

Dedicated Schools Grant 2024/25: Budget planning

RECOMMENDATIONS:

It is recommended that DEF:

- a) Specifically approve the amendment to Basic Entitlement in line with the principles agreed at Schools Forum (22 November 2023)
All to Vote (Schools, Academies and PVI)

- b) To note the changes to Dedicated Schools Grant funding for 2024/25
All to Note

For information

This report will cover

1. DSG Settlement 2024/25
2. Schools Block
3. Central School Services Block
4. High Needs Block
5. Early Years Block
6. Other Schools Grants
7. DSG Deficit & Management Plan

1. DSG Settlement 2024/25

- 1.1. On the 19 December 2024 the Education and Skills Funding Agency (ESFA) announced the Dedicated Schools Grant allocations for 2024/25

- 1.2. Note that the final allocations will be adjusted through the year for recoupment academies and the updated Early Years census. Individual maintained school budget allocations will be confirmed by 28th February 2022 following ratification by the ESFA; Academies will receive their notifications directly from the ESFA.

2. Schools Block

- 2.1. The Schools Block allocation for 2024/25 is £525.3 million, which includes £2.6 million for Growth Fund and the rolling in of the £17.1 million for Mainstream Schools Additional Grant which was allocated separately in the 2022 Autumn Statement.

- 2.2. The National Non-Domestic Rates (NNDR) at present will continue to be paid by Schools rather than direct arrangement with the DfE as a couple of the Districts do not want to put procedures in place for April 2024. Guidance states that in 2 tier local authorities all billing authorities need to agree to implement the changes. If mutual consent is not reached it will not be possible for any billing authority to adopt the revised payment process.

- 2.3. The NNDR funding we receive is equivalent to the previous year's actual NNDR payments (along with adjustments relating to the year before that). Because the funding is lagged, any increases in NNDR costs compared to the previous year has to be managed within the overall allocation and less funding is available to distribute to individual schools. In 2023/24 the shortfall was £511,000.

- 2.4. As part of the consultation, it was agreed that schools would see funding per the National Funding Formula (NFF) levels for 2024/25 Minimum Funding Guarantee (MFG) for 2024/25 is set at 0%
- 2.5. Within the consultation we also sought direction that if the funding received in the final settlement was lower than expected that we would
 - i. Reduce Basic Entitlement (AWPU) by up to the allowed maximum of 2.5%.
 - ii. Reduce all other factors by up to the allowed maximum of 2.5%
- 2.6. However, the funding settlement received is £1.7 million below a fully funded model of the NFF and to ensure that the block remains within its funding envelop the following actions need to take place.
- 2.7. The Basic Entitlement (AWPU) factor has been reduced by 0.61%. This ensures that the authority remains mirroring the NFF.

3. Central School Services Block

- 3.1. The Central Schools Service Block recognises the Ongoing Responsibilities of Education Services Grant (ESG), Admissions, Copyrights and Schools Forum along with Historic Commitments for Termination of Employment Costs.
- 3.2. In 2024/25 the DfE have reduced the Historic Commitments by 20%, however as with the previous two years Devon has applied for a disapplication to remove this reduction to ensure that the Termination of Employment costs remain funded for the coming year of £873,000. This will be confirmed in the March DSG.

4. High Needs Block

- 4.1. The High Needs Block settlement is £116.9 million for 2024/25. High needs though continues to be under considerable budgetary pressure even after receiving this additional funding.
- 4.2. The budget required to meet current HNB demand and agreed future growth with the service is £155.4 million after management actions of £15.3 million.
- 4.3. The 3 main areas of funding within the block after management actions are:
 - Independent Special Schools (£51.5 million)
 - Maintained & Academy Special Schools (£49 million)
 - SEN Mainstream (including FE) (£36.4 million)
- 4.4. **Independent special schools.**
The budget has been set on 1,315 sole funded placements at an average cost of £50,110 (including 3% inflationary uplift) allowing for in year movement and built into this as part of the overall management plan are actions of £11.3 million.
- 4.5. **Maintained & Academy Special Schools.**
Part of the management plan is to invest in our maintained special schools to increase our own capacity to meet growing demand for placements in this type of provision. Overall, the budgeted places have increased from 1,731 to 1,787 in 2024/25, with an average cost of £24,464 (including inflationary increase).
- 4.6. **SEN Mainstream (including FE)**
Pre-16 Mainstream has seen an increase in the number of EHCPs from 2,448 to 2,453 for 2024/25 with Plus Packages increasing from 1,103 to 1,250 resulting in a £6.3 million increase overall. Whilst, FE Mainstream has seen an increase in the number of EHCPs

from 879 to 1,033 for 2024/25 resulting in a £1.6 million increase. These have been offset by management actions of £3.4 million.

5. Early Years Block

- 5.1. The Early Years Block allocation is £68.3 million for 2024/25.
- 5.2. This is an additional £25 million due the introduction of funding for children aged 9 months up to (and including) 2 year olds to assist new working parent entitlements. This also recognises increases to reflect teachers' pay and pensions and the National Living Wage (NLW).
- 5.3. From April 2024 the Authority will be funded at £5.47 per hour for 3- and 4-year olds (national average £5.98) and £7.43 for 2-year-olds (national average £8.48). For the new funding for 9 months to 2-year-olds (under 2's) the authority will receive an hourly rate of £10.09 (national average £11.55)
- 5.4. Of this funding the authority can retain up to 5% of the funding for central costs. For 2024/25 15p per hour will be retained from 3- and 4-year-olds and 2- year-olds, whilst 31p per hour will be retained from the under 2's.
- 5.5. The reason for retaining a higher amount of under 2's funding is because development work is required to ensure we have sufficient childcare places available for under 2's to meet our statutory duty.
- 5.6. Funding is also retained for the Individual Inclusion Funding (IIF) and Targeted Deprivation Funding (TDF) for 2-year-olds and under 2's at a rate of 18p per hour.
- 5.7. The rates to providers will be £5.22 for 3- and 4-year-olds; £7.10 for 2 -year-olds and £9.60 for the under 2's.

6. Other Schools Grants

- 6.1. **Mainstream Schools Additional Grant**
In 2024/25 the £17 million Mainstream Schools Additional Grant (MSAG) funding for Devon schools has been rolled into the baseline.
- 6.2. **Pupil Premium**
For 2024/25 the budget is £29.9 million and reflects the increase to the funding rates for Pupil Premium in the settlement.
- 6.3. **Other Grants**
Universal Infant Free School Meals (UIFSM), PE & Sports Premium and Teachers Pay and Pensions Grants are based on the latest available data for 2023/24 and we will be notified of further details by the ESFA in the new year.

7. DSG Deficit & Management Plan

- 7.1. As part of budget preparation, we are projecting to see the Dedicated Schools Grant (DSG) deficit increase by a further £37 million. The main reasons are the increasing volume of requests still being seen from schools and the continued demand being put on the service for SEN placements.
- 7.2. Within the budget for 2024/25 are management actions totalling £15.3 million.
- 7.3. The Authority is very concerned over the ability to reduce this pressure and bring this back to a balance budget over the coming years. This could have a considerable impact on

future education budgets within the DSG as well as impacting on the financial stability for Devon County Council.

- 7.4. Increasing demands and expenditure within SEND will be mitigated by the SEND Transformation Programme Deficit Management Plan, which has been developed with support from the Department for Education. These pressures will be managed across four key strategic areas, Inclusion and early help; Preparation for Adulthood; Sufficiency; and Financial Management and placement value. The overarching aim to ensure that the children and young people of Devon are supported according to their level of need within the funding envelope available.
- 7.5. The Authority submitted its initial Deficit Management Plan in December 2023 to the DfE as part of the 4th tranche of the Safety Valve Intervention Programme and are in discussions to progress the decision forward. A decision is expected in February 2024.

8. Recommendations

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All to Vote

- b) To note the changes to Dedicated Schools Grant funding for 2024/25

All to Note

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