

Meeting:	<b>Schools Forum</b>
Date:	14 January 2025
Subject:	<b>Item 4: DSG Budget Setting 2024-25</b>
Responsible Officer:	Andrew Osei, Interim Finance Business Partner – Children’s Services

## **Section 1 – summary**

1. This report outlines the latest 2025-26 DSG settlement and details the proposed 2025-26 school budgets to be submitted to the DfE by 22 January 2025.
2. Schools Forum is required to:
  - Note the 2025-26 DSG allocation at Table 1
  - Agree the final position on the Growth Fund
  - Note overall funding formula and indicative distributed funding at Appendix A
  - Note indicative formula derived 2025-26 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 2025-26**

3. The 2025-26 DSG is based on the number of pupils on the October 2024 schools’ census. The total DSG for 2025-26 is £308,542,119. This is subject to amendments to the allocations for the Early Years Block which will be updated to reflect the January 2025 Early Years census.
4. Table 1 below shows the breakdown of the 2025-26 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	£5,509.32	£7,702.17	21,302.00	13,301.50	219,809,950
Schools Block – lump sum (premises, PFI, split sites)					£3,992,702
Schools Block – NNDR deduction					<b>-£3,798,323</b>
Schools Block – growth fund formula					£311,154
<b>Total Schools Block</b>					<b>£220,315,483</b>
Central Schools Block					£1,589,339
High Needs Block (after import/export adjustments & recoupment)					£50,532,298
Early Years Block					£36,104,999
<b>Total Dedicated Schools Grant Allocation 2024-25</b>					<b>£308,542,119</b>

### Schools Block

5. 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 2025-26 the multiplier for Harrow is 1.10036
6. The Primary and Secondary Units of Funding (PUF/SUF) have been calculated using the NFF and based on the 2025-26 pupil characteristics, including MFG, but excluding NNDR and growth fund items, and then divided by the number of pupils on roll on the October 2024 schools' census.
7. The allocation for 2025-26 is then based on the PUF/SUF multiplied by the NOR on the October 2024 schools' census. This has yielded per pupil funding of £219,809,950.
8. In addition, there is a Schools Block lump sum which is predominantly funding for NNDR, PFI and the new split sites factor.

### Growth Fund

9. The proposed growth fund for the 2025/26 budget is £181,660. This creates provision for up to 1 primary and 1 secondary class from September 2025.
10. 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 2025-26**

11. The NFF continues to be the method of distributing funding for 2025-26. To ensure affordability, the 2025-25 Basic Entitlement (Age Weighted Pupil Unit - AWPU) has been scaled down by 0.01%. This is within the allowable range of 2.5% and keeping within the range of the NFF.
12. The Teachers' Pay Additional Grant (TPAG), the Teachers Pensions Employer Contribution Grant (TPEG) AND THE Core Schools' Budget Grant (CSBG) have been rolled into the NFF for 2025-26
13. The final funding formula factors and distributed funding is shown at Appendix A.
14. Appendix B shows the high-level indicative school budgets by school.

### **Minimum Per Pupil Levels (MPPL)**

15. The MPPL is set at £4,955 for primary and £6,221 for secondary. For 2025-26, the per pupil funding for all schools is above this minimum.

### **Indicative School Budgets 2024-25**

16. Indicative Individual School Budgets for 2025-26 are shown at Appendix B. These are the budgets derived through the formula and do not include funding for the early years nurseries, EHCPs, SEN Units, Pupil Premium, Universal Infant Free School Meals, Devolved Formula Capital and any other specific grants.
17. These budgets are indicative and subject to Harrow Cabinet ratification and DfE approval of the school funding formula in February 2025.
18. Table 3 shows the 2025-26 schools block allocation and commitment as set out at the above paragraphs

Table 3 – schools block allocation and commitments 2025-26

<b>Schools Block</b>	<b>Allocation (before NNDR deduction)</b>	<b>Total Distributed</b>	<b>Difference</b>
ISB	£223,802,652	£223,932,147	£129,495
Growth Fund	£311,154	£181,660	<b>-£129,494</b>
<b>Total</b>	<b>£224,113,806</b>	<b>£224,113,807</b>	£1

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

- NFF continues to be the method of distribution
- MFG set at -0.5%, growth on gains is capped at 3%
- Growth Fund commitment is provided at £181,660
- No transfers between any blocks

### **Minimum Funding Guarantee**

20. In 2025-26 the MFG will continue to protect schools from per pupil losses between years. The MFG must be between -0.5% and 0%. 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.

21. In 2024-25 the MFG was set at 0%

22. In the overall affordability of the 2025-26 formula, it is not possible to set an MFG above 0%, therefore the school budgets at Appendix B have been prepared using - 0.5% MFG in the funding formula in 2025-26.

23. Gains have been capped at 3%.

24. The total cost of the MFG with capping to the schools' block is £392k with 8/53 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**

25. The LA joined the centralised NNDR payment process in 2024. This means that schools and academies do not need to make separate payments. Instead, the ESFA makes payment directly to the LA.

### **High Needs Block**

26. 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 – 2025-26 High Needs Block**

<b>Description</b>	<b>Value</b>
High Needs Block Allocation (excl basic entitlement factor)	£49,647,034
Basic Entitlement Factor	£3,718,496
Import/Export Adjustments	<b>-£1,422,000</b>
Additional Funding for Special Free Schools	£6,000
Hospital Education	£246,322
AP & INMSS TPG/TPECG allocation	£130,446
<b>Total HNB before academy recoupment</b>	<b>£52,326,298</b>
Academy recoupment for SEN units, special schools and FE	tbc
<b>Net High Needs Block 2025-26</b>	<b>£52,326,298</b>

27. It should be noted that the import/export adjustment figure will be updated in June 2025 to reflect the January census.

### **Early Years Block**

28. In 2025-26 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 separate paper on the draft document setting out the changes and proposed consultation document on the agenda.

### **Section 3 – contact details**

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