

School Budgets – Dedicated Schools Grant (DSG) 2024-25

Introduction

1. The Dedicated Schools Grant (DSG) is a ring-fenced grant of which the majority is used to fund individual schools' budgets in maintained schools and academies in Harrow. It also funds Early Years nursery entitlement for 2-, 3- and 4-year-olds in maintained council nursery classes and private, voluntary and independent (PVI) nurseries as well as provision for pupils with High Needs including those with Education, Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Harrow and out of borough. The DSG is split into four blocks: Schools Block, Central School Services Block, Early Years Block and High Needs Block.

DSG Settlement 2024-25

2. The 2024-25 DSG settlement is based on the number of pupils on the October 2023 schools census for the Central School Services Block and Schools Block as well as a lump sum for historical items related to premises, the January 2023 Early Years census for the Early Years Block and a combination of a historical lump sum and per pupil funding for the High Needs Block. The total DSG allocation for 2024-25 is £285.148m.

Table 1 – 2024-25 Dedicated Schools Grant allocation

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£5,118.25	£7,079.49	21,490.00	13,397.00	£204,835,120
Schools Block – lump sum premises					£3,136,355
Schools Block – NNDR deduction					-£475,941
Schools Block – growth fund formula					£618,107
Total Schools Block					£208,113,642
Central Schools Block					£1,510,259
High Needs Block (after import/export adjustments & recoupment)					£47,390,899
Early Years Block					£28,133,187
Total Dedicated Schools Grant Allocation 2024-25					£285,147,987

3. In 2024-25 the National Funding Formula factor values have increased by 1.4% with the exception of Free School Meals which has increased by 1.6%. In addition, the Mainstream Schools Additional Grant (MSAG) has been rolled into the NFF in 2024-25.
4. In 2018-19 the Government introduced a new National Funding Formula (NFF) for Schools, High Needs and Central Services Blocks. For the Schools block this means that LAs are funded on the basis of the total of the NFF for all schools, academies and free schools in its areas but the final formula for distribution is determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forum.

5. From 2020 the government had intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However, this has been delayed and there is currently no confirmed date for this.
6. In 2018-19 the LA implemented the NFF after consultation with schools and Schools Forum. There is one mandatory change to the structure of the formula which is the introduction of the Split Site Factor which provides funding to eligible schools who operate over two sites. The factors and values are set out at Table 2.

Table 2 – proposed funding formula and factor values 2024-25

Factors	2023-24		2024-25		% Change	
	Pri	Sec	Pri	Sec	Pri	Sec
Primary	£3,739.75		£3,919.84		5%	
KS3 AWPU		£5,272.45		£5,526.51		5%
KS4 AWPU		£5,942.38		£6,229.70		5%
FSM	£528.90	£528.90	£539.23	£539.23	2%	2%
Ever6	£776.82	£1,134.93	£902.38	£1,320.55	16%	16%
IDACIF	£253.43	£369.13	£258.61	£374.16	2%	1%
IDACIE	£308.52	£490.33	£313.63	£495.21	2%	1%
IDACID	£484.82	£683.16	£489.70	£693.29	1%	1%
IDACIC	£528.90	£749.27	£533.72	£759.32	1%	1%
IDACIB	£561.95	£804.37	£566.74	£814.34	1%	1%
IDACIA	£738.25	£1,024.74	£748.31	£1,039.93	1%	1%
LPA	£1,272.66	£1,928.27	£1,287.54	£1,953.32	1%	1%
EAL	£639.08	£1,724.43	£649.27	£1,744.23	2%	1%
Mobility	£1,041.27	£1,498.54	£1,056.44	£1,518.63	1%	1%
Lump Sum	£141,039.36	£141,039.36	£147,901.82	£147,901.82	5%	5%
Split Site	Basic		£59,094.70	£59,094.70		
Split Site	Distance		up to £29,602	up to £29,602		

7. In 2024-25 mainstream schools and academies can expect to receive an additional £10.406m through the National Funding Formula however £6.6m of this represents the MSAG being rolled into the formula.

Minimum Funding Guarantee

8. In 2024-25 the Minimum Funding Guarantee (MFG) will continue to protect schools from *per pupil* losses between years. The MFG must be between 0% and +0.5%.
9. In the overall formula it is only affordable to set the MFG at the minimum 0% and therefore 2024-25 school budgets have been prepared on this basis. This means that all schools be protected from *per pupil* losses compared with the 2023-24 budget. Gains in excess of 0% have not been capped, which is consistent with the approach in previous years.

Central Schools Block

10. The CSSB totals £1.510m and is used to support the LA with general duties in respect of all schools, the admissions service, centrally provided funding for schools including licences and funding to support LAs with teachers' pay and pension grant increases for teaching staff employed within the council.

High Needs Block

11. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block (HNB) of the DSG:

- Harrow special schools and academies
- Additionally Resourced Mainstream (ARMs) units in mainstream schools and academies
- Places in out of borough special schools and independent school provision
- EHCPs in mainstream schools and academies
- Post 16 provision including further education
- SEND Support services and support for inclusion
- Alternative Provision including Pupil Referral Units and education other than at school

12. There is a duty to admit a child or young person if the institution is named in a statutory EHCP. LAs use the HNB to provide the most appropriate support package for an individual in a range of settings, taking account of parental and student choice whilst avoiding perverse incentives to over-identify high needs pupils and students.

13. The HNB budget allocation for 2024-25 is set out at Table 3

Table 3 – 2024-25 High Needs Block Funding

Description	Value
High Needs Block Allocation (excl basic entitlement factor)	£46,143,781
Basic Entitlement Factor (excl TPG/TPECG)	£3,324,262
Basic Entitlement related to TPG/TPECG Special Schools	£436,202
Import/Export Adjustments	-£1,200,000
Additional Funding for Special Free Schools	£6,000
Hospital Education	£230,208
AP & INMSS TPG/TPECG allocation	£130,445
Total HNB before academy recoupment	£49,070,899
Academy recoupment for SEN units, special schools and FE	-£1,680,000
Net High Needs Block 2024-25	£47,390,899

14. It should be noted that the import/export adjustment figure will be updated in June 2024 to reflect the January census.
15. In 2024-25 there is an increase in funding of approx £3.312m however this includes £1.987m of High Needs Block Additional Grant received in 2022-23 which is now rolled into the formula.

DSG Deficits

16. The government consulted on the accounting treatments of deficits on the DSG. The consultation focussed on changing the conditions of grant and regulations applying to the DSG so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore, any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves. The ring-fence was due to end March 2023 but has been extended for a further three years.
17. Harrow's projected cumulative deficit at the end of 2023-24 is £5.396m.
18. An updated management plan is being drafted with the latest projections and will align with the updated SEND Strategy being presented to Cabinet later this year.
19. Despite the significant proposals and measures planned over the next ten years, it is unlikely that the plan will fully mitigate the deficit. This is due to the following contributory factors:
 - historical underfunding
 - current budgets being based on historical budgets rather than historical spend
 - extension of age range to include 0-5 and post 19
 - current and projected formulaic funding which does not keep pace with demand
 - significant historical and projected growth in number of EHCPs
 - continued growth in complexity of pupils' needs
 - limitations about creating cost effective provision in borough due to capacity and site limitations

Early Years Block

20. The government introduced a new National Funding Formula for Early Years from April 2017.
21. In 2024-25 two new Early Years entitlements will be introduced. The full list of entitlements is shown below:
 - the 15 hours entitlement for eligible working parents of children from 9 months to 2 years old (new entitlement from 1 September 2024)
 - the 15 hours entitlement for eligible working parents of 2-year-old children (new entitlement from 1 April 2024)
 - the 15 hours entitlement for disadvantaged 2-year-olds
 - the universal 15 hours entitlement for all 3 and 4-year-olds
 - the additional 15 hours entitlement for eligible working parents of 3 and 4-year-olds

22. The entitlement hours are up to 15 hours of childcare a week over 38 weeks of the year (equivalent to a maximum 570 hours a year) or, for 3 and 4-year-olds, up to 30 hours of childcare a week over 38 weeks of the year for qualifying children of working parents (equivalent to a maximum 1,140 hours a year).
23. From September 2025, eligible working parents of children aged 9 months and above will be able to access 30 hours (over 38 weeks a year) from the term following their child turning 9 months to when they start school).
24. The provisional Early Years Block in 2024-25 is shown at Table 4 below

Table 4 – provisional Early Years Block 2024-25

Entitlement	Hourly Rate to LA	Pupil PTE Estimate	Funding
3- & 4-year-old entitlement - universal 15 hours	£6.60	3,872.86	£14,569,700
3- & 4-year-old entitlement - additional 15 hours	£6.60	1,184.95	£4,457,782
2-year-old entitlement - disadvantaged	£9.38	400.17	£2,139,549
2-year-old entitlement - working parents	£9.38	723.66	£3,869,121
Under 2s entitlement - working parents	£12.77	366.65	£2,668,809
EY Pupil Premium - 3- & 4-year-olds			£84,121
EY Pupil Premium - 2-year-olds			£51,733
EY Pupil Premium - under 2s			£2,586
Disability Access Fund - 3- & 4-year-olds			£70,980
Disability Access Fund - 2-year-olds			£29,120
Disability Access Fund - under 2s			£4,550
Maintained Nursery Schools Supplementary Grant			£185,136
Provisional Early Years Block 2024-25			£28,133,187

25. There are no proposed changes to the funding mechanism or Early Years Single Funding Formula for 3- and 4-year-olds. However, there are changes to the current distribution of funding for disadvantaged 2-year-olds which requires a funding formula as well as the introduction of the two new entitlements which also require funding formulae.
26. Local authorities must determine their funding formulae before the beginning of the financial year and it must first consult with its schools' forum, maintained schools and early years providers. This consultation is currently underway. The final decision on the funding formulae, following any consultation, rests with the local authority
27. All funding changes as a result of the consultation will be implement from 1 April 2024.