

Southend-on-Sea City Council

Executive Director of Finance and Resources
Executive Director of Children and Public Health
to

Education Board

on

23rd January 2024

(following the 2024/25 funding principles agreed at the Education Board 12th December 2023)

Report prepared by:

Paul Grout

Senior Finance Business Partner

Agenda
Item No.

Dedicated Schools Grant budget 2024/25

1 Purpose of Report

To present the 2024/25 Dedicated Schools Grant (DSG) budget including the DSG Individual School budgets for 2024/25.

2 Recommendation

- 2.1 That the 2024/25 DSG Budget, be noted, and has been set as agreed in accordance with the approved funding principles of the 13th December 2023 DSG Education Board finance papers.

3 Background

- 3.1 This paper sets out the proposed Dedicated Schools Grant Budget for the financial year 2024/25 which is also to be set by the Council as part of the annual budget cycle finalized in February 2024.
- 3.2 This paper also follows both previous and detailed DSG Education Board (EB) funding papers considering the 2024/25 budget, as presented in both the October 2023 and December 2023 board meetings. The principle funding decisions approved at the December 2023 board meetings are made clear for reference within each section of this paper.
- 3.3 This paper now also follows the Department for Education (DfE) DSG 2024/25 funding block announcements made on the 19th December 2023, and release of the 2024/25 DfE Authority Proforma Tool (APT) on the 19th December 2023.
- 3.4 The DfE release of the 2024/25 APT, therefore enables the EB to also formally set the final distribution of the 2024/25 school block funds to Individual Schools, using the updated numbers on roll for each School as per the latest DfE October 2023 school census data, and in line with the previous funding

agreements of the December 23 EB meeting which set the principle 2024/25 per pupil DSG rates for each school. The APT will be submitted back to the DfE by the Council.

3.5 This paper also displays the 2024/25 DSG funding allocations for de-delegated funds, growth fund, central schools block, early years block (remains DfE provisional) and high needs block (High needs in totality only and remains DfE provisional).

3.6 And as agreed, at the March 2019 EB Board Meeting, and the December 2019 Board meeting, this paper present's the growth fund rates for 2024/25.

4 Dedicated Schools Grant Allocations 2024/25 (Set by the DfE)

4.1 The Department for Education (DfE) has set out the following funding blocks for Southend's Dedicated Schools Grant for 2024/25 (col.A);

	A	B	A – B
	2024/25 £M	2023/24* £M	Inc / (dec) £M
Schools Block	153.807	144.168	9.639
Growth Fund	0.933	0.780	0.153
Schools Block Subtotal	154.740	144.948	9.792
Early Years Block (Provisional)	16.408	10.755	5.653
High Need (HN) Block (Provisional)	33.971	32.222	1.749
Central Block	1.345	1.376	(0.031)
Grand Total	206.463	189.300	17.163

2023/24* High Need Block is Final, Early Years remains Provisional until July 24

Appendix 2 – “DSG budget 2024/25”, provides the detailed allocation including movement from the latest 2023/24 budget.

4.2 Although the EB and Council remain responsible for allocating the entirety of DSG, the final actual DSG amount awarded to the Council will exclude funding for mainstream academy schools, national non-domestic rates for all mainstream schools, High Need place funding for academy schools, colleges and further education providers, and free special schools. These excluded amounts are paid directly to those settings by the Education and Skills Funding Agency and known by the term ‘recoupment’ to DSG funds. Therefore the final estimated allocation expected to be awarded to the Council is **£66.012M**, after considering these estimated recoupment deductions of **£140.451M** which are also listed separately for each funding block in Appendix 2.

4.3 Within the DSG Schools Block funding allocation:

4.3.1 The primary pupil led funding element has been set at £72.810M based on a total unit of funding of £4,915.94 per primary pupil (£4,669.71 in 23/24) for 14,811 number of pupils (14,761 in 23/24). The total uplift % per pupil is 5.3% but note this also includes the mainstream school supplementary grant now included in the DSG.

- 4.3.2 The secondary pupil led funding has been set at £79.905M based on a total unit of funding of £6,502.71 per secondary pupil (£6,166.85 in 23/24) for 12,288 number of pupils (12,027 in 23/24). The total uplift % per pupil is 5.4% but note this also includes the mainstream school supplementary grant now included in the DSG.
- 4.3.3 The premises factor funding is allocated at £1.091M (£1.070M in 23/24) and the funding for growth is allocated at £0.932M (£0.780M in 23/24).
- 4.4 The DfE Early Years funding rates applied to the DSG allocation for 2024/25 have been set at £5.59 per hour for 3 & 4 year olds (uplift of 5.1% from £5.14 in 2023/24) and £7.99 per hour for 2 year olds (uplift of 5.4% from £7.54 in 2023/24). The 2023/24 rates include the new EY supplementary grant paid outside of the DSG in 2023/24 but now included in the DSG for 2024/25. There is also a new 2024/25 rate from Sept 2024 for 9month to 2 year olds. Full consideration to the EY rates and newly implemented Government entitlement offers for 2024/25 are provided **in the separate paper** for this January 2024 EB named **“DSG Early Year Funding Rates for 2024/25”**. The total early years block allocation remains provisional for 2024/25 as the allocations will be adjusted for take up of provision by the DfE in July 2024 and a further final adjustment in July 2025 (based on both the January 2025 and January 2024 early years census data).
- 4.5 The high needs block provisional allocation has been increased by a further £1.749M in 2024/25 on its core funding.
- 4.6 The high needs block is still provisional until the final funding allocation is expected to be announced in July 2024, where by the DfE will be updating the final funding allocation in recognition that the authority meets all the high need place funding costs in their home area regardless of the pupil's own home authority residence (excluding free special schools). And this is known in the DfE high need funding terminology context as the “high need import and export funding adjustment”. The home authority will be compensated in relation to high need place funding where that authority supports more pupils (than the previous year) who live outside of the home resident authority area than pupils they have been required to place in another LA area, or on the contrary, a reduction in the local funding adjustment will be applied if the opposite event occurs.
- 4.7 The 2024/25 Central Block allocation has been set with an amount of £1.049M for ongoing responsibilities (£1.006M for 23/24) funded at a rate of £38.70 per pupil for 27,099 pupils (£37.54 rate per pupil and 26,788 pupils in 23/24) funding for historic commitments is now set at £0.297M (£0.371M in 23/24) a continued reduction of 20% from the previous years allocation.

5 Schools Block – Individual School Block (ISB) allocations - £153.802M

- 5.1 As illustrated for each School in “Appendix 1 - 2024/25 final Individual school budget allocations”. The DfE release of the December APT enables the LA to formally set the distribution of the 2024/25 school block funds to individual schools, using the updated numbers on roll (NOR) for each School as per the latest DfE October 2023 school census data, and in line with the previous funding agreements approved at the EB on the 13th December 2023 distributing the agreed principle funding amounts per pupil for each school.
- 5.2 Therefore the funding per pupil (as illustrated in Appendix 1) for individual school allocations have been set on the following agreed principles which mirrors the National Funding Formulae:
- 5.2.1 The minimum per pupil levels are set at £4,610 for primary schools (£4,405 in 2023/24) and for secondary schools £5,995 (£5,715 in 2023/24), both with an equivalent circa 1.4% increase from 2023/24. And to simply remind from 2020/21 the minimum amounts per pupil are also now a mandatory funding factor, and these are set as a fixed amount.
- 5.2.2 Where schools are attracting their underlying core NFF allocations, the NFF has built in an increase of circa 1.4% from the 2023/24 Pupil led funding factors: basic entitlement, additional needs factors and lump sum, and 1.6% specifically to the free schools meals factor.
- 5.2.3 And for those Schools whose per pupil led funding rate is already above both 5.2.1 and 5.2.2/3, the NFF funding floor per pupil led rate has been set at a maximum 0.5% increase from their 2023/24 per pupil led base line, as agreed.
- 5.2.4 To continue from 5.2.2, as highlighted and referenced in and December DSG EB 2023 paper for all schools who are attracting their core underlying NFF rate it was made clear that these per pupil rates can only be shared and confirmed once the DfE have processed the October 2023 census and therefore once the formal 2024/25 APT has been released in late December 2023.
- 5.2.5 It must therefore now be noted, that between the October 2022 census and October 2023 census there has been a considerable increase shift in some schools where more pupils are now attracting in particular the IDACI A and the early years foundation stage profile prior attainment factors. In turn, what this has meant for the 2024/25 APT to be technically compliant within the affordability of the 2024/25 DSG individual school block allocation (which is based on the October 2022 pupil factor values), is a required and consistent proportionate partial scaling back of 20.2% of the full funding gains above MFG (minimum funding guarantee) 0.5% per pupil. This adjustment has been applied through the additional MFG factors within the APT, but therefore also maintains the principle of reflecting the core NFF funding rates through the formulae. In 2025/26, those effected schools will also see these full per pupil uplift gains realized from 2024/25

on the basis their public characteristic factors do not materially change in their October 2024 census from their October 2023 census.

- 5.3 Premises factor funding – Business rates. As from the 1st April 2022, Business rates for all local mainstream schools are now paid centrally through the ESFA to the billing authorities. Schools retain business rates liability and will need to continue to record notional accounting entries for matching income and expenditure in their 2024/25 accounts. The 2024/25 rates are currently set at the 2023/24 levels as estimates, these will therefore be adjusted centrally through the ESFA for 2024/25 liabilities and schools can gain access to the ESFA rate’s portal for updated figures.
- 5.4 The DfE have also approved the continued disapplication request for the exceptional circumstance funding that is applied to St Marys Primary School which covers the rental of their second school site. The DfE agreement has only been given for 2024/25 and any further future year approvals will need to be re-assessed by the DfE.
- 5.5 The separate teachers’ pay grant for 2023/24 (TPAG) supporting the teachers pay award from September 2023 will continue to be paid outside of the DSG in 2024/25 and therefore continue as a separate grant.

Other key points for noting in the 2024/25 NFF funding formulae and APT:

- 5.6 Basic entitlement rates per pupil per annum have been set as per the NFF rates, at;

Primary	£3,575.11
Key Stage 3	£5,040.48
Key Stage 4	£5,681.83

- 5.7 The Primary to Secondary funding ratio is set at 1:1.32.
- 5.8 The numbers of pupil on roll (NOR) in and registered in the APT as per the October 2023 census compared to the October 2022 census, has increased by a net of 309 pupils, which is a growth of 260 pupils in secondary and a growth of 49 pupils in primary. The total NOR in October 2023 is therefore now 27,104 pupils (split Primary 14,812 and Secondary 12,292), compared to the previous year of 26,795 pupils (split Primary 14,763 and Secondary 12,032).
- 5.9 The total Individual School block allocation for the 2024/25 funding formula is an increase in the totality of Individual School block allocations of £9.639M from the 2023/24 allocation, £4.948M of which is due to the previous 2023/24 Mainstream School supplementary grant now paid into the DSG for 2024/25 and the remaining £4.691M is due to both an overall increase in the NOR and funding factors referred to in 5.2.

6 Schools Block – Centrally retained de-delegated lines – £4,495 (applicable to maintained schools only)

6.1 The 2024/25 de-delegated per pupil funded amounts have been set as agreed in the EB December 2023 paper, at £1.00 per pupil for staff costs covering public duties returning an annual de-delegated sum of £4,495. And please note this budget has been set on the expectation that the one further maintained primary schools has academized by the 1st April 2024 from the Individual School block allocations (Appendix 1).

7 Schools Block – Centrally retained growth fund - £0.780M

7.1 The DSG 2024/25 growth fund amount has been set in accordance with the principles agreed in the EB March 2019 and December 2019 papers, where by the 2024/25 DSG amount awarded for growth will be held centrally and distributed to schools who have been required by the Council to increase their number of intake classes. It must also continue to remain minded that as agreed in the March 2019 EB paper growth to ensure funding allocations are sensibly managed and distributed, that growth funding is managed on a long term basis allowing any one year to either over or under spend but provided the total application of the growth fund remains affordable within the life cycle of the planned growth.

7.2 Appendix 3 displays an updated growth fund model (the original model itself was first shared at the March 2019 EB). And as previously advised and shown in the model the DSG growth funding allocations are determined by the DfE, using an annual funded rate per pupil for primary and secondary schools, multiplied by their respective positive middle super output area pupil growth (MSOA) between the two most recent October census's. MSOA has always been highlighted as a difficult measure to predict, so hence why it is important, and continues to be that the model itself is refreshed on an annual basis.

MSOA* - is defined by the office for national statistic, as a small enough geographical area to detect pockets of growth, based on school post codes grouped within a particular area.

7.3 The updated growth model (as shown in Appendix 3) has therefore now been updated considering the following two factors and the conditions as laid out above:

7.3.1 The first factor, is the DfE have updated the 2024/25 growth funded per pupil rates (funding coming into the DSG) by 2.0% from 2023/24 on both the primary and secondary rates.

7.3.2 The second factor, is to remind, MSOA growth is not only driven by the requirement of new intake classes but also any further throughput pupil growth within a school, for example, if the number of current year 11 pupils are less than the current number of year 7 pupils in a school (which can occur regardless of any new approved intake class) and Southend continues to experience that particular throughput growth in Secondary.

7.4 Therefore, based on all the factors above the growth rates applied from September 24 can now be increased a further 3% to £4,444 per primary pupil and £5,271 per secondary pupil and the original proposed rates for 2023/24 are now final. The rates still remain below the NFF minimum rates per pupil

distributed in the ISB but are above the AWPU rates , but it also remains minded, these rates are not intended to be at the NFF minimum rates as growth is only temporary support funding for new intake classes until that year's pupil growth is formally captured in the annual October census and therefore core funding of a school. But none the less welcome that these funding increases can still be applied for 2024/25.

7.5 In relation to the new NFF DfE falling rolls fund allocation for 2024/25, Southend did not trigger any additional funding allocation through the NFF Funding Formulae. A DfE must criteria for any Council being able to consider a falling rolls fund is that the 2022 SCAP shows that any reduced schools places will be required in the subsequent 3 to 5 years (a mandatory requirement). Southend's SCAP does not show this, so, it is also not possible to even consider a falling rolls fund for 2024/25. This will of course be kept under review on an annual basis and should the criteria be met the formulae for distribution will be presented to the Education board for recommendation and approval.

8 **Early Years Block (Provisional) - £16.507M** (including the £100,000 applied from the HN block to the Early Years block to top up the EY Special Education Needs inclusion fund).

8.1 The full details of the Early Years block allocation and proposed funding rates for 2024/25 and centrally retained balances are covered within the **separate paper** for this January 2024 Education Board called "**DSG Early Years funding rates for 2024/25**".

9 **High Needs Block (Provisional) - £33.871M** (including the £100,000 applied from the HN block to the Early Years block to top up the EY Special Education Needs inclusion fund).

9.1 As first shared in the October 2023 EB DSG paper, including an explanation of. The 2024/25 High Needs block under NFF has seen further confirmed growth in funding from the DfE of now £1.749M compared to the latest 2023/24 ongoing budget allocation.

9.2 And, as reminded in both the October 2023 and December 2023 EB DSG papers, the actual full detailed application of this additional 2024/25 funding will be considered as part of the EB June 2024 High Need detailed allocation budget paper. June was agreed through the EB to allow enough time for the SEND team in consultation with respective special schools and mainstream schools to allocate the expected in borough EHCP banded rates for the following academic year 2024/25, a major and significant exercise that accounts for a large and rightly proportion of the HN funds before any further funding considerations are put forward by the LA for further permanent funding allocations.

- 10 **Central Block - £1.478M** (including £133,000 drawn from the Central Block DSG reserves, as previously agreed in the December 2020 and 2023 EB DSG papers)
- 10.1 The central block budgets have been set in accordance with agreement of the December 2023 DSG EB paper.
- 10.2 The final 2024/25 amounts are therefore confirmed as;

	2024/25 Amount
From Central Services Block	
Combined Budgets (historic commitments)*	£296,515
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
Actual In Year funding Total	£1,345,248
+ Combined Budgets (historic commitments)* - funded from remaining central block reserves	£133,373
Revised Funding Total	£1,478,621

CLA/MPA Copyright Licences* - annual copyright licence charge set by DfE. Final figure tbc

Retained Duties* - Former Education Services Grant - ongoing funding to support LA Statutory duties – for Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

Combined Budgets (historic commitments)*, and note this budget allocation has been further increased by £133,000 for 2024/25 from the DSG Central block reserves. So the total commitments can remain sustained at £430,000 for 2024/25.

11 Conclusion

- 11.1 This paper sets the overall 2024/25 funding position for Dedicated School Grant funds and a balanced position for the distribution of the 2024/25 Individual School Budget Shares.

Appendices

Appendix 1 – DSG Final Individual Schools Budget allocations 2024/25

Appendix 2 – DSG Budget 2024/25 and comparison to 2023/24

Appendix 3 – DSG Growth fund rates from September 2024