

## 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.

### Schools Funding for 2024-25

2. In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools services Block. For the Schools Block this means LAs are funded on the basis of the total of the NFF for all school, academies and free schools in its area. However, the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
3. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018-19. This was approved by Cabinet in February 2018 and school budgets for the last five years have been set based on the NFF.
4. The NFF will therefore continue to be used to distributed school budgets for 2024-25.
5. From 2020 the government 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 no fixed date for this.
6. There are no proposed changes to the **structure** of the formula for 2024-25 however there are a number of changes for schools to be aware of.

### Changes in 2024-25

#### Increase in factor values

7. NFF Factor values have increased by:
  - 1.4% to basic entitlement, low prior attainment, FSM6, Income Deprivation Affecting Children Index (IDACI), English as an Additional Language (EAL) mobility and the lump sum.
  - 1.4% to the Minimum Per Pupil Levels (MPPL)

- 0.5% to the funding floor
- 1.6% to the Free School Meals (FSM) factor

8. The 2023-24 Mainstream Schools Additional Grant (MSAG) will be rolled into the NFF. Adjustments have been made to the NFF factor values to reflect this and are included in the figures below, as well as the factor value increases.

**Table 1 – funding formula factor values**

Factors	2023-24		2024-25		% Change	
	Pri	Sec	Pri	Sec	Pri	Sec
Pri AWPU	£3,740		£3,920		4.82%	
KS3 AWPU		£5,272		£5,527		5%
KS4 AWPU		£5,942		£6,230		5%
FSM	£529	£529	£539	£539	2%	2%
Ever6	£777	£1,135	£902	£1,321	16%	16%
IDACIF	£253	£369	£259	£374	2%	1%
IDACIE	£309	£490	£314	£495	2%	1%
IDACID	£485	£683	£490	£693	1%	1%
IDACIC	£529	£749	£534	£759	1%	1%
IDACIB	£562	£804	£567	£814	1%	1%
IDACIA	£738	£1,025	£748	£1,040	1%	1%
LPA	£1,273	£1,928	£1,288	£1,953	1%	1%
EAL	£639	£1,724	£649	£1,744	2%	1%
Mobility	£1,041	£1,499	£1,056	£1,519	1%	1%
Lump Sum	£141,039	£141,039	£147,902	£147,902	5%	5%

9. The Minimum Per-Pupil Funding Levels (MPPL) will be set at £4,610 for primary schools and £5,995 for secondary schools compared with £4,405 and £5,715 in 2023-24.
10. Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) are now fully rolled into the NFF.
11. Block transfers – LAs will continue to be able to transfer up to +0.5% of the schools block to other blocks of the DSG, with schools forum approval. A disapplication is required for transfers above 0.5% or for any amount where schools forum does not give approval.

### **Minimum Funding Guarantee (MFG)**

12. The MFG will continue and the allowable range for 2024-25 is between 0% and +0.5% which is the same as 2023-24
13. This means that each school could gain up to +0.5% *per pupil* compared with the 2023-24 budget. The final value of MFG will be determined by overall affordability within the formula.
14. Where schools are protected by MFG this means that they are receiving funding over and above that which is calculated by the NFF because of the levels of funding they

had been receiving prior to the introduction of the NFF. In future years if the MFG protection is removed then those schools who are funding above the NFF will see an immediate drop in funding from one year to the next.

### **Teacher's Pay Additional Grant (TPAG) 2023-24 and 2024-25**

15. In July 2023 the government announced the TPAG to support schools with the September 2023 teachers' pay award. Funding will be allocated to mainstream schools (5-16 age range), special and Alternative Provision schools. Funding will also be provided for eligible early years provision and 16 to 19 provision in mainstream schools

16. In 2023-24 funding will be for the period September 2023 to March 2024. The TPAG will continue into 2023-25 as a separate grant.

### **Central School Services Block**

17. The CSSB funds the following services:

- School Admissions
- Servicing of Schools Forum
- LA retained duties for schools and academies.

18. The indicative funding for 2024-25 is £1.509m.

### **Growth Fund**

19. Schools Forum agreed to continue to maintain a ring-fenced growth fund from the DSG in order to fund in-year pupil growth in relation to additional classes in maintained and academy schools to create additional classes at the LA's request.

### **High Needs Funding**

20. 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 of the DSG:

- Harrow special schools and academies
- Additionally Resourced Mainstream (ARMs) units in mainstream schools
- 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

21. The government introduced a National Funding Formula for High Needs from 2018-19. Funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity, annual funding transfer from the schools block into the high needs block have been approved by Schools Forum

22. From 2018-19 the Schools Block has been ring-fenced and transfers between blocks has been restricted to 0.5% of the Schools Block (approx. £970k). The decision to agree a transfer remains with Schools Forum. It agreed a transfer of 0.5% in 2018-19 and a reduced transfer of 0.25% in 2019-20 however it did not agree to any transfer beyond 2019-20 on the basis that the government should be properly addressing the inherent underfunding of High Needs pupils and to continue to top slice mainstream school budgets masks the extent of the problem.
23. There is anticipated to be an additional £1.3m added to the HNB for 2023-24 however there are already significant pressures on the HNB.
24. At the start of 2023-24 there is a cumulative overspend on the HNB of £2.623m and there is a further projected overspend in 2023-24 of £2.482m, taking the projected cumulative deficit on the HNB to £5.104m by March 2024.

### **DSG deficits**

25. The government consulted on the treatment of deficits in 2019. The outcome of the consultation was a change to the regulations for the treatment of DSG deficits so that LAs must carry forward any HNB deficit to be funded from the next year's budget share. It also explicitly states that LAs cannot and should not fund any DSG deficit from its own reserves.

### **DSG Management Plans**

26. A DSG management plan has been drafted however and discussed with Schools Forum. The SEND Strategy will also be brought to Cabinet for approval in Spring 2024 which will contain updated pupil and financial projections. However, the following points should be noted:
27. Despite the significant proposals and measures planned over the next ten years, this will not 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 Funding**

28. Funding for Early Years relates to free 15-hour nursery entitlement for all 3- & 4-year-olds in maintained nurseries and nursery classes as well as private, voluntary and independent (PVI) provision. From September 2017 this was extended to 30-hour nursery entitlement for eligible 3- & 4-year-olds. It also funds free 15-hour nursery entitlement for disadvantaged 2-year-olds.

29. A National Funding Formula for Early Years was introduced in 2017-18. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January 2018.
30. In 2023-24 there has also been an increase to the published funding rates for 2-, 3- and 4-year-old nursery provision for September 2023 to March 2024. This will be provided through the new Early Years Supplementary Grant (EYSG). This has been used to increase the hourly rates to LAs which in turn must be passed on to providers.
31. From 2024-25 the EYSG funding will be rolled into the Early Years Block of the DSG.
32. Funding rates and allocations will be announced in December 2023.