enhance our local SEND offer for the benefit of pupils with SEND, parents and carers. As a result of these additional investments it draws an additional forecast of required **£1.181M** to be called down and funded from the HN DSG Reserve this financial year. It is also planned that a further **£1.2M** will be drawn in 2025/26, to continue to support these new one off investments

whilst the permanent investment into additional teacher posts will need to be factored into the 2025/26 permanent HN base budget.

- 9.8 The total effect of this current HN Forecast 24 25 for reasons explained above returns a total current projected **£0.301M** overspend this year. This overspend will naturally fall to the HN DSG Reserve balance.

### **2025/26 Budget Planning**

- 9.9 The following is the key headlines, released by the DfE in relation to high needs funding for 2025/26:

- 9.9.1 The funding floor – this ensures that all local authorities' allocations per head of child population will increase by a minimum percentage compared to the baseline. For 2025/26 we are setting the funding floor at 7%.
- 9.9.2 The gains cap – the limit on gains per head of the population compared to the baseline. For 2025/26 we are setting the gains cap at 10% which means that local authorities can see an increase of up to 10% before their gains are capped.
- 9.10 And at national level, they to intend administer an additional 2025/26 central school block grant for special schools and alternative provision, which will combine the current separate funding streams of the 2024 to 2025 TPAG, 2024 TPECH and full year equivalent of the CSBG.
- 9.11 It is clear at a national level the Government continue to recognise the continued high level of cost increases that most local authorities are experiencing, and Southend's own no. of EHCPs have continued to rise at now current November 2024 at 1908. Which is approximately a further growth of 11% from 12 months ago.
- 9.12 Whilst, the detailed planning allocation of High Needs funding for 2025/26 will be shared at the School Forum in June 2025, which also continues to allow appropriate LA financial planning following assessment and planning of current SEND assessment cases into the 2025/26 Academic Year, the actual calculated increase funding amount itself to the total high needs block will be shared at the next January 2025 School Forum, once the DfE have released those actual allocations.

## **10 Central Block**

### **2024/25 Budget to Forecast Outturn – held on line to budget**

- 10.1 Current forecasts are held on line to budget, however, it is noted and minuted as per the recommendation of the Secondary Heads there will be no further contribution to Duke of Edinburgh Open Group arrangements from the Central School block historic commitment funds within School Improvement. This is to ensure equality as schools are not funded for this activity.

### **2025/26 Budget Planning**

#### **Indicative In Year total allocation of £1.285M (Final tbc in January 2025)**

- 10.2 The following is the key headlines released by the DfE in relation to central block funding for 2025/26 (as per the DfE policy note 6<sup>th</sup> November 2024):
- 10.2.1 As stated previously, the department are continuing to reduce the element of funding within central blocks that some local authorities receive for historic commitments made prior to 2013 to 2014 (which Southend is one of those local authorities).
  - 10.2.2 In 2025/26 for those local authorities that receive it, historic commitments will be reduced by a further 20% from the 2024/25 baseline.
  - 10.2.3 The funding for ongoing responsibilities (LA statutory duties) to deliver for all pupils in maintained schools and academies, will continue to be protected for any losses below -2.5% from the 2024/25 allocation for any reduction in changes between per pupil numbers (between October censuses), but reversely any gains gapped at 2.98% where pupil numbers increase.
- 10.3 The reduction in funding for historic commitments is again, no surprise, although of course disappointing and was as first shared in both the October 2019 and December 2019 Education Board (EB) DSG papers, including a position statement at that time that our own LA should now continue to plan on further funding losses in 2021/22 and beyond.
- 10.4 To remind, In December 2020, EB agreed the plan to manage these continued expected funding losses (and after savings were delivered) by drawing on any remaining central block DSG reserves, which enables the remaining historic commitment funded services to continue to be funded at their now current levels whilst the DSG central block funding remains. It is again, with praise to our local planning (and decisions approved in December 2020) that there is therefore no need to re-consider this position for 2025/26, but it will need to be considered for 2026/27 by the Local Authority, alongside the remaining reducing balances within the DSG central block as the central block reserve itself would fall to deficit by the end of 2026/27 based on the current commitments.

10.5 The table below simply illustrates the now confirmed DSG funding losses for our LA central block historic commitment allocation from the start of 2019/20 through to 2025/26 with the further trajectory to 2026/27 at the current continued rate of a 20% loss from the previous years base line. This is then also mapped alongside the now current funded commitment for historic services (following the EB December 2020 DSG paper).

	Financial Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
A	DSG Funding remaining	£905,000	£724,000	£579,000	£463,000	£371,000	£297,000	£237,000	£190,000
	% unwound*		20%	20%	20%	20%	20%	20%	20%
	Funding loss*		(£181,000)	(£145,000)	(£116,000)	(£92,000)	(£74,000)	(£59,000)	(£47,000)
B	Current spend commitment*					£430,000	£430,000	£430,000	£430,000
A - B	Variance Underspend or (Overspend)					(£59,000)	(£133,000)	(£193,000)	(£240,000)
	Central Block forecast reserve balance at 31 <sup>st</sup> March (Deficit)				£506,000	£447,000	£313,000	£121,000	(£119,000)

\* Current spend commitment following the December 2020 Education Board

10.6 School Forum approval is required each year to approve the amounts and funded services listed within the central block DSG allocation.

10.7 The School Forum are therefore asked to approve the allocation of the central block 2025/26 funds as follows, which distributes the full amount available to these services lines and in line with previous years decisions and no new commitments are being entered into:

	2025/26 Indicative Amount
<b>From Central Services Block</b>	
Combined Budgets (historic commitments)*	£237,212
CLA/MPA Licences	£158,594
Schools Admissions	£294,317
Servicing of Schools Forum	£18,700
Centrally employed teacher contr.	£95,322
ESG Retained Duties*	£481,800
<b>Actual In Year funding Total</b>	<b>£1,285,945</b>
+ Combined Budgets (historic commitments)* - funded from remaining central block reserves	£192,676
<b>Revised Funding Total</b>	<b>£1,478,621</b>

Combined Budgets (historic commitments)\*, and note this budget allocation will now be further increased by £193,000 for 2025/26 from the DSG central block reserves. So the total commitments can remain sustained at £430,000 for 2025/26.

ESG Retained Duties \* - ongoing funding (former Education Service Grant) to support LA Statutory duties - Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

- 10.8 And as reminder the following table, highlights the LA service provisions the annual combined budget (historic commitments) £430,000 is contributing too:

<b>Combined Budget (historic commitments) – contributions</b>	<b>Amount</b>
Children Social Care (CSC) – Early Help	£186,500
School Improvement	£147,500
Contribution towards Domestic Violence support	£30,000
CSC – Family Matters programme	£54,000
CSC – Youth justice	£12,000
<b>Total</b>	<b>£430,000</b>

## 11 DSG Funding

### **2024/25 Budget to Forecast Outturn – forecast net £96,000 claw back adjustment due to the Early Years funding adjustments.**

- 11.1 As referenced and explained in Section 8, this section simply displays the net effect of the Early Years funding adjustment for the £144,000 return to DfE for the financial year 2023/24 (processed in 2024/25), and a current further anticipated forecasted receipt of (£48,000) for the financial year 2024/25, that is anticipated to be processed by the DfE in 2025/26 driven by a net gain in overall take up of EY entitlement funding offers from the now 2024/25 baseline. And note, the 2024/25 adjustment is based on DfE July 2024 updates at this time.



## 12 Latest forecast DSG reserve balances

12.1 The table below updates the current expected DSG reserve balance by year end, reflecting any updated forecasts for 2024/25 presented within this paper. It also remains minded, the reserve balance table includes as formally agreed through the EB DSG October 2021 paper, the presentation of recommended minimum reserve balances for each block. Where reserve balances are above those recommended minimum balances, the reserves balance must be utilized to support conditions of each of the respective DSG funding blocks, and consulted through respective Education Groups (where applicable for those block funding) and school forum. And all matters of funding through Reserves balances (when above £250,000) are also presented through to Council Cabinet papers for agreement.

Block	Schools - ISB £'000	Schools - growth £'000	Schools - de- delegate £'000	Early Years £'000	High Needs £'000	Central £'000	Total £'000
<b>Reserves surplus / (deficit)</b>							
<b>1 April 2024 B'fwd</b>	<b>17</b>	<b>(105)</b>	<b>5</b>	<b>1,740</b>	<b>9,543</b>	<b>447</b>	<b>11,648</b>
Agreed (Issue) to* 2024/25 budget	0	105	0	(297)	(4,511)	(133)	(4,836)
Early years funding adjustments				(96)			(96)
2024/25 current forecast variance	0	(23)	0	48	(301)	0	(372)
<b>31 March 2025</b>	<b>17</b>	<b>(23)</b>	<b>5</b>	<b>1,299</b>	<b>4,731</b>	<b>313</b>	<b>6,343</b>
Agreed / Planned Issue to future yr budgets				(305)	(1,200)	(313)	(1,818)
<b>Recommended* Minimum Reserve balance</b>	<b>17</b>	<b>(23)</b>	<b>5</b>	<b>818</b>	<b>3,620</b>	<b>0</b>	<b>4,438</b>
<b>One off Funding Available for DSG Conditional Use</b>				<b>176</b>	<b>(90)</b>		<b>87</b>

\*Recommended Minimum Reserve balances, now currently set at 5% for Early Years and 10% for High needs total in year funding available for both of those blocks. Both these recommended minimum reserves %'s are subject to review and agreement should we see any funding pressures materialize in future years. All other block reserves balances are ring fenced to support those direct and specific reserve block positions, particularly with note to the Central Block reserve that will be fully utilized to support the unwinding of DfE DSG commitments to Central Block Historic commitment services.

## **13 Conclusion**

- 13.1 This paper provides the updated 2024/25 DSG budget position and forecasts including projected Reserve balances to the 31<sup>st</sup> March 2025, and required budget planning proposal for 2025/26 at this point in time.
- 13.2 It must be concluded, that it is very welcome that the DSG position itself continues to be in financial health, which in turn also continues to benefit and maximize available future funding to support all children and their educational development. It must however also to be noted and recognised which is a wider issue than beyond the funding allocations available through the DSG that some significant financial pressures remain within schools and early years settings.

## **14 Appendices**

Appendix1 - DSG Latest 2024/25 budget and forecast

Appendix 2a – Provisional ISB NFF 2025/26 funding factor rates

Appendix 2b – 2024/25 ISB NFF per pupil rates (for reference only)

Appendix 3 – Early Years 2024/25 Funding (update)

Appendix 4 – HN Place funded pupil numbers 2024/25 academic year (update)