



## SCHOOLS FORUM

### 2024/25 Provisional Dedicated Schools Grant Settlement

12 September 2023

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	X

#### Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report sets out the detail of the provisional 2024/25 Dedicated Schools Grant (DSG) settlement

#### Recommendations

2. That Schools Forum note the content of this report and the actions to be taken in respect of funding growth in new and expanding schools and the notional SEN budget

#### Background

3. The provisional DSG settlement was released by the Department for Education (DfE) in July. The settlement sets out details of the National Funding Formula (NFF) for schools and high needs DSG, all information is provisional and will be updated once the October 2023 census has been processed. Additionally the indicative NFF budgets published by the DfE are incomplete in that they exclude premises funding and any comparison is between the 2021 and 2022 school census.
4. Whilst school level data is indicative schools are able, and should, to use the NFF underlying data combined with local pupil forecasts within their financial planning cycle to predict their expected 2024/25 budget.

### **The National Funding Formula for Schools**

5. Nationally funding through the NFF is increasing by 2.7% per pupil compared to 2023/24. This is enacted in a number of ways;
  - The core factors in the NFF have been increased by 2.4%
  - The minimum per pupil funding levels have increased to £4,655 per primary pupil and £6,050 per secondary pupil.
  - A funding floor will ensure that every school will attract at least 0.5% more pupil led funding than for 2023/24
  - The 2023/24 Mainstream Schools Additional Grant is rolled into core funding
6. One change is made in the NFF in respect of split-site funding, this is now delivered through the NFF and in accordance with a national formula, local authorities are no longer permitted to have locally agreed criteria.
7. The NFF is further implemented by requiring local authorities only to use NFF factors within their local school funding formula and bring the values attached to the 10% closer to the NFF. This has no implications for Leicestershire where funding formula fully aligns with the NFF.
8. Local authorities remain able to transfer 0.5% of the schools block to other DSG blocks after consultation with schools and approval from Schools Forum and from the Secretary of State for transfers in excess of 0.5% or where the Schools Forum does not approve.
9. The indicative budgets published by the DfE and shown as Appendix 1 are based on the 2022 October school census and will be updated in December for the 2023 census. However, local authority funding remains fixed on 2022 data, as a result local authorities remain able to use capping and scaling of gains to ensure that the NFF remains affordable should there be changes in pupil led data.
10. The funding floor for schools is retained at +0.5% per pupil. 15 (7%) of primary schools and 1 (2%) of secondary schools remain on the funding floor compared to 57 (25%) and 7 (16%) respectively for 2023/24. The range of per pupil increases is 0.5% to 10.0% for primary and 0.5% to 7.1% in secondary.
11. Whilst per pupil funding has increased the pupil responsive nature of the NFF results in a number of schools predicted to see a reduction in total budget for 2024/25 as a result of reduced pupil numbers. The provisional data shows 56 primary and 4 secondary schools with an expected reduction in their overall cash budget.
12. For 2024/25 there are new and mandatory requirements for how local authorities meet the revenue costs for new and expanding schools which is now formally lined to the basic need for places and for schools experiencing falling rolls but where the school

capacity survey (SCAP) indicates that places will be required in the future 3 – 5 years. The local authority currently has a policy for funding the former but excludes the latter, initial analysis suggests that there are no areas within Leicestershire that trigger falling roll funding for 2024/25. Further detailed analysis needs to be undertaken and will feed into a review of the growth policy which will be reported to Schools Forum in November.

13. It is a requirement for mainstream schools and academies to be notified annually of a clearly identified but notional SEN budget within their overall budget allocation. This budget should be used towards the cost of fulfilling their duty to use their 'best endeavours' to secure special educational provision for all their pupils with SEN. It was expected that the DfE would standardise the calculation of the notional SEN budget, this has not happened but there is an expectation that the calculation of the budget and the expectation of how schools use it is reviewed.
14. National data shows that Leicestershire has a cautious approach to how the budget is calculated and is in the bottom 20% of all local authorities with 7.5% or less of the total NFF being included in the notional SEN budget i.e. other local authorities appear to have higher expectations of what provision mainstream schools are expected to meet from it. Additionally, Leicestershire only uses the Age Weighted Pupil Unit (AWPU), low prior attainment and deprivation measures from the NFF in its calculation with other local authorities having a more expansive view. Analysis is underway to inform this review which will be reported to Schools Forum in November.
15. At the date of publishing this report no information on the 2024/25 Pupil Premium has been published.

### **Teachers Pay Additional Grant**

16. The DfE have announced £525m nationally to support schools with the September 2023 pay award. Grant allocations will commence in September 2023 and continue for the 2024/25 financial year before being rolled into mainstream funding for 2025/26.
17. Grant allocations will be made to maintained and special schools, pupil referral units and non-maintained special schools. Funding for maintained schools will be via the local authority and the ESFA for academies. Grant allocations are confirmed as:
  - £36 per primary pupil
  - £50 per key stage 3 pupil
  - £57 per KS4 pupil
  - £1,345 lump sum
  - £31 per primary FSM6 pupil
  - £45 per secondary FSM6 pupil
  - £260 per special school place
18. Mainstream school allocations for 2023/24 have been published at: [Gov.uk | Teachers' Pay Additional Grant](#).
19. There is no additional provision to support the local government pay award for 2023/24 or 2024/25 and additional costs will need to be absorbed through the NFF allocations.

### **Schools in Financial Difficulty**

20. The Education and Skills Funding Agency (ESFA) has [published information about the additional funding available to support schools in financial difficulty in 2023 to 2024](#).

Up to £40 million additional funding has been set aside in 2023 to 2024 to support individual schools that find themselves in particular financial difficulties. This is on top of the £525 million schools will already be receiving this year through the teachers' pay additional grant (TPAG), to support them with the September 2023 teachers' pay award. This funding will be used to expand the DfE's existing support routes available to academies facing the most difficult financial circumstances and help councils to expand the support they provide to their maintained schools facing the most acute financial pressures.

### **High Needs**

21. The structure of the High Needs NFF is unchanged from 2023/24 and the provisional settlement at £108.439m is £0.527m in excess of the current forecast and is a 3% increase per head of population. However, it should be noted that the population factor accounts for just £38.7m (36%) of the settlement figure meaning that 63% of the formula is subject to no uplift all factors within the schools NFF are inflated. A ceiling is set at +5%.
22. Leicestershire remains at the funding floor i.e. the application of the high needs NFF would generate a lower settlement without this protection. The NFF remains unresponsive to changes in the overall SEN population:
  - £10.1m (9%) of the NFF is driven by the number pupils in special school and independent school places
  - £31.8m (28%) of the formula relates to historic spend from 2017/18, this was £58.4m compared to a forecast spend of £121.2m for 2023/24.
  - £2.8m (3%) of the formula is from the funding floor
23. There is no indication of whether the high needs NFF will be reviewed although there is an expectation of national tariffs arising from the SEND and Alternative Provision Action Plan. There is no indication of timescales for any funding changes and the only reference within the settlement is '*.... by the end of 2025, the department [DfE] will have made progress towards introducing a national framework of banding and price tariffs*' it is unlikely that any changes to funding structure, and indeed the method by which local authorities fund its provides, before the 2027 financial year. Additionally given that the NFF for mainstream schools commenced in 2018 and remains unfinished, funding change in this financially and politically sensitive area could be many years away.
24. For 2023/24 additional grant was given with the requirement to increase funding for special schools, and AP provision. This grant is rolled into the settlement but there is no guaranteed increase in funding for special schools in line with the 2.4% increase in the high needs NFF factors nor the minimum 0.5% funding floor within the mainstream NFF.

### **Central School Services Block**

25. The funding allocation remains in two blocks:
  - a) LA on-gong responsibilities. Funding in this sub-block has seen an increase of 3.82% per pupil and risen by £0.128m to £3.49m for 2024/26
  - b) The DfE view of financial commitments against this sub-block remains and this element has seen a reduction of £0.118m which is a 25% per annum planned reduction by the DfE.

26. Funding for on-going commitments is relatively stable and of no real cause for concern, that cannot be said for historic commitments which funds two key areas the first being an annual contribution of £0.248m to Education Effectiveness to support maintained schools causing concern and historic school premature retirement costs.
27. The DfE's view is that all historic commitments should reduce over time, hence the annual reduction. However, the contribution to Education Effectiveness has been retained at its 2013/14 value despite the reduction in the number of maintained schools. This has previously challenged by the Schools Forum to which the response has been consistent in that whilst maintained school numbers have reduced the number receiving direct and intensive support has remained constant. For historic premature retirement costs the financial commitment is life long and beyond to those staff, the DfE have partially conceded this point and will continue a funding guarantee whereby the 2024/25 grant will not fall below the financial commitment.

### **Early Years**

28. The July announcement contained no information on Early Years which is subject to a different settlement and is the subject to a further report on today's agenda.

### **Equal Opportunity Issues**

29. There have been considered by the DfE, this report purely provides information on the July DfE announcement.

### **Officers to Contact**

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