

Item No 5, School Funding 2024/25

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Purpose of the Report

- 1 This report outlines the Dedicated Schools Grant (DSG) allocations for the Schools and Central School Services Blocks for the financial year 2024/25 as per the latest update received from the Department of Education (DfE) in December 2023.

Voting

- 2 Voting on the recommendations in this report is open to all members.

Executive Summary

- 3 The DSG is the main source of government funding for the provision of education by the council. It must be spent in accordance with the School and Early Years Finance Regulations and is ring-fenced.
- 4 The DSG is divided into four blocks.

- The Schools Block
 - The High Needs Block
 - The Early Years Block.
 - The Central School Services Block (CSSB)
- 5 Local authorities make most of the decisions about how to use this funding, but must consult the Schools Forum, which also makes decisions about some issues.
- 6 The total allocation for all blocks for 2023/24 is £500 million, of which around 72% is allocated to mainstream primary and secondary schools through a formula. Total funding has increased by £43 million compared to 2023/24, but this includes £13 million in lieu of the Mainstream Schools Additional Grant provided separately in 2023/24.
- 7 The mainstream primary and secondary school formula was set in accordance with a transitional formula reported to the Forum in September and November 2023. Details are provided in appendices.
- 8 The Central School Services Block is used for central functions provided by the local authority.
- 9 Allocations for the High Needs and Early Years Blocks are discussed in separate items on this agenda.

Recommendations

- 10 Forum members are recommended to:
- (a) Note the contents of this report.
 - (b) Approve the following final budget allocations for the Central School Services Block:
 - (i) Former ESG: Education Welfare, £304,000
 - (ii) Former ESG: Asset Management, £60,000
 - (iii) Former ESG: Statutory/Regulatory Duties, £668,000
 - (iv) Copyright Licences, £532,000

- (v) School Admissions, £602,000
- (vi) Schools Forum, £48,000
- (vii) Teachers Pension Employers Contributions, £338,000
- (viii) Prudential borrowing, £430,000

Background

- 11 The DSG is the main source of government funding for the provision of education by local authorities and institutions in England. Its use is governed by the conditions of grant, one of which requires the grant to be spent in accordance with the School and Early Years Finance Regulations. The DSG cannot be used for other purposes.
- 12 The DSG is divided into four blocks – the schools block, the high needs block, the early years block and the central school services block. Each of the four blocks of the DSG are determined by a separate national funding formula.
- 13 Allocations for the High Needs Block are discussed in item number 7 on this agenda (HNB funding and SEND and Inclusion Update).
- 14 Allocations for the Early Years Block are discussed in item number 6 on this agenda (Early Years Funding 2024/25).
- 15 In consultation with their schools forum, local authorities make decisions about the delegation of funds to schools, which for primary and secondary schools is on the basis of a local formula, and on the spending of the Central School Services Block.
- 16 This report follows from reports to the Schools Forum in September and November 2023, which provided information about provisional allocations and mainstream formula funding for 2024/25.

Overall DSG Allocations

- 17 The DSG is made up of four blocks and the amounts allocated for each block and the comparison with the allocation for the previous year are shown in the table below:

DSG Block	2023/24 Allocation £m	2024/25 Allocation £m	Change £m	Change %
Schools	372.059	389.860	17.801	4.78
High Needs	89.812	93.977	4.165	4.64
Early Years	34.881	55.518	20.637	59.16
Central School Services	2.812	2.981	0.169	6.00
Total before recoupment	499.565	542.337	42.772	8.56

- 18 The total increase of £42.772 million includes £12.990 million of funding added to the Schools Block to replace the Mainstream Schools Additional Grant (MSAG), which was paid separately in 2023/24. Without the replacement for MSAG, the overall increase would be £29.782 million, which would be a 5.96% rise in the DSG.
- 19 The figures in the table are prior to recoupment by Education and Skills Funding Agency (ESFA),
- 20 Recoupment is principally used to recover funding for allocated to mainstream primary and secondary academies through the local funding formula. It is also used to recover funding for commissioned high needs places in academies and out-of-county SEND providers.
- 21 Initial recoupment for 2023/24 is £246 million but will be adjusted during the year for schools convert to academies after 3 January 2023.

Schools Block Funding

- 22 Funding for this block is based on amounts per primary and secondary pupil.
- 23 The primary and secondary amounts per pupil are known as Units of Funding (UFs). The UFs are multiplied by pupil numbers from most recent the October school census; for 2024/25 this is the October 2023 census.
- 24 The National Funding Formula is used to determine the UFs. For 2024/24 the NFF unit values have increased (in part due to the inclusion of the former supplementary grant), as shown in the following table:

Mainstream primary and secondary Units of Funding (UFs)	Financial Year 23-24	Financial Year 24-25	Increase £	Increase %
Primary Unit of Funding per Pupil	5,126.94	5,416.10	289.16	5.64%
Secondary Unit of Funding per Pupil	6,359.17	6,717.74	358.57	5.64%

- 25 In addition, the Schools Block also includes a lump sum based on historic allocations for premises factors, and a share of the national

allocation for growth. The total funding provided through the Schools Block is £389.860 million as shown in the following table:

Schools Block Funding 2024/25 (£ million)	Primary	Secondary	Total
October 2023 Pupils	37,220	26,929	64,149
2024-25 units of funding (UFs)	£5,416.10	£6,717.74	
Funding (£m)			
Pupil funding	201.587	180.902	382.489
Premises			6.300
Growth			1.071
Formula funding for 2024/25			389.860

- 26 This funding was allocated according to the National funding Formula, with adjustments to formula values to match the total allocations to the available funding.
- 27 The final formula is summarised in Appendix A and a summary of funding for each school is included in Appendix B. Funding in Appendix B is net of National Non-Domestic Rates, which are budget neutral for schools, and is before de-delegation for maintained schools. (Note that these appendices are provided separately).
- 28 De-delegation was agreed by the Schools Forum in November and is taken from maintained schools to pay for central services (school improvement and trade union facility time). The total de-delegated is £359,000
- 29 In addition to formula funding, mainstream primary and secondary schools will also receive the Teachers Pay Additional Grant (TPAG) in 2024/25. This grant is based on amounts per pupil and per FSM6 (deprivation) pupil plus a lump sum and uses the same data as the formula. Appendix B shows estimated TPAG for 2024/25 for each school, as well as the formula funding.
- 30 From 2025/26, MSAG will be incorporated into the formula; this will increase formula funding for maintained schools from April 2025 but will not increase formula funding for academies until September 2025, when

the 2025/26 formula takes effect for academy funding. Because of this, academies will continue to receive MSAG for April to August 2025.

Central Schools Services Block (CSSB)

- 31 The CSSB covers funding allocated to local authorities to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England. The CSSB is split into funding for historic commitments and funding for ongoing functions.
- 32 The only historic commitment funding included in the council's CSSB is for prudential borrowing.
- 33 Funding to local authorities for ongoing functions is allocated according to the CSSB National Funding Formula.
- 34 The CSSB NFF allocates funding for ongoing functions using a pupil-led formula. The formula uses two factors; a basic per-pupil factor, the majority of funding, and a deprivation factor.
- 35 The pupil numbers used to calculate CSSB allocations are from the October 2023 School Census, (the same as those used in the mainstream primary and secondary formula).
48. The following table shows the allocations for 2024/25, with 2023/24 allocations also shown for comparison purposes:

CSSB budget 2024/25 (£)	2023/24	2024/25
Ongoing responsibilities		
Former ESG: Education Welfare	294,000	304,000
Former ESG: Asset Management	58,000	60,000
Former ESG: Statutory/Regulatory Duties	646,000	668,000
Copyright Licences	515,000	532,000
School Admissions	582,000	602,000
Schools Forum	46,000	48,000
Teachers Pension Employers Contributions	327,000	338,000
Total Ongoing responsibilities	2,468,000	2,551,000
Prudential Borrowing (historic commitment)	430,000	430,000
Total CSSB	2,898,000	2,981,000

Conclusion

- 36 The Dedicated Schools Grant is the main source of funding for education provision. For 2024/25 the total allocated is £542 million. This is an increase of £43 million on last year, but this includes £13 million in lieu of the former Mainstream Schools Additional Grant.
- 37 Funding for the Schools Block of the DSG is used to fund the mainstream primary and secondary funding formula. This is set to align to the National Funding Formula.

Contact

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