

Meeting:	Schools Forum
Date:	16 January 2024
Subject:	Item 4: DSG Budget Setting 2024-25
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

Section 1 – summary

1. Schools Forum at its meetings in September and November 2023 considered reports setting out the updates to school funding for 2024-25 and indicative draft budgets. These were considered in advance of the notification of the 2024-25 Dedicated Schools Grant allocation based on the October 2023 Schools census. This was announced on 19 December 2023.
2. This report outlines the latest 2024-25 DSG settlement and details the proposed 2024-25 school budgets to be submitted to the DfE by 19 January 2024.
3. Schools Forum is required to:
 - Note the 2024-25 DSG allocation at Table 1
 - Agree the final position on the Growth Fund and sources of funding at Table 2
 - Note overall funding formula and indicative distributed funding at Appendix A
 - Note indicative formula derived 2024-25 budgets at school level at Appendix B and changes between years at Appendix C
 - Note the final MFG from paragraph 25
 - Note the High Needs Block funding at Table 4
 - Note the Early Years Block update at paragraph 40

Section 2 – report

Dedicated Schools Grant 2024-25

4. The 2024-25 DSG is based on the number of pupils on the October 2023 schools’ census. The total DSG for 2024-25 is £285,147,987 after High Needs Block import/export adjustments and recoupment for academies and post 16 high needs provision.

5. This is subject to amendments to the allocations for the Early Years Block which will be updated to reflect the January 2024 Early Years census.
6. Table 1 below shows the breakdown of the 2024-25 DSG across the four blocks. The sections following the table provide a detailed explanation for each funding block.

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, PFI, split sites)					£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

Schools Block

7. The schools' block is funded on three different methodologies. Primary and secondary NFF units of funding cover core schools funding which includes:
 - Pupil-led factors – basic per pupil, deprivation, low prior attainment, EAL, minimum per pupil funding, funding floor and transitional protections
 - School -led factors – lump sum, split sites, PFI, sparsity, NNDR
 - The area cost adjustments – this is a multiplier that applies to both pupil-led and school-led factors. In 2024-25 the multiplier for Harrow is 1.10046
8. The Primary and Secondary Units of Funding (PUF/SUF) have been calculated using the NFF and based on the 2023-24 pupil characteristics, including MFG, but excluding NNDR and growth fund items, and then divided by the number of pupils on roll on the October 2023 schools' census.
9. The allocation for 2024-25 is then based on the PUF/SUF multiplied by the NOR on the October 2023 schools' census. This has yielded per pupil funding of £204,835,120.
10. In addition, there is a Schools Block lump sum which is predominantly funding for NNDR, PFI and the new split sites factor.

Growth Fund

11. The proposed growth fund commitments are shown at Table 2

Table 2 – growth fund proposed commitments 2024-25

Category	Amount
Primary Expansion	£68,597
Secondary Expansion	£96,714
Total commitments 2024-25	£165,311

12. As reported to Schools Forum in November 2023, primary expansions funding is based on an estimated shortfall of approximately 1 FTE as there are particular pressures in Y1 and Y2. If the class is opened before September 2024 funding has been identified from the 2023-24 growth fund and therefore the funding committed above is the continuation to the end of the financial year.
13. Secondary expansions funding is also based on the potential that a bulge class, particularly linked to ESOL, may be required from September 2024.
14. It should be noted that due to the affordability of the overall formula this is the maximum funding available to allocate for growth funding. Therefore, we have been unable to allocate ‘trigger’ funding which is funding that schools whose numbers on roll have increased by more than 2% between the October and following May Schools Census’s are provided additional funding.

Proposed Schools Funding Formula 2024-25

15. The NFF continues to be the method of distributing funding for 2024-25. There are no proposed changes to the structure of the formula for 2024-25. The Harrow Schools Funding Formula now reflects the National Funding Formula entirely. The funding rates applied in each factor are equal to those in the NFF plus Harrow’s Area Cost Adjustment of 1.10046
16. The Mainstream Schools Additional Grant has been rolled into the NFF in 2024-25. The final funding formula factors and distributed funding is shown at Appendix A.
17. Appendix B shows the high-level indicative school budgets by school.

Minimum Per Pupil Levels (MPPL)

18. The MPPL is set at £4,610 for primary and £5,995 for secondary. As per Appendix B there are no schools eligible for this funding in 2024-25

Indicative School Budgets 2024-25

19. Indicative Individual School Budgets for 2024-25 are shown at Appendix B and an approximate analysis of the changes between years at Appendix C. Note, these are the budgets derived through the formula and do not include funding for the Teachers Pay Additional Grant, early years nurseries, EHCPs, SEN Units, Pupil Premium, Universal Infant Free School Meals, Devolved Formula Capital and any other specific grants.

20. These budgets are indicative and subject to Harrow Cabinet ratification and DfE approval of the school funding formula in February 2024.

Schools Block Allocation and Commitments

21. Table 3 shows the 2024-25 schools block allocation and commitment as set out at the above paragraphs

Table 3 – schools block allocation and commitments 2024-25

Schools Block	Allocation (before	Total Distributed	Difference
ISB	£207,971,476	£208,424,278	£452,802
Growth Fund	£618,107	£165,311	-£452,796
Total	£208,589,583	£208,589,589	£6

22. It should be noted that there is also approx £174k of funding in the ISB distribution figure that relates to growth funding for growing schools which is included in the school budget calculation, but it is anticipated to be funded from the growth fund.

23. A summary of the assumptions in these figures is as follows:

- NFF continues to be the method of distribution
- MFG set at 0%, growth on gains not capped
- Growth Fund commitment as at Table 2
- No transfers between any blocks

24. There is an additional £10.406m in the schools funding formula (excluding NNDR adjustments – this has net nil impact on a school's budget as the rates budget allocated to schools is equal to the expected rates bill)

- £6.600m Mainstream Schools Additional Grant rolled into NFF
- £2.559m Factor Value Changes (Inflation)
- £1.360m Demographic Changes (Pupil Characteristics)
- £0.260m Net Increase in Pupil Numbers
- £0.071m Mandatory Inclusion Split Sites Factor
- -£0.443m Reduction in MFG funding

Minimum Funding Guarantee

25. In 2024-25 the MFG will continue to protect schools from per pupil losses between years. For the third time in the last three years LAs must set a positive MFG (meaning schools will not see a reduction in per pupil funding between years). The MFG must be between 0% and +0.5%. This is calculated on the whole school budget but excluding business rates, the lump sum and split sites factors, and then divided by the number of pupils on roll.

26. In 2023-24 the MFG was set at 0%

27. In the overall affordability of the 2024-25 formula, it is not possible to set an MFG above 0% due to affordability of the overall formula, therefore the school budgets at Appendix B **have been prepared using 0% MFG** in the funding formula in 2024-25. It is not planned to cap gains in the formula which is consistent with the approach in previous years.
28. This means that schools will be protected from per pupil losses in 2024-25 but will not see any per pupil gains as a result of increased MFG.
29. The total cost of the MFG to the schools' block is £565k with 7/53 schools receiving MFG protection from per pupil losses. The remainder of schools do not attract any MFG funding as they are already receiving at least the same amount per pupil (or higher) than in the previous year.

NNDR Centralised Payments Process 2024-25

30. In 2023-24 the ESFA introduced an optional new process for the payment of NNDR business rates bills. The proposal moves away from the current approach which means that academies are responsible for paying their rates bills to the LA and the LA journals the cost of the rates bills from maintained schools to the rates billing department. This means that essentially there are two processes in place which are both administrative.
31. In addition, the ESFA allocates NNDR funding to LAs based on the previous year's rates bills. Thus, if there are anticipated increases in NNDR bills for the coming year, these are funded on a lagged basis meaning the remainder of the schools' block has to fund the increases in the first year.
32. The centralised payments process proposes that the ESFA pays the rates bills directly to the LA on behalf of academies and maintained schools based on the LA uploaded the actual rates bills onto an ESFA portal in the spring term. It also means that the ESFA will pay the actual value of the bills including any increases which means the schools block does not have at fund increases upfront.
33. The LA is therefore proposing to opt into the centralised payments process from April 2024 meaning schools and academies will not need to make separate payment arrangements. Once it is confirmed that we have been accepted onto the ESFA payments system we will write to academies to confirm that they may cancel any direct debits they have in place.

High Needs Block

34. Table 4 shows the provisional HNB allocation for 2024-25. This will be updated in year to reflect the revised import/export adjustments.

Table 4 – 2024-25 High Needs Block

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 2023-24	£47,390,899

35. It should be noted that the import/export adjustment figure will be updated in June 2024 to reflect the January census.

36. The HNB received a High Needs Supplementary Grant in 2023-24 totalling £1.987m which has now been rolled into the above funding.

37. In 2024-25 there is a real increase of funding of £1.325m (excluding the rolled in supplementary grant) which equates to approx. 2.88% increase from 2023-24. This increase is insufficient to meet the increase in costs to the HNB of the mainstream and ARMs funding proposals as well as the mandatory increases for special schools and PRUs. There is also therefore no additional funding for increased costs of other provision or growth in the number of EHCPs or complexity of need.

Special Schools & PRUs

38. As part of the HNB operational guidance for 2023-24 there is a mandatory requirement for LAs increase place/top up funding for special schools, academies and PRUs by 3.4%. The increases are set out at Table 5

Table 5 – Special Schools & PRUs funding increases 2023-24

School	Kingsley	Woodlands	Shaftesbury	Alexandra	PRU	Total
Increase 3.4%	£137,984	£125,099	£117,914	£66,368	£48,843	£496,208

39. There is no mandatory requirement to increase funding for other types of SEND provision, however, the LA carried out consultations in respect of ARMs and mainstream EHCPs in Autumn 2024 and responses to these consultations are set out at agenda Item 5.

Early Years Block

40. In 2024-25 there are additional early years entitlements as well as changes to the way that funding is received by the LA and distributed to providers. A draft document

setting out the changes and proposed consultation document is on the agenda at Item 6.

Other Grants

Pupil Premium

41. Funding rates in 2024-25 will be as follows

Category	Amount per pupil
Primary FSM6 pupils	£1,480
Secondary FSM6 pupils	£1,050
Looked After Children	£2,570
Children who have ceased to be looked after	£2,570
Service children	£340

Universal Free School Meals – KS2

42. On 10 January 2024 the Mayor of London announced the continuation of the Universal Free School Meals grant to support schools with providing free school meals for all pupils in KS2. The funding per meal will increase from £2.65 per day £3.00

43. All other grants will be announced in Spring 2024

Section 3 – contact details

Contact:

Jo Frost
Finance Business Partner – Children's Services & Schools
Jo.Frost@harrow.gov.uk