

## **Dedicated Schools Grant 2024/25**

### **1. Introduction**

- 1.1. School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local Authority, and with specific regulations on what each block of funding can be spent on:
  - Schools Block (SB)– funds primary and secondary schools through the school’s funding formula, premises funding and growth funding for new and growing schools or bulge classes.
  - Central Schools Services Block (CSSB) – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.
  - Early Years Block (EYB)– funds the free entitlement for 2, 3, & 4-year olds in all early year’s settings in the private, voluntary and independent (PVI) sector as well as nursery classes in mainstream primary schools.
  - High Needs Block (HNB) – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.
- 1.2. The allocations for the 2023-24 financial year were published by the Department for Education (DfE) on 19th December 2023. Adjustments to the allocations are made throughout the year for academy schools recoupment, high needs provisions and for early year’s provisions. The CSSB is generally fixed for the year.
- 1.3. The DSG is a ring-fenced grant and must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational documents issued by the Education Funding & Skills Agency (EFSA).

1.4. Schools Forum meets a minimum of four times a year and the papers for the meetings can be found on the following link:

<https://www.somerset.gov.uk/children-families-and-education/school-life/somerset-schools-forum/>

**Table 1 sets out the detailed DSG allocations for 2024/25 as published by the DfE on 19th December 2023.**

DSG Block	£ millions			Increase/ (Decrease)	
	22/23	23/24	24/25	£	%
<b>Schools Block</b> For distribution through the formula for mainstream schools and academies and for growth in schools	351.3	372.1	391.1	19.0	5.1%
<b>Central School Services Block</b> For local authority core functions, admissions, and historic commitments	5.6	5.0	4.6	-0.4	-8.0%
<b>High Needs Block</b> Funding for pupils with special educational needs in mainstream, special and independent special schools, for pupils in alternative provision and local authority or commissioned services for high needs pupils	75.4	83.7	87.4	3.7	4.4%
<b>Early Years Block</b> Funding for the early years entitlements includes: <ul style="list-style-type: none"> <li>• funding for the universal 15 hours entitlement for all 3 and 4-year-olds</li> <li>• funding for the additional 15 hours for 3 and 4-year-old children of eligible working parents</li> <li>• funding for the 15 hours entitlement for disadvantaged 2-year-olds</li> <li>• funding for the 15 hours entitlement for 2-year-old children of eligible working parents from April 2024</li> <li>• funding for the 15 hours entitlement for 9-month-old up to 2-year-old children of eligible working parents from Sept 2024</li> </ul>	29.4	31.1	50.2	19.1-	61.4%
<b>Total</b>	<b>461.7</b>	<b>491.9</b>	<b>533.3</b>	<b>41.4</b>	<b>8.4%</b>

## 2. Schools Block

- 2.1. The vast majority of the schools block allocation is pupil driven with different funding rates for primary pupils and secondary pupils. The funding rates are known as Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs). These funding rates are then multiplied by the pupil numbers on the October 2023 census which show the number of children in mainstream schools and academies.
- 2.2. An allocation for growth (growing schools and bulge classes) and premises (national non-domestic rates [NNDR]) and schools funded through the Private Finance Initiative) is also added to the PUF and SUF allocations to complete the funding for the schools' block.
- 2.3. The approach to setting the schools funding formula for 2024-2025 will be to mirror the full national funding formula rates.
- 2.4. The School Block funding includes £3.4m NNDR funds which will be retained by the ESFA due to centralising the payments of NNDR.
- 2.5. The funding provided in the Dedicated School Grant Schools Block is not sufficient to meet the Governments published National Funding Formula (NFF) values as updated in October 2023. This is due to increases in deprivation factors in Somerset between October 2022 and October 2023.
- 2.6. Several options have been considered to close the gap of £1.67m. Three options were set out to the Schools Forum meeting on 17th January. A further emergency meeting was then scheduled for Friday 19th January to consider further options and vote on these. The final decision on the formulae is the responsibility of the Local Authority, however Schools Forum must be consulted.
- 2.7. Following these meetings, Schools Forum voted that their preference was to maintain a 0.5% Minimum Funding Guarantee for schools, and to close the shortfall by reducing the AWPU (basic entitlement). The Authority Proforma Tool (APT) will be submitted on this basis.

### **3. Central Schools Services Block**

3.1. The Central Schools Services Block is split into two elements, historical commitments and ongoing commitments. From 2020/21 the ESFA included a mandatory reduction of 20% per annum in the historical elements of this block. Funding for ongoing commitments is calculated using 2 factors, a basic per pupil factor, through which LAs receive the majority of funding, and a deprivation per-pupil factor.

### **4. Early Years Block**

4.1. The Early Years Block provides funding for all early years entitlements including:

- funding for the universal 15 hours entitlement for all 3 and 4-year-olds
- funding for the additional 15 hours for 3 and 4-year-old children of eligible working parents
- funding for the 15 hours entitlement for disadvantaged 2-year-olds
- funding for the 15 hours entitlement for 2-year-old children of eligible working parents from April 2024
- funding for the 15 hours entitlement for 9-month-old up to 2-year-old children of eligible working parents from Sept 2024

4.2. Early Years Funding regulations state that at least 95% of available early years funding must be passported to early years providers. Therefore, a maximum of 5% of can be utilised by the authority for fund central function that support early year provision.

4.3. All providers are consulted annually on the distribution of the early years funding formula and the central spend is agreed at Schools Forum.

### **5. High Needs Block**

5.1. The authority receives the funding for the High Needs Block based on a national funding formula set by the DfE.

5.2. The allocation for the high needs block has increased by £3.7m from £83.7m in 2023/24 to £87.4m in 2024/5. There will be a total net adjustment to the import/export element in July to reflect actual movement. This is a net

adjustment to reflect the difference between high needs pupils and students living in one local authority and attending a school or college in another.

- 5.3. The authority funds special schools, alternative provisions and resource provision on two elements, a core place funding element which is a fixed rate and a top up element which is based on the individual pupils specific needs.

## 6. Deficit Management Plan

- 6.1. Local authorities are facing increased demand for services for pupils with Special Educational Needs and Disabilities (SEND). By December 2023, Somerset had issued 5,447 Education Health and Care Plans for pupils with SEND, which is an increase of more than 160% in the last five years. As well as the significant increase in numbers, there has been an increase in the complexity of pupils' needs.
- 6.2. In 2020, the Government introduced a statutory override for a period of three years (up to end of March 2023) that allowed local authorities' DSG deficits to be separated from the wider local authority accounts. Subsequently, the Government agreed to extend the DSG statutory override by a further three years so that the override will now expire on 31 March 2026. In the case of Somerset, the DSG is forecast to overspend by £17.4m in 2023/24 and reach a cumulative deficit of approximately £96m by 31 March 2026.
- 6.3. The actual, current forecast and projected DSG deficits are shown in the table below:

	<b>31 March 2023 Actual £m</b>	<b>31 March 2024 Forecast £m</b>	<b>31 March 2025 Projected £m</b>	<b>31 March 2026 Projected £m</b>
<b>Dedicated Schools Grant deficit</b>	<b>20.7</b>	<b>38.1</b>	<b>61.5</b>	<b>96.2</b>

- 6.4. As one of the conditions of the Dedicated Schools Grant, local authorities with DSG deficits are required to prepare and implement a DSG Management Plan. The Department for Education (DfE) recognises that in some cases it may take several years to recover any DSG deficits.

- 6.5. The local authority is currently in the process of refreshing its DSG Management Plan and agreeing the plan with the Department for Education. The refreshed plan will be shared with Schools Forum and members when complete.