



CYP Select Committee

Dedicated Schools Grant 2024/25

Date: 23rd November 2023

Key decision: To note

Ward(s) affected: All wards

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Outline and recommendations

This report is for information only providing information on the 2024/25 partial funding settlement.

1. Summary

- 1.1 Purpose of this report is to provide Members with an overview of the “Dedicated Schools Grant” (DSG) based on the initial funding announcements made on the 20th July (updated following DfE national error on schools funding) and localise that to suggest what this could mean for Lewisham.
- 1.2 It should however be noted that the information provided to date is a partial settlement at present and will vary once the final settlement is announced late December (which will be revised based on census information).
- 1.3 The report will consider each element of the DSG in order of
 - Schools Block
 - Central Schools Services Block
 - High Needs Block
 - Early Years Block

2. Schools Block

- 2.1 It is the funding in the school’s block that will determine the level of funding individual schools will receive.
- 2.2 Lewisham already complies with the National Funding Formula (NFF) for all factors that form part of the NFF. For this reason, some of the complexities stated in the national guidance would not apply to Lewisham (i.e. moving towards the hard formula).

- 2.3 **Appendix A** shows a list of all the factors that are part of the NFF (and the percentage increase from 2023/24). Please note the NFF factors now incorporate the Mainstream Schools Additional Grant (MSAG), at the 2023/24 values.
- 2.4 The table below (table 1) shows summarised position for the Schools Block relative to 2023/24.
- 2.5 Please note that at this stage this remains a partial agreement and will be updated accordingly for census 2023. As you will see below there are a large number of factors that will affect the final amounts that schools receive which are not known at present. Therefore, the figures shown below will change.
- 2.6 Members may be aware that the Department for Education (DfE) recently announced an error in their National Funding Formula (which was a consequence of the wrong total pupil number population), the consequence of this error is that the Lewisham settlement is £1.3m lower than previously advised.
- 2.7 Using the October updated partial settlement, we can confirm the revised details as table below.
- 2.8 This shows an overall increase in funding of 1.5% (compared with previously advised 2.1%).

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TABLE 1

Schools Block				
2024/25	Per Pupil Funding	Pupil Numbers	£m	
Primary Schools	£6,039.24	22,552	£136.2	
Secondary Schools	£8,289.57	11,628	£96.4	
Sub total		34,180	£232.6	
Premises Factor			£8.6	
Total Cash Funding Excluding Growth			£241.2	
2023/24	Per Pupil Funding	Pupil Numbers	£m	
Primary Schools	5,778.12	22,552	£130.3	
Secondary Schools	7,928.78	11,628	£92.2	
Sub total			£222.5	
Premises Factor			£7.7	
MSAG			£7.6	
			£238	
baseline per pupil	£6,956			
Difference	Per Pupil Funding	% increase	£m	
Primary Schools	£261.12	5%	£5.89	
Secondary Schools	£360.79	5%	£4.20	
Premises Factor			£0.9	
			£10.98	
MSAG grant	Streamlined into the DSG		-£	7.58
			£m	%
Net increase			£3.40	1.5%
Premises			£0.9	0.4%
Non premises			£2.51	1.1%

- 2.9 Schools Specific funding will be allocated using the values stipulated in **Appendix A** for 2024/25. Subject to affordability local authorities may apply a maximum of a further 0.5% “Minimum Funding Guarantee (MFG) Uplift”.
- 2.10 Currently Lewisham has 36 schools who receive “Minimum Funding Guarantee (MFG) transitional funding”, for those schools the first call on any increase will be offset by the value of their MFG transitional funding (the total of MFG transitional funding at present is £4.5m).
- 2.11 Naturally, the impact on each school would vary depending on the individual characteristics of pupils at the schools, e.g. Free school meal numbers.
- 2.12 Some general modelling was undertaken using current data – this suggests that in principle each school’s position could vary.

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1. Min	2. 1.25%
3. Max	4. 1.99%
5. Average	6. 1.75%

2.13 What is not clear is the net impact for schools on MFG, as they “earn” funding directly from the NFF, this will be offset by reduced MFG as stated above. Thus, some schools may see a lower or no gain. We will not know the final position for this until the outcomes of the October 2023 census is made available.

2.14 **Some caveats:**

- Fall out of MFG - Please also note that for schools on MFG – this remains transitional protection so the real cash increase will vary – at this stage we do not know how this would interact with the “gains v loss of MFG support”.
- Changes in pupil numbers and other characteristics
- The DfE will supply local authorities with a modelling tool known as the APT which will be required to be submitted to DfE in January following approval from Schools Forum.
- Growth Fund - not yet confirmed. This will be confirmed as part of the final settlement. This could potentially impact on the affordability for the headroom.
- Please further note that Lewisham based Primary and Secondary schools all receive funding based on the Lewisham Submission.

2.15 **The main changes to note for 2024/25:**

- Growth Fund – there is a change in method to distribute funding to LA, apart from this headline position we have no further details.
- Split sites – the method of funding via the NFF is now confirmed, based on the information received to date, this suggests that the 4 schools who currently benefit from this funding would see significant increases in their funding, currently £45k to circa £95k (this has yet to be confirmed in the final settlement).
- MSAG grant is rolled into the DSG NFF at the 2023/24 levels.
- SEN (notional SEN, expectation on LA’s to review this to ensure schools are clear about funding that they can use for SEN).
- Transfer of funding from Schools Block to the High Needs Block – this remains at a maximum of 0.5%, however will require a full consultation with schools.
- Falling rolls – method-based approach to falling rolls funding. This is new. We do not have any details on level of funding attached and how to apply this in detail. We await further guidance.

2.16 **Pay Award:**

The Secretary of state has also confirmed a new grant to support the teachers’ pay award (6.5% agreed) – which again is formula driven so will impact on schools differently. Whilst the expectation is that this should fund 3%, for some schools this may not be the case depending on their individual pupil number and characteristics but

- In November 2023, the 2023 pay award for local government employees was confirmed.

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- All employee grades Scale 1 up to SMG 1 spine point 50 will receive an annual increase of £2,352 (plus oncost – meaning the average cost is circa £3,200 per pupil). All employees on grade SMG1 spine point 51 and above will receive an increase of 3.88%.
- The awards are effective from 1 April 2023.
- From a schools' perspective whilst the teaching staff pay increase has received additional grant funding, the local government employee settlement which covers non-teaching staff does not attract any additional funding. For many schools this will result in significant pressure.

2.17 Teacher's Pension:

In addition, we have been advised that from 1st April 2024, the Teachers Pensions cost will increase from 23.6% to 28.6%. The DfE has confirmed that this will be supported for one year –any future support would be part of spending reviews. Again, it should be noted as with any grant funding, this will be based on a formula very likely to include pupil numbers, lump sum and free school meals, the grant value may not necessarily meet the cost at school level.

3. Central Schools Services Block (CCSB)

3.1 The Central Schools Services Block is constituted of two elements:

- A Historic Baseline – this predates 2012/13 funding when the local authority had significant freedom and flexibilities to utilise the DSG towards education supported functions and to allocate additional Council funding to schools based on local decisions made. Not all local authorities have such a historic baseline, and those that do, have at varying levels of funding. The table below confirms the further reduction of £326k for next year, which will result in a pressure.
- B Funding to support education statutory function. This is method driven on a per pupil basis. Lewisham receives £50.62 per pupil. The funding is based on pupil numbers, as such a movement in pupil numbers will impact on the funding.

3.2 The table below shows the 2024/25 position. The second element is provisional subject to pupil number changes.

3.3 It should be noted that the slight increase, should not be offset against the historic baseline loss, as that would be required to fund wider costs including pay award, inflation on any contracts etc.

CSSB

	2023/24	2024/25	Movement	% change
	£m	£m	£m	
Historic Baseline	£1.62	£1.30	-£0.32	-20%
Formula led	£1.69	£1.73	£0.04	2%
Net	£3.31	£3.03	-£0.28	-9%

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4. High Needs Block

- 4.1 The High Needs Block (HNB) is a specific allocation of funding to support students who have a range of additional and special educational needs. Since the SEND reforms in 2014 Councils across the country have seen a significant increase in demand for additional support for children with SEND; this includes support for young adults up to the age of 25. Lewisham is currently noting a cumulative overspend of circa £14m. It remains too early to comment on the final position for 2023/24, however Lewisham is seeing a reduction in in-year cost as the Lewisham mitigation plan starts to be embedded. Working on the basis that the number of EHCP's is continuing to increase in line with recent trends there is likely to remain a pressure of circa £3m to £4m.
- 4.2 The DfE has appointed Newton to work with Lewisham Council to further support the existing work being undertaken as part of the Delivering Better Value (DBV). It must however be emphasised that the symptoms facing Lewisham in terms of overspend are not unique. The majority of local authorities are either part of the safety valve (for those with very high levels of overspend) or DBV intervention support. Lewisham is currently working towards submitting a bid which will provide potentially £1m pump prime funding to support some initiatives which are intended to help reduce the HNB spend.
- 4.3 **The key areas of focus are:**
- Out of borough placements – Lewisham has been working towards expanding provision both within mainstream and special schools.
 - Review of banding system for suitability.
 - Review of practice that supports review of pupil needs toward more focus on intervention instead of EHCP. Consider options on how this can be best supported both at local authority and school level.
- 4.4 The table below shows the provisional 2024/25 HNB. Assuming data remains broadly the same, the funding allocated to Lewisham would suggest an increase of approximately £2.4m.
- 4.5 It should however be noted that pupil numbers, pupils in special schools and placements out of borough all have a bearing on the funding position. This will not be finalised until end of December.

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	Pupil numbers	£ per pupil	£m
Baseline (funding floors/ceilings)			74.95
basic entitlement	1134	5,646	6.40
import /export	-493	6,000	-2.96
New schools			0.01
			-2.94
Hospital and historic TPPG			0.40
Provisional figure for 2024/25			78.81
2023/24 funding			76.44
Increase in funding			2.38
			3%

5. Early Years Funding

- 5.1 The 2023 Spring Budget announced **additional funding** for the existing early years entitlements for disadvantaged 2-year-old children and 3 and 4-year-old children for the 2023 to 2024 and 2024 to 2025 financial years.
- 5.2 The DfE has announced that for the 2023 to 2024 financial year, they provide nationally £204 million of **supplementary funding** to local authorities through a new early years **supplementary grant (EYSG)**. The grant will cover the period September to March (i.e. Summer payments will be at the existing rates and are not affected by this announcement. The uplift provided is for **autumn (2023)** and **spring term (2024)**).
- 5.3 Please therefore note that the funding we will receive in 2023/24 will be from two different funding sources for 2023/24 each with separate audit and accounting requirements.
- 5.4 In 2024/25, the EYSG (Early Years Supplementary Grant) will be rolled into the Dedicated Schools Grant, and form part of the EYNFF (Early Years National Funding Formula) – at the time of writing we await conditions for grant, so cannot at this state confirm funding levels for 2024/25.
- 5.5 The announcement from the DfE further stated that an additional £288 million will be allocated to local authorities nationally through the dedicated schools grant (DSG). We have yet to receive sufficient details to establish if the £288m, is actually on top of the £204m (i.e. total of £492m), or the streamlining of the EYSG into the DSG plus a further £84m. We are unlikely to have sufficient detail until late Autumn.
- 5.6 Additionally, the announcement has noted increases for pupil premium and disability access funding.
- 5.7 The DfE has recently announced capital funding support for EY, as follows (table 2). The Early Years Team will be working with providers to target funding towards the development of the expansion of the early years offer.

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Table 2

	2023/24	2024/25	2025/26	Total of 3 year period
Lewisham	£11,845.51	£647,713.92	£305,981.15	£965,540.58

5.8 2023/24 funding to providers early years.

5.8.1 Table 3 below shows the funding that providers will receive following this announcement. The first three columns show the hourly rate that we expect to receive. The last two columns show the different sources of funding that make up the hourly rate.

Table 3

	Funding Per Term 2023/24			How the hourly rate will be funded	
	Summer 2023	Autumn 2023	Spring 2024	Early Years National Funding Formula	Early Years Supplementary Grant
3 & 4 Year Old Entitlement	£5.40	£5.99	£5.99	£5.40	£0.59
2 Year Old Entitlement	£6.78	£9.22	£9.22	£6.78	£2.44

5.8.2 The early years pupil premium (EYPP), this is expected to be at 4p per hour (currently 62p per hour from the Dedicated Schools Grant).

5.8.3 The Disability Access Funding (DAF), this is expected to increase £30.92 funded from EYSG (building on the current £828 funded from the Dedicated Schools Grant).

6. EY consultation on extending the EY entitlement from 9 months

6.1 The DfE has launched a consultation on the funding that supports children aged 9 months to 2 years.

6.2 The consultation timing was not helpful as it took place over the period schools are on leave from August to 8th September 2023.

6.3 In principle the consultation refers to mirroring formula for the current 3 and 4 year old funding. This is not good news for Lewisham as we are one of the lowest funded of inner London councils.

6.4 The factors mainly work on base, FSM and IDACI plus Area cost adjustment.

7. Financial implications

7.1 This report is for information only and provides Members with context regarding the 2024/25 funding. There are no direct implications arising from this report.

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- 7.2 However, this report notes challenges facing both Schools and Local Authority based on the level of funding provided compared with the additional costs for example arising from the teacher pay award (partially funded).
- 7.3 The report also recognises challenges in delivering statutory SEN services compared with the funding (High Needs Block) and ongoing pressure on council services arising from the year-on-year abatement of the Central Schools Services Block.
- 7.4 The report also notes the changes being proposed as part the extension of the Early Years Offer, including the anticipated pressure on Lewisham providers relative to other Inner London councils.

8. Legal implications

- 8.1 There are no specific legal implications arising from this report which is for noting.

9. Equalities implications

- 9.1 At this stage there are no direct implications arising from this report. Equalities impact will need to be considered as Lewisham progresses options towards mitigating an overspend position on the High Needs Block and Early Years Block .

10. Climate change and environmental implications

- 10.1 Not applicable.

11 Crime and disorder implications

- 11.1 Not applicable

12. Health and wellbeing implications

- 12.1 Not applicable

13. Report author and contact

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Comments for an on behalf of the Executive Director for Corporate Resources

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Comments for and on behalf of the Director of Law and Corporate Governance

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14. Appendices

Appendix A – NFF comparison between 2023/24 and 2024/25 values.

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Appendix A

Table to show National Funding Formula values for 2024/25 compared with 2023/24

						1.18892	ACA - Lewisham		
Factor	23-24 APT	24-25 NFF including ACA	Increase	% increase	MSAG	MSAG - Lewisham	Net of MSAG	Real terms increase	Actual % increase
Primary basic entitlement	£4,035.19	£4,226.88	£191.69	5%	£119.00	£141.48	£4,085.40	£50.21	1.24%
KS3 basic entitlement	£5,688.98	£5,959.41	£270.42	5%	£168.00	£199.74	£5,759.67	£70.69	1.24%
KS4 basic entitlement	£6,411.85	£6,717.68	£305.84	5%	£190.00	£225.89	£6,491.79	£79.94	1.25%
Primary FSM	£570.68	£581.46	£10.78	2%			£581.46	£10.78	1.89%
Secondary FSM	£570.68	£581.46	£10.78	2%			£581.46	£10.78	1.89%
Primary FSM6	£838.19	£973.06	£134.87	16%	£104.00	£123.65	£849.41	£11.22	1.34%
Secondary FSM6	£1,224.59	£1,423.99	£199.40	16%	£152.00	£180.72	£1,243.28	£18.69	1.53%
Primary IDACI F	£273.45	£278.87	£5.41	2%			£278.87	£5.41	1.98%
Primary IDACI E	£332.90	£338.20	£5.30	2%			£338.20	£5.30	1.59%
Primary IDACI D	£523.12	£528.06	£4.94	1%			£528.06	£4.94	0.94%
Primary IDACI C	£570.68	£575.53	£4.85	1%			£575.53	£4.85	0.85%
Primary IDACI B	£606.35	£611.13	£4.78	1%			£611.13	£4.78	0.79%
Primary IDACI A	£796.58	£806.93	£10.35	1%			£806.93	£10.35	1.30%

Secondary IDACI F	£398.29	£403.46	£5.18	1%			£403.46	£5.18	1.30%
Secondary IDACI E	£529.07	£534.00	£4.93	1%			£534.00	£4.93	0.93%
Secondary IDACI D	£737.13	£747.60	£10.47	1%			£747.60	£10.47	1.42%
Secondary IDACI C	£808.47	£818.80	£10.33	1%			£818.80	£10.33	1.28%
Secondary IDACI B	£867.91	£878.13	£10.22	1%			£878.13	£10.22	1.18%
Secondary IDACI A	£1,105.70	£1,121.39	£15.70	1%			£1,121.39	£15.70	1.42%
Primary EAL	£689.57	£700.13	£10.56	2%			£700.13	£10.56	1.53%
Secondary EAL	£1,860.66	£1,880.86	£20.20	1%			£1,880.86	£20.20	1.09%
Primary LPA	£1,373.20	£1,388.39	£15.19	1%			£1,388.39	£15.19	1.11%
Secondary LPA	£2,080.61	£2,106.32	£25.71	1%			£2,106.32	£25.71	1.24%
Primary mobility	£1,123.53	£1,139.19	£15.66	1%			£1,139.19	£15.66	1.39%
Secondary mobility	£1,616.93	£1,637.59	£20.66	1%			£1,637.59	£20.66	1.28%
Primary lump sum	£152,181.76	£159,487.10	£7,305.34	5%	£4,510.00	£5,362.03	£154,125.07	£1,943.31	1.28%
Secondary lump sum	£152,181.76	£159,487.10	£7,305.34	5%			£159,487.10	£7,305.34	4.80%
Split sites basic eligibility funding	£32,158.49	£63,723.64	£31,565.16	98%			£63,723.64	£31,565.16	98.15%
Split sites distance funding	£0.00	£31,921.15	£31,921.15				£31,921.15	£31,921.15	

PFI remains local determination within affordability

exceptional factors subject to approval from DfE

MFG between - 0.0% to max 0.5%

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Split sites distance funding is a new methodology within the National Funding Formula

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