

SCHOOLS FORUM



Subject	DSG Settlement and Draft Budget for 2024-25
Meeting Date	15 January 2024
Status	Public Report
Executive Summary	<ol style="list-style-type: none"> 1. The DSG Settlement for 2024-25 was received on 19 December 2023. It included: <ol style="list-style-type: none"> a. Indicative allocations for the early years block reflecting the new free entitlements in 2024-25. b. Final allocations for the school's block based on the October 2023 schools census with the increase in funding through the schools NFF at £5.1m (2%). Higher funding values account for £4.3m (1.7%) with additional pupils at census providing a further £0.8m (0.3%). Funding for in-year pupil growth at September 2024, has increased by £83,000 (4.6%) compared with last year. c. Allocations for the central school services block provide an increase of £55,000 (3.2%) compared with last year for on-going LA functions with previous levels of funding not yet restored for historic commitments. d. Allocations for the high needs block are an increase of £1.7m (3%). e. A draft DSG budget for 2024-25 is provided in the Appendix to provide context for decisions on the meeting agenda. The funding gap for high needs pupils is projected to be £29m in the absence of additional funding sources. 2. The report also includes budget monitoring information for quarter three 2023-24. This indicates that the accumulated DSG deficit is projected at £63m for March 2024, rising to £92m by March 2025.
Recommendations	<ol style="list-style-type: none"> 1. To note the contents of the report. 2. To agree the budgets within the central schools services block (CSSB).
Reasons for Recommendations	<ol style="list-style-type: none"> 1. The Schools Forum is to be notified of the DSG settlement and consulted on the budget annually. 2. Schools Forum is to agree the budgets within the CSSB and has a consultation role for the high needs block. 3. The schools block is considered in a separate paper on the meeting agenda. 4. The early years block is to be considered at the February 2024 meeting.

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Wards	Council-wide
Classification	For information and decision

2024-25 DSG Settlement on 19 December 2023

1. The December Settlement information for 2024-25 compared with the current year is included in Table 1 below:

Table 1 – DSG December Settlement 2024-25

Funding Block	Forecast	Announced	Annual Change	%
	2023-24	2024-25		
	£000's	£000's		
2-year olds Entitlement	2,323	9,140	6,817	293.4%
3-year olds Entitlement	18,462	21,229	2,767	15.0%
Under 2 year olds	0	4,141	4,141	
Pupil Premium	190	330	140	73.7%
Disability Access Fund (DAF)	118	215	97	82.0%
Total Early Years (DfE estimated)	21,093	35,054	13,961	66.2%
Primary	123,571	128,007		
Secondary	124,028	133,047		
Supplementary grant	8,473	<i>subsumed above</i>		
NFF	256,072	261,054	4,982	1.9%
Premises	1,705	1,832	127	7.4%
Growth	1,796	1,879	83	4.6%
Total Schools (final)	259,573	264,765	5,192	2.0%
NFF	1,733	1,788	55	3.2%
Commitments	291	233	(58)	(19.9%)
Total Central School Services	2,023	2,021	(3)	(0.1%)
NFF (gross)	56,790	60,920		
Supplementary grant	2,373	<i>subsumed above</i>		
Total High Needs	59,162	60,920	1,758	3.0%
Total Funding	341,852	362,760	20,908	6.1%

Early Years Block

2. The published information includes indicative allocations only and these will be updated in summer 2024 and 2025 based on future data returns.
3. The early years block funds the local early years single funding formula (EYSFF) as well as a range of council services supporting the early years free entitlements.
4. The early years supplementary grant (EYSG) from September 2023 is separate to the funding provided through the early years block of the DSG for the existing free entitlements in 2023-24. It has been subsumed into the funding rates for 2024-25. The % funding increases shown for the existing entitlements in the table were therefore partly delivered from September 2023.
5. The funding includes for the expansion the free entitlement for 2 year olds with working parents (currently available only to families with low incomes) from April 2024 and a new free entitlement for those aged between 9 months and 2 years from September 2024.
6. Local consultation with the early years sector for 2024-25 funding is currently underway in January, with the outcome to be presented to Schools Forum in February where a recommendation for the 2024-25 EYSFF is to be made to the council for consideration at Cabinet in March.

Schools Block

7. School Block allocations are now final for 2024-25 with the mainstream school NFF allocations updated to reflect pupil numbers at the October 2023 census and with growth fund allocations determined according to the national approach.
8. Compared with 2023-24 the increase in the NFF (including premises) is £5.1m (2%). This comprises £4.3m (1.7%) from the increase in unit values (as included in the consultation report) with a further £0.8m (0.3%) from the increase in pupil numbers.
9. Table 2 below shows the impact of changing pupil numbers. Nationally, these are already declining overall but in BCP the growth in secondary pupils is still outweighing the reduction at primary by a small margin (26 pupils).

Table 2: Mainstream Schools Final NFF 2024-25

	Consultation Report (based on October 22 census)			December Settlement (based on October 2023 census)			Change
	Pupil Numbers	Unit Value £	Funding £000's	Pupil Numbers	Unit Value £	Funding £000's	Funding £000's
Primary	27,196	£4,777.80	129,939	26,792	£4,777.80	128,007	(1,933)
Secondary	20,405	£6,385.77	130,302	20,835	£6,385.77	133,047	2,746
Total NFF	47,601		260,241	47,627		261,054	813

10. Compared with the October 2023 census, the primary roll reduced by 404 pupils and the secondary roll increased by 430. Secondary growth is expected to continue in September 2024 with primary pupils continuing to reduce.
11. The school level census data used to calculate individual school budgets arrived also in December with options for the formula evaluated and considered further in a separate paper on the agenda.

12. Updated school data from the October 2023 census is not reflected in the NFF primary and secondary units of funding until 2025-26. The pupil characteristics included in the NFF have continued to increase each year since covid with unused growth funding needed to top up the NFF to be affordable in full.

Central School Services Block (CSSB)

13. The funding rate for the CSSB for on-going functions is £37.54 (previously £36.40) per pupil as announced in July. Taking account also of the additional pupils the final funding increase is £55,000 (3.2%).
14. The funding for historic commitments has not yet been restored to previous levels.

High Needs Block

15. Indicative high needs block allocations were announced in July 2023 with changes made in December to reflect the autumn place return, increasing the high needs NFF by £62,500. Total funding is £60.9 million, representing an increase between years of 3%.
16. The cross-border flow of pupils based on the January 2024 census will be updated in summer 2024.

Draft DSG Budget 2024-25

17. The Appendix includes a draft budget for 2024-25 with the budget and year end forecast for 2023-24 shown for comparison. The high needs DSG funding shortfall for 2024-25 is projected at £29m (£2m more than the forecast for 2023-24) as shown in the latest DSG management plan.
18. The shortfall for 2024-25 has been reduced significantly from that shown at the conclusion of the DfE delivering better value programme. Further information is included in the DSG management plan report on the agenda.
19. The assumptions in the draft budget for 2024-25 include:
 - a. the growth fund is agreed as proposed within the mainstream school funding paper on the agenda. If an alternative is agreed, then the amount of the school's block surplus would change by an equivalent amount.
 - b. The DSG management actions for the high needs budget are delivered as planned.
 - c. the high needs adjustment in summer 2023 will be minimal and not change the funding gap (funding could increase or decrease dependent on high needs placements at January 2024).
 - d. surplus schools block funding of £0.4m has been transferred to support high needs as agreed in December.
 - e. the early years central retentions are agreed as proposed in the February 2024 meeting.
20. Central schools services expenditure is set at the level of funding as agreed in December 2023.

21. The detail of the budgets in the CSSB for agreement are included in Table 3 below:

Central School Services Block	2023-24 £000's	Change £000's	2024-25 £000's
School admissions and access arrangements	387	23	410
Licenses purchased by DfE *	277	33	310
Servicing Schools Forum	10	0	10
Ex ESG services all schools:			
- Statutory and Regulatory Duties **	497	(92)	405
- Education Welfare	413	24	437
- Asset Management	148	9	157
Commitments – premature retirements (ex DCC)	17	0	17
Commitments – ASD Base / other	275	0	275
Total Expenditure	2,024	(3)	2,021

*The cost of licenses has not yet been finalised by the DfE with an estimate included in the above table. ** This budget will be adjusted when the CSSB is finalised.

22. The budgets are as included and detailed in the school funding consultation paper with an adjustment made to statutory and regulatory duties to balance to the funding level. There were few comments from schools regarding these budgets and a link to the consultation outcome in the December papers is included at the end of this report.

DSG Budget Monitoring 2023-24 at Quarter 3

23. The 2023-24 budget monitoring position at the end of December 2023 is a forecast in-year deficit of £27.2m, largely as budgeted.

24. Overall DSG funding is £0.4m below that budgeted, mainly due to the net early years adjustment forecast. Also included is the high needs block reduction in quarter two (£54,000) from the import/export adjustment for the cross border flow of high needs pupils.

25. Expenditure is projected to be £0.4m less than budget, and this is linked to the reduced take-up of the early years free entitlements impacting on funding levels.

26. The expenditure forecast has increased by £67,000 compared with the estimate at quarter 2 reported in December:

- a. Growth fund spend has been increased, with the October 2023 census data indicating some use of the contingency will be required. There is the potential for this to increase further once outstanding queries have been resolved.
- b. The £180,000 set aside for Dingley's promise in early years will not be required in full this year due a delay in the start of this provision. The 15-year management plan includes this cost moving forward each year so there is no impact in the budget for 2024-25.
- c. Movement between EHCP spend by type of provision has been updated to reflect placements now made (previously under assessment), the net of this movement is additional cost of £153,000.

Financial Implications - DSG cumulative deficit

27. There is currently a projected DSG deficit at the end of March 2024 of £63m, rising to £92m at March 2025 with the addition of the projected £29m funding shortfall for high needs in 2024-25.

Table 3: Summary position for dedicated schools grant at March 2024 and 2025

	£m
Accumulated deficit 1 April 2023	35.8
Budgeted shortfall 2023-24	27.1
Projected overspend	0.1
Projected deficit 31 March 2024	63.0
Projected high needs funding shortfall 2024/25	29.4
Surplus schools block funding	(0.4)
Projected deficit 31 March 2025	92.0

28. The DSG deficit and management plan is considered further in a separate paper on the meeting agenda.

Legal Implications

29. Schools Forum must be advised of the DSG Settlement for 2024-25 and be presented with a draft budget to consider as part of the annual consultation process.
30. Schools Forum also has a range of decision making powers with those for the CSSB included in this report.

Summary of human resources/sustainability/public health implications

31. None

Summary of equality implications

32. An equalities impact assessment has not been undertaken as the operation of the DSG and expenditure to be met from each block is prescribed by the DfE. The council is running a large DSG deficit to support pupils with additional needs.

Summary of risk assessment

33. The main risk within the DSG relates is the high needs funding gap for which there is currently no government solution.
34. There continues to be a risk that projected costs will rise further with activities to reduce budget demand not delivering outcomes as required.

Background Papers

School Funding Announcements 2024-25

<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2024-to-2025>

Appendix

Budget 2024-25	Early Years £000's	Schools £000's	Central Services £000's	High Needs £000's	Total Budget £000's
DSG under 2s NFF	-4,141				-4,141
DSG 2 year olds NFF	-9,140				-9,140
DSG 3&4 year olds NFF	-21,229				-21,229
DSG Pupil Premium	-330				-330
DSG Disability Access Fund	-215				-215
DSG Prior Year					0
DSG NFF School Block		-261,054			-264,765
DSG Premises		-1,832			
DSG Growth Fund NFF (final)		-1,879			
Block Transfer					0
DSG High Needs Block				-60,920	-60,920
DSG Central School Services Block			-2,021		-2,021
Total Funding	-35,054	-264,765	-2,021	-60,920	-362,760
Providers - under 2 year olds	3,830				3,830
Providers - 2 year olds	8,546				8,546
Providers - 3 and 4 Year olds	19,637				19,637
Providers SEN top up grants	1,380				1,380
Early Years Pupil Premium	330				330
Disability Access Fund	215				215
Contingency	254				254
Early Years LA duties	863				863
Mainstream Schools Formula		264,248			264,248
Growth Fund - budget		134			134
School Admissions			410		410
Servicing Schools Forum			10		10
Ex ESG Services (all schools)			999		999
Commitments - Premature retirements			17		17
Commitments - ASD Base / other			275		275
Licences Purchased by DfE			310		310
Place Funding				14,931	14,931
Top up Funding - State Sector				31,689	31,689
Top up Funding - Independent/NMSS				20,994	20,994
Top up Funding - Post Schools				9,029	9,029
Top up Funding - Pre schools				107	107
Top up Funding - Excluded Pupils/AP				2,274	2,274
Commissioned Services including Outreach				1,771	1,771
Hospital Education Top up					0
Bespoke SEN /Therapies				2,744	2,744
Support for Inclusion				3,057	3,057
Special Schools Teachers Pay & Pension Grants				1,925	1,925
Early Years Central SEN support				869	869
Sensory Impaired Service				876	876
Total Expenditure	35,054	264,382	2,021	90,267	391,724
In-year (Surplus) / Deficit	0	-383	0	29,347	28,964
(Surplus) / Deficit bf					63,010
(Surplus) / Deficit cf					91,974

23-24 Budget £000's	23-24 Q3 Forecast Outturn £000's	Variance £000's
-2,424	-2,323	101
-19,146	-18,461	684
-177	-190	-13
-118	-118	0
0	-352	-352
-251,100	-251,100	0
	0	0
	0	0
0	0	0
-59,240	-59,162	78
-1,965	-2,024	-58
-334,172	-333,731	441
2,296	2,323	27
17,967	17,154	-812
1,123	1,473	350
177	190	13
118	118	0
184	184	0
250,448	250,243	-205
467	458	-9
387	387	0
10	10	0
999	1,057	58
17	17	0
275	275	0
277	277	0
13,794	14,267	473
23,448	27,621	4,173
29,584	24,037	-5,547
7,073	6,498	-575
152	216	64
1,492	3,030	1,538
1,427	1,507	80
100	75	-25
5,589	5,682	93
146	153	7
2,330	2,161	-169
626	648	22
758	834	76
361,265	360,897	-367
27,093	27,166	74
35,844	35,844	
62,937	63,010	