



Schools Forum

Report title: Dedicated Schools Grant (DSG) 2024/25 Funding Settlement

Report 1 of 4

Date: 18 January 2024

Key decision: No

Item no: 5

Outline and recommendations

This report provides Schools Forum with headline information regarding the Dedicated Schools Grant (DSG) funding settlement.

For each sub block of the DSG (Schools, Central Services to Schools, High Needs and Early Years) there are separate reports discussing the detail of the financial settlement and the application of the funding for Lewisham.

Schools Forum is asked to note this report, which sets the financial context for the sub reports which are part of this agenda.

Timeline of engagement and decision-making

This report is for information only and sets context for the associated reports. Any appropriate engagement or decision making will form part of the detailed reports specific to each funding block.

Purpose of Report

- 1.1. This report provides schools forum with the summary position of the Dedicated Schools Grant (DSG), compared with 2023/24 funding.
- 1.2. This report will consider each element of the block in detail; however, the application of the funding will be considered in separate reports at the same meeting.

DSG 2024/25 Summary Position

- 2.1. *Table 1* shows the basic comparison of the headline funding. It remains important that the detailed information is taken into consideration as the headlines may be skewed by streamlining of grants, movement in data

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(e.g. pupil numbers), transfer of or new responsibilities. The settlement is not as generous as it seems on face value.

	Schools Block	CSSB	High Needs	Early Years	Total
	£m	£m	£m	£m	£m
2024/25	240.662	3.014	79.225	40.225	363.126
2023/24	231.030	3.309	76.852	24.845	336.035
Net Movement	9.632	-0.295	2.373	15.381	27.091
% increase	4%	-10%	3%	38%	7%

Table 1, Overall DSG summary

- 2.2. On face value the DSG for 2024/25 will have an increase of £27m, when compared directly with the funding in the 2023/24 DSG allocations.
- 2.3. It should be noted that the figures shown above are GROSS, i.e. they include notional funding for academies. The DfE will update the final figures for any deductions, e.g. recoupment, high needs import /export adjustments etc.
- 2.4. The Early Years (EY) Block remains provisional until validation updates for both January 2024 and January 2025. Late in December, the DfE held an emergency meeting with all Local Authorities (LAs), recognising a potential financial pressure arising from the updated September 2024 implementation of the two-year-old childcare (i.e. in year). In principle the funding that LAs receive will be based on seven months, however there is a disparity as seven months represents 26 weeks, whilst five months represents 12 weeks. At the time of writing, we await updates from DfE; this will be discussed in more detail in the EY specific report.

3. Schools Block

- 3.1. This section compares the detail for the Schools Block, which is the funding that is used to determine the Schools Funding Formula (and incorporates Growth Funding for basic needs)
- 3.2. *Table 2* shows the Schools Block Comparison after taking into account the streamlining of the Mainstream Schools Additional Grant (MSAG). For a notional figure, £222 per pupil has been used.

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	Primary schools' unit of funding (£s)	Secondary schools' unit of funding (£s)	Number of pupils in primary schools	Number of pupils in secondary schools	Schools Pupil led Funding (£s)	Premises factor, including national non-domestic rates (NDR) (£s)	Growth funding (£s)	Total schools block (£s)
2024/25	£6,039	£8,290	22,201	11,728	£231,290,080	£8,573,945	£798,052	£240,662,078
2023/24 (with notional MSAG included at £222 Per Pupil)	£6,000	£8,150	22,552	11,628	£230,074,577	£7,681,593	£851,084	£238,607,253.58
Movement	£39	£139	-351	100	£1,215,503	£892,352	£-53,032	£2,054,824
Mainstream Schools Additional Grant Streamlined (notional)	£222	£222						
	0.7%	1.7%	-1.6%	0.9%		10.4%	-6.6%	0.9%
2024/25			£134,074,148	£97,215,932				£2,054,824
2023/24			£135,307,196	£94,767,381				
			£-1,233,048	£2,448,551		£892,352	£-53,032	£2,054,823

Price	£872,924	£1,633,523
Volume	£-2,105,972	£815,028
	£-1,233,048	£2,448,551

Table 2 Schools Block

- 3.3. Table 1 noted that on face value, the schools block funding had increased by £9.6m (extract below in table 3)

	Schools Block
	£
2024/25	240,662,078
2023/24	231,029,841
Movement	9,632,237

Table 3 Schools block extract

- 3.4. The true increase is £2.055m, a notional figure of £7.577m has been added to the 2023/24 schools block to facilitate like for like comparison.
- 3.5. Of the increase shown in table 1, £7.577m **is not NEW money**; this is funding schools already receive **via the MSAG grant**. If the MSAG grant had remained as a grant, naturally there would be a small reduction due to the net reduction in overall pupil numbers.
- 3.6. Overall increase in schools block, is £2m, this represents approximately 0.9% net increase.

3.6.1. **Primary age** funding received –

- Overall increase of £39 per pupil, which is 0.7%
- Net funding attracted by Primary age pupils is **£1.2m** lower (£0.873k increase arising from price uplift of £39 per pupil, and £2m reduction from overall); reduction of 351 pupils.

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3.6.2. Secondary Age funding received

- Overall increase of £139 per pupil which is 1.7%
 - In net terms, there is an increase of **circa £2.5m**, of this £1.6m relates to increase in per pupil funding and whilst £815k relates to an increase based on 100 additional pupils.
- 3.7. Overall a net movement of £1.2m in pupil led funding, £0.9m increase in premises related funding (which includes, NNDR, PFI, exceptional factors and split sites)
- 3.8. The Growth Fund has also now been confirmed at £0.798m, which is a small reduction of £53k from 2023/24. **Schools Forum will recall at the previous meeting, the Growth Fund allocation was not provided by the DfE.**

4. Central Schools Services Block (CSSB)

- 4.1. The CSSB block is split into two elements:
- Element 1 is formula driven,
 - Element 2 is based on historic baseline and is abated at a rate of 20% each year.
- 4.2. *Table 4* below provides further detail and confirms a further reduction on the historic baseline figure of £0.324m. The table also notes a small increase of £29k deriving from a small increase of £1.22 in the funding rate for Element 1 (formula driven) applied to the total pupil numbers (which are 251 net lower than in 2023/24).

	CSSB unit of funding (£s)	CSSB pupil count	Funding for historic commitments (£s)	Total central school services block (£s)
2024/25	£50.62	33,928.00	£1,296,266	£3,013,702
2023/24	£49.40	34,179.00	£1,620,332	£3,308,775
Movement	£1.22	-251.00	-£324,066	-£295,073
Formula Led	£41,392.16	-£12,399.40		£28,993
Historic Baseline				-£324,066

Table 4, CSSB

- 4.3. The Education Service is currently working with Corporate Services, to support the loss of funding, whilst maintaining the services.

5. High Needs Block

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- 5.1. The High Needs Block funds services is associated with Special Education including, Special Schools, alternative provision, out of borough placements, cost of Education Health Care Plans etc.
- 5.2. Table 5 below confirms the allocation for 2024/25 at £79m, this is a modest increase of £2.373m compared with 2023/24 representing approximately a 3% increase.
- 5.3. Of this increase, approximately £430k relates to a net increase of number of pupils in special schools (76 pupils); interestingly the funding rate is lower by £10 per pupil.
- 5.4. In 2023/24, the DfE provided an increase in funding to support the funding uplift payable to special schools. This has now been rolled into the floor and gains figure, which is why it appears large, but it is not new funding.
- 5.5. Whilst any increase in funding is welcomed, recognising that inflation (including staffing costs) is greater than 3%, this is in effect a real term cut in spending power and is likely to place additional pressure on an area that is already overspending.

	Total high needs elements in the funding floor and gains calculation (£s)	Basic entitlement factor (area cost adjusted) unit of funding (£s)	Number of pupils in special schools and academies	Import/export adjustment (based on January 2023 school census and February R06 2022 to 23 individualised learner record) (£s)	Additional Funding for Special Free Schools (£s)	Hospital education, alternative provision teachers pay/pension and supplementary funding factor (£s)	Total high needs block before deductions (£s)
2024/25	74,949,467	5,646	1,210	-2,973,000	12,000	404,894	79,224,900
2023/24	69,790,261	5,656	1,134	-2,973,000	18,000	397,906	76,851,702
Net Movement	5,159,206	-10	76	0	-6,000	6,988	2,373,198

3.0%

	Price	Volume	£	%
Pupil led	-12559.8	£429,088	£416,529	0.5%
Floors Ceilings			£1,956,669	2.5%
Net movement			£2,373,198	3.1%

Table 5, High Needs Block

6. Early Years (EY) Funding

- 6.1. Early Years Funding is potentially the most complex area as the funding allocated remains provisional until the period after which the accounts

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have closed. Table 1 noted, an overall increase in funding for EY block of £15.3m, extract shown below for reference (*Table 6*).

	£m
2024/25	40.23
2023/24	24.84
Net Increase	15.38

Table 6, Early Years Block

- 6.2. More detail is required to enable us to decipher the EY block; funding associated with new duties verses additional funding to support the expansion of the Early Years Offer.
- 6.3. *Table 6* provides a high level breakdown of the £15.381m increase in funding. Associated report elsewhere on this agenda will discuss the detailed application, including the formulaic split across the various components.

7. Other Grants

- 7.1. The DfE has also confirmed the following grant information:

- 7.2. **Pupil Premium 2024/25**

- 7.2.1. The table below shows the updated pupil premium rates for 2024/25 compared with 2023/24. The table notes an increase of £25 (2%) for primary age pupil, with an increase of £15 (1%) for secondary age pupils. Funding is paid to those eligible under FSM ever 6. The table also confirms an increase of £40 (2%) for pupils looked after/other state of care. The final per pupil data will be confirmed most likely in summer 2024.

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Pupil Premium		2023/24 Values		2024/25 Values		Movement			
Pupil eligibility criteria	Paid to	£ per primary-aged pupil per year	£ per secondary-aged pupil per year	£ per primary-aged pupil per year	£ per secondary-aged pupil per year	£ per primary-aged pupil per year		£ per secondary-aged pupil per year	
Pupils eligible for free school meals, or have been eligible in the past 6 years	School	£1,455	£1,035	£1,480	£1,050	£25	2%	£15	1%
Pupils previously looked after by a LA or other state care	School	£2,530	£2,530	£2,570	£2,570	£40	2%	£40	2%
Children who are looked after by the LA	LA	£2,530	£2,530	£2,570	£2,570	£40	2%	£40	2%

Table 7, Pupil Premium

8. Teachers Pay Grant

- 8.1 Schools Forum will be aware that the DfE allocated a specific grant to support schools with the 2023/24 academic year pay award. Funding received in the financial year 2023/24 was confirmed at a part year equivalent for 7 months.
- 8.2 The DfE has confirmed that for 2024/25, the funding will remain a separate grant however, for 2025/26 the grant is expected to roll into the main DSG funding. Schools Forum will note that the funding values show nominal increase in per pupil funding with a reduction in Free School Meals 6 (FSM6).
- 8.3 The table below shows the method. Please note that the starting figures are national figures, which have then been uplifted for Area Cost Adjustment (ACA) to establish Lewisham Specific Figures. ACA used for mainstream schools is 1.1666, whilst the ACA used for Special Schools is 1.2111.

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8.4 It should also be noted that the funding for mainstream schools will be provided on a school-by-school basis, we expect DfE to confirm allocations in June/July.

8.5 With regards special schools and Alternative Provision (AP), the allocation is more complex. The DfE will provide a proxy allocation to the Local Authority, based on current place numbers. This will be following by a revision in March. The expectation is that the funding is allocated in full to providers, however there is some discretion and requirement to consult attached to the grant conditions. Once we have final allocations, we will engage with the relevant stakeholders including Schools Forum.

	2024/25 National rates	Lewisham 2024/25 allowing for Area Cost Adjustment	2023/24	Full Year	difference	%
a basic per-pupil rate of £62 for primary pupils, including pupils in reception	£62.00	£73.57	£42.72	£73.23	£0.34	0.5%
a basic per-pupil rate of £86 for key stage 3 pupils	£86.00	£102.05	£59.33	£101.71	£0.34	0.3%
a basic per-pupil rate of £98 for key stage 4 pupils	£98.00	£116.29	£67.64	£115.95	£0.34	0.3%
a lump sum of £2,306	£2,306.00	£2,736.44	£1,596.06	£2,736.10	£0.34	0.0%
a FSM6 per-pupil rate of £53 per eligible primary pupil	£53.00	£62.89	£36.79	£63.06	-£0.17	-0.3%
a FSM6 per-pupil rate of £77 per eligible secondary pupil	£77.00	£91.37	£53.40	£91.54	-£0.17	-0.2%
Special Schools and AP	£446.00	£540.18	£314.90	£539.83	£0.35	0.1%

Table 8, Teachers' Pay Grant

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9. Teachers' Pension Grant

- 9.1 Schools forum will also be aware of an increase confirmed by the DfE with regards Teachers' Pension employer contribution of 5% to 28.68%. The DfE has confirmed that there will be an additional grant for 2024/2025 to reflect the additional costs of the increase to the employer contribution rates to the Teachers Pensions' Scheme from April 2024. Further details will be announced in due course.
- 9.2 As with all grant funding, allocation will be made based on a formula (very likely to mirror that of the teachers' pay grant). The main point to note is the grant allocation is more than likely expected to support average school costs. Where a school has larger than average teaching costs, there is likely to be a drift (i.e. potential pressure). Each school will need to test the sufficiency of this cost versus grant, based on their own schools information.

10. Financial implications

- 10.1 There are no direct implications arising from this report, as the report is summarising the final settlement position for Lewisham in 2024/25 compared with 2023/24.
- 10.2 The settlement whilst confirming increases in funding, are likely to continue to place pressure on already existing pressures both at school level and Local Authority.

11. Legal implications

- 11.1 There are no legal implications arising from this report. The report is for information only and provides detail of the DSG funding settlement as advised by the DfE.

12. Equalities implications

- 12.1 There are no direct Equalities implications arising from this report. The report is providing an update of the funding settlement. There is an expectation that the DfE has undertaken any appropriate Equalities impact assessment when establishing the funding allocations for each LA.

13. Climate change and environmental implications

- 13.1 There are climate change and environmental implications of this report.

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14. Crime and disorder implications

14.1 There are no crime and disorder implications of this report.

15. Health and wellbeing implications

15.1 There are no direct health and wellbeing implications of this report.

16. Report authors and contact

Mala Dadlani, Strategic Business Partner – CYP, mala.dadlani@lewisham.gov.uk

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