

Southend-on-Sea City Council

Agenda
Item No.

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

School Forum

on

21st January 2025

(following the 2025/26 funding principles agreed at the School Forum
9th December 2024)

Report prepared by:

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Dedicated Schools Grant budget 2025/26

1 Purpose of Report

- 1.1 To present the 2025/26 Dedicated Schools Grant (DSG) budget including the DSG Individual School budgets for 2025/26 and Early Years funding rates for 2025/26.

2 Recommendation

- 2.1 That the 2025/26 DSG Budget, be noted, and has been set as agreed in accordance with the approved funding principles of the 9th December 2024 DSG School Forum paper.

3 Background

- 3.1 This paper sets out the proposed Dedicated Schools Grant Budget for the financial year 2025/26 which is also to be set by the Council as part of the annual budget cycle finalized in February 2025.
- 3.2 This paper also follows the previous detailed DSG School Forum (SF) funding papers considering the 2025/26 budget as presented in the December 2024 forum meeting. The principle funding decisions approved at the December 2024 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 2025/26 funding block announcements made on the 18th December 2024, and release of the 2025/26 DfE Authority Proforma Tool (APT) on the 17th December 2024.
- 3.4 The DfE release of the 2025/26 APT, therefore enables the formal and final distribution of the 2025/26 school block funds to Individual Schools, using the updated numbers on roll for each School as per the latest DfE October 2024 school census data, and in line with the previous funding agreements of the

December 24 School forum meeting which set the principle 2025/26 per pupil DSG rates for each school. The APT will be submitted back to the DfE by the Council.

- 3.5 The DfE also released the 2025/26 Early Years rates (funding into the DSG) on the 10th December 2024, which then allows local authorities to plan and set the funding rates out to EY providers from April 2025 (within conditions of the DSG grant) as now displayed in this paper.
- 3.6 This paper also displays the 2025/26 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).
- 3.7 And as agreed, at the March 2019 Education Board Meeting (covering School Forum matters), and the December 2019 Education Board meeting, this paper present's the school growth fund rates (for any new intake classes) for 2025/26.

4 Dedicated Schools Grant Allocations 2025/26 (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 2025/26 (col.A);

	A	B	A – B
	2025/26 £M	2024/25* £M	Inc / (dec) £M
Schools Block*	167.213	153.807	13.406*
Growth Fund	0.504	0.933	(0.429)
Schools Block Subtotal	167.717	154.740	12.977
Early Years Block (Provisional)	23.129	16.538	6.591
High Need (HN) Block (Provisional)	36.854	34.205	2.649
Central Block	1.397	1.367	(0.031)
Grand Total	229.097	206.849	22.248

2024/25* High Need Block is Final, Early Years remains Provisional until July 25
 Schools Block increase* - £11.102M of the £13.406M* increase relates to 3 previous separate grants now rolled into the 2025/26 DSG funding formulae.

Appendix 2 – “DSG budget 2025/26”, provides the detailed allocation including movement from the latest 2024/25 budget.

- 4.2 Although the School Forum 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 DfE and known by the term 'recoupment' to DSG funds. Therefore the final estimated allocation expected to be awarded to the Council is **£75.635M**, after considering these estimated recoupment deductions of **£153.462M** 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 **£78.340M** based on a total unit of funding of £5,309.24 per primary pupil (£4,915.14 in 24/25) for 14,756 number of pupils (14,811 in 24/25). The total uplift % per pupil is 8.0% but note this also includes the three previous grants: 2024 teachers' pension employer contribution grant, teachers pay additional grant (to support Sept 2023 teacher pay awards), and the core schools budget grant (which was administered to support the Sept 2024 teacher pay awards) all included in the DSG for 2025/26.
 - 4.3.2 The secondary pupil led funding has been set at **£87.527M** based on a total unit of funding of £7,040.43 per secondary pupil (£6,502.71 in 24/25) for 12,432 number of pupils (12,288 in 24/25). The total uplift % per pupil is 8.3% but note this also includes the three previous grants, as explained under 4.3.1 now included in the DSG for 2025/26.
 - 4.3.3 The premises factor funding is allocated at £1.346M (£1.092M in 24/25) and the funding for growth is allocated at £0.504M (£0.933M in 24/25).
- 4.4 The DfE Early Years (EY) funding rates applied to the DSG allocation (funding in) for 2025/26 have been set at £5.88 per hour for 3 & 4 year olds (uplift of 5.2% from 2024/25), £8.40 per hour for 2 year olds (uplift of 5.1% from 2024/25), £11.43 per hour for 9 month to 2 year olds (uplift of 5.0% from 2024/25). Early Years Pupil Premium and Disability Access Fund rates have also been updated as referenced in section 8 of this paper, alongside the detail of the applied uplifts to the EY provider rates from April 2025 (funding out), EY centrally retained balances and Special educational needs inclusion fund (SENIF). The provisional **£6.591M** total increase to the EY Block for 2025/26 is significant but also represents the now final planned phase of extended entitlement offers for eligible working parents increasing to 30 hours per week (from current 15 hours per week) of funded child care from Sept 2025 (over 38 weeks per year) from the term following their child turning 9 months old to school age. The total early years block allocation remains provisional for 2025/26 as the allocations will be adjusted for take up of provision by termly EY census's during 2025/26 and a further final adjustment in July 2026 (based on both the January 2026 and January 2025 early years census data).
- 4.5 The high needs block provisional allocation has been increased by a further **£2.649M** in 2025/26 on its core funding with further detailed explained in section 9 of this paper.
- 4.6 The high needs block is still provisional until the final funding allocation is expected to be announced in July 2025, 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 2025/26 Central Block allocation has been set with an amount of £1.160M for ongoing responsibilities (£1.070M for 24/25) funded at a rate of £42.67 per pupil for 27,188 pupils (£39.49 rate per pupil and 27,099 pupils in 24/25) funding for historic commitments is now set at £0.237M (£0.297M in 24/25) a continued reduction of 20% from the previous years allocation.

5 Schools Block – Individual School Block (ISB) allocations - £167.208M

5.1 As illustrated for each School in “Appendix 1 - 2025/26 final Individual school budget allocations”. The DfE release of the December APT enables the LA to formally set the distribution of the 2025/26 school block funds to individual schools, using the updated numbers on roll (NOR) for each School as per the latest DfE October 2024 school census data, and in line with the previous funding agreements approved at the School Forum on the 9th December 2024 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 £4,955 for primary schools (£4,610 in 2024/25) and for secondary schools £6,465 (£5,995 in 2024/25), both with an equivalent circa 0.5% increase from 2024/25 after consideration of the three previous separate grants for ‘2024 teacher pension employer contribution’ increases, ‘teacher pay award grant for Sept 2023’ and the ‘core schools budget grant 2024’ to support teach pay award for Sept 2024 and overall cost pressures – now all rolled into the 2025/26 DSG funding formulae. 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 0.5% from the 2024/25 Pupil led funding factors: basic entitlement, and whereby other additional needs funding factors have gains of up to 1.0%, after consideration of the three previous separate grants now rolled into the 2025/26 DSG funding formulae.

5.2.3 And for those Schools whose per pupil led funding rate is already above both 5.2.1 and 5.2.2, the NFF funding floor per pupil led rate has been set at a maximum allowable 0.0% increase (cash flat) from their 2024/25 per pupil led base line, as agreed.

5.2.4 To continue from 5.2.2, as highlighted and referenced in the December DSG School Forum 2024 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 2024 census and therefore once the formal 2025/26 APT has been released in late December 2024.

5.2.5 It must therefore now be noted, as explained for potential in the December 2024 DSG paper (under 5.3.3), that between the October 2023 census

and October 2024 census there has been a further considerable increase shift in some schools where more pupils are now attracting in particular the IDACI A & C, EAL, and the early years foundation stage profile prior attainment funding factors. In turn, what this has meant for the 2025/26 APT to be technically compliant within the affordability of the 2025/26 DSG individual school block allocation (which is based on the October 2023 pupil factor values), is a required and consistent proportionate partial scaling back of 26.18% of the full funding gains above MFG (minimum funding guarantee) 0.0% 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 2026/27, those effected schools will also see these full per pupil uplift gains realized from 2025/26 on the basis their public characteristic factors do not materially change in their October 2025 census from their October 2024 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 DfE 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 2025/26 accounts. The 2025/26 rates are currently set at the 2024/25 levels as estimates, these will therefore be adjusted centrally through the DfE for 2025/26 liabilities and schools can gain access to the DfE rate’s portal for updated figures.

5.4 The DfE have also positively 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 2025/26 only and any further future year approvals will need to be re-assessed by the DfE.

5.5 The DfE have continued to make a commitment that the National Insurance employer pension contributions from April 2025 for all Schools, will be funded by a separate grant.

Other key points for noting in the 2025/26 NFF funding formulae and APT:

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

Primary	£3,861.20
Key Stage 3	£5,442.01
Key Stage 4	£6,135.56

5.7 The Primary to Secondary funding ratio is set at 1:1.33.

5.8 The numbers of pupil on roll (NOR) in and registered in the APT as per the October 2024 census compared to the October 2023 census, has increased by a net of 86 pupils, which is a growth of 142 pupils in secondary and a reduction of (56) pupils in primary. The total NOR in October 2024 is therefore now 27,190 pupils (split Primary 14,756 and Secondary 12,434), compared to the previous year of 27,104 pupils (split Primary 14,812 and Secondary 12,292).

5.9 The total Individual School block allocation for the 2025/26 funding formula is an increase in the totality of Individual School block allocations of £13.406M from the 2024/25 allocation, £11.102M of which is due to the three previous separate mainstream grants now rolled into the DSG funding formulae (as referenced in 5.2.1). The remaining £2.049M is therefore 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 – £4,468 (applicable to maintained schools only)

6.1 The 2025/26 de-delegated per pupil funded amounts have been set as agreed in the School Forum December 2024 paper, at £1.00 per pupil for staff costs covering public duties returning an annual de-delegated sum of £4,468. And it continues to remain encouraged that academy schools do further buy in, otherwise this fund will no longer be feasible from 2026/27 when considered alongside any further maintained schools converting to join an academy trust.

7 Schools Block – Centrally retained growth fund - £0.423M (and whereby £81,000 has been originally set to restore DSG Growth reserve balances).

7.1 The DSG 2025/26 growth fund amount has been set in accordance with the principles agreed in the Education Board (EB covering School Forum matters) March 2019 and December 2019 papers, where by the 2025/26 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. In recognition of the risk, and the fact the DfE also fund growth rates into DSG at much lower rates that what is paid out, the local growth funding model does also include a condition to reduce growth funding rates paid out in future years if required to remain affordable within overall long term funding allocations.

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 2025/26 growth funded per pupil rates (funding coming into the DSG) by 1.3% from 2024/25 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 although this is now also slowing compared to previous years.
- 7.4 Therefore, based on all the factors above the growth rates applied from September 25 will now be increased by a further 2% to £4,533 per primary pupil and £5,376 per secondary pupil and the original proposed rates for 2024/25 are now final. The rates still remain below the NFF minimum rates per pupil distributed in the ISB but are above the AWPU rates for primary and slightly below in Secondary, 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.
- 7.5 In relation to the NFF DfE falling rolls fund allocation for 2025/26, Southend again 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 latest SCAP return 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 2025/26. 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 School Forum for recommendation and approval.
- 8 Early Years (EY) Block (Provisional) - £23.513M** (including the £100,000 applied from the HN block to the Early Years block to top up the EY Special Education Needs inclusion fund, and £284,000 applied from EY DSG reserve as shared in the Dec 24 DSG Paper).
- 8.1 As referenced in section 4.4, 2025/26 is the now final phase of the extended entitlement offers for eligible working parents increasing to 30 hours per week (from the current 15 hours per week) of funded child care from Sept 2025 (over 38 weeks per year) from the term following their child turning 9 months old to school age.
- 8.2 2024/25 was the first year of the new entitlement offers for eligible working parents, and the Education Board (covering School Forum matters) considered an extensive paper at its January 2024 meeting, agreeing the applicable formulae application for both the existing and new entitlement offers, including EY centrally retained balances and the introduction of a EY special educational needs inclusion fund (SENIF) for each of the entitlement streams.
- 8.3 As referenced in the Dec 2024 DSG paper, there continues to be no proposal to change the current funding model for 2025/26 which ultimately seeks to ensure a high level of base funding rate is passed on to support the costs of all EY providers.
- 8.4 On the 10th December 2024, when the 2025/26 DfE EY operational guidance was released the DfE re-confirmed the intention that at least 96% of the funding

received (previously 95%) must be passed onto EY Providers for all funding stream entitlement offers (unless a disapplication request is submitted and approved by the DfE), also meaning only 4% of funding now can be retained for central support of EY. It is also anticipated this passport rate will move to 97% from 2026/27 and beyond across all entitlement offers. For Southend, these changes are only applicable for the new working parent entitlement offers, as both 3&4 year old funding entitlements were already set and held at a 97% passport rate, and the 2 year old disadvantage rate is set at 99.3%.

- 8.5 However, whilst the passport rates have been increased in line with conditions of the grant for the new working parent entitlement offers and also now set at 97% (in 2025/26) in terms of pure total cash balances for EY Centrally retained it is positive news that through the increase in eligible working parent entitlement offer hours increasing from 15hrs to 30hrs per week (over 38 weeks) from Sept 2025 for 9 month olds onwards, that the EY Centrally retained balances themselves are still planned to increase from 2024/25 by a circa £100,000. This £100,000 will be needed and first used to be meet 2025 pay award uplifts for the EY Central team (once determined) and any remaining balance to be used to further support the EY Centrally retained team which in turn also supports all EY Providers.
- 8.6 It remains very positive, that due to the well managed distribution of EY provider funds (including a sufficient level of EY DSG reserve), that Southend is able to to accelerate to a minimum 97% passport rate for all EY entitlement offers in 2025/26, and therefore setting a funding model that is sustained for future years. A minimum 97% passport rate also continues to ensure a high level of passport funding is passed on to support all EY providers with their costs.
- 8.7 Appendix 4 – Early Years 2025/26 Funding, therefore displays the updated 2025/26 EY provider base rates (under col. B) across all entitlement offers, including mandatory deprivation rates for 3&4 year olds (applicable where a child is also eligible for EYPP), EY centrally retained funds, SENIF (which is distributed to EY providers), EYPP and DAF, and summarized as follows from April 2025:
- 8.7.1 The 3&4 year old EY provider base rate will be set at £5.57 per hour and the deprivation rate will be set at £0.52 per hour, both an increase of 5.2% from 2024/25, and continuing to maintain the 97% passport rate.
- 8.7.2 The 2 year old disadvantaged EY provider base rate will be set at £8.23 per hour an increase of 5.2% from 2024/25, and continuing to maintain the 99.3% passport rate.
- 8.7.3 The 2 year old eligible working parent EY provider base rate will be set at £8.03 per hour an increase of 7.4% from 2024/25, and now increasing the passport rate to 97% from 95% in 2024/25.
- 8.7.4 The 9 month to 2 year old eligible working parent EY provider base rate will be set at £10.93 per hour an increase of 7.2% from 2024/25, and now also increasing the passport rate to 97% from 95% in 2024/25.
- 8.7.5 The eligible EYPP rate will be distributed at £1.00 per hour (an increase of 47%), a targeted support area of focus from the government.
- 8.7.6 DAF rate will be distributed at £938 per annum per eligible child (an increase of 3%).

9 High Needs Block (Provisional) - £37.954M (less the £100,000 applied from the HN block to the Early Years block to top up the EY Special Education Needs inclusion fund, and including £1.2M applied from the HN DSG Reserve as shared in the Dec 24 DSG paper).

9.1 The 2025/26 High Needs block under NFF has seen further confirmed growth in funding from the DfE of now **£2.649M** compared to the latest 2024/25 ongoing budget allocation. As explained, in the previous December 2024 DSG school forum paper through the NFF the DfE set the funding floor at 7% per head of child population, and a gains cap limit of 10%. For Southend this has awarded an uplift of 8.4% for these factors within the NFF.

9.2 And, as reminded the December 2024 School Forum DSG papers, the actual full detailed application of this additional 2025/26 funding will be considered as part of the School Forum June 2025 High Need detailed allocation budget paper. This continues to allow appropriate Local Authority financial planning following assessment and planning of current SEND assessment cases into the 2025/26 Academic Year.

10 Central Block - £1.590M (including c. £193,000 drawn from the Central Block DSG reserves, as previously agreed in the December 2020 and 2024 DSG papers)

10.1 The central block budgets have been set in accordance with agreement of the December 2024 DSG school forum paper.

10.2 The final 2025/26 amounts are therefore confirmed as;

	2025/26 Amount
From Central Services Block	
Combined Budgets (historic commitments)*	£237,213
CLA/MPA Licences*	£193,723
Schools Admissions	£318,367
Servicing of Schools Forum	£18,700
Centrally employed teacher contr.	£134,773
ESG Retained Duties*	£494,528
Actual In Year funding Total	£1,397,304
+ Combined Budgets (historic commitments)* - funded from remaining central block reserves	£192,675
Revised Funding Total	£1,589,979

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 c. £193,000 for 2025/26 from the DSG Central block reserves. So the total commitments can remain sustained at £430,000 for 2025/26. As highlighted in the Dec 2024 DSG paper, 2025/26 is the last year of available DSG central block reserves to allow these historic commitments to be sustained at a full £430,000 per annum. Local Authority funding considerations are therefore required for 2026/27 onwards, alongside remaining DSG central block balances for historic commitments.

11 Conclusion

- 11.1 This paper sets the overall 2025/26 funding position for Dedicated School Grant funds, including a balanced position for the distribution of both the 2025/26 Individual School Budget Shares and Early Years rates.

Appendices

Appendix 1 – DSG Final Individual Schools Budget allocations 2025/26

Appendix 2 – DSG Budget 2025/26 and comparison to 2024/25

Appendix 3 – DSG Growth fund rates from September 2025

Appendix 4 – DSG Early Years 2025/26 rates