

Item 5
TITLE OF REPORT: DSG Funding Settlement 2024/25

Purpose of the Report

1. To bring to Schools Forum's attention the information received from the Department for Education (DfE) for the 2024/25 Dedicated Schools Grant (DSG) funding settlement, and the work being carried out to provide schools and early years providers with their budgets for 2024/25.

Background

2. The DfE issued the 2024/25 funding settlement on the 19 December 2023. Gateshead will receive an estimated £203.841m DSG for 2024/25 (before recoupment and deductions), which is an increase in funding of £17.861m from the £185.980m received for 2023/24.
3. The DfE announced allocations for the four main funding blocks of the DSG, which includes estimates for some areas. The four blocks are:
 - The Early Years Block - for 2 and 3- & 4-year-old funding, including Early Years Pupil Premium;
 - Schools Block – for mainstream schools;
 - Central Schools Services Block – for retained duties and historic commitments; and
 - High Needs Block - which includes funding for special schools, PRU and high needs top-up and place funding.

The Early Years Block (EYB)

4. The Early Years National Funding Formula (EYNFF) includes funding for the universal entitlement of 15 hours, the additional 15 hours for eligible children, the Maintained Nursery Supplement (MNS), Early Years Disability Access Funding (EY DAF) and the Early Years Pupil Premium (EYPP). It should be noted that from April 2024 EYPP and DAF have been extended to 2-year-olds and under 2's for a maximum of 570 hours per funding year.
5. The funding rate for EYPP has increased from £0.62 per hour to £0.68 per hour and DAF has increased from £828 per eligible pupil to £910 per eligible pupil.
6. The rate for Gateshead for 3- & 4-year-olds was £5.00 per hour for 2023/24 and has increased by £0.47 per hour giving an hourly rate of £5.47. However, it should be noted that £0.04 (on top of the £0.11 mainstreamed in 2023/24) per hour increase is the result of mainstreaming the former teachers pay and pension grant (TPPG) from September 2023 to March 2024 that was payable to nursery classes only. The nursery school element of the TPPG has been added to the MNS.

7. There has been a slight reduction in the estimated universal hours and additional 15-hour provision for 3- & 4-year-old children.
8. 2-year-old funding increased by £2.05 per hour from £5.63 to £7.68 per hour. This is greater than the 2023/24 hourly rate plus the supplementary grant of £7.26. This is to reflect the introduction of funding to 2-year-olds of working parents and mandatory LA formula to all settings, together with the ability of the LA to top slice 2-year-old funding.
9. The early years block will now also include funding for children under 2 (term after they are nine months until the term after their second birthday) from September 2024. The hourly rate for Gateshead is £10.46 per hour.
10. The estimated total early years allocation is £21.607m, an increase of £7.661m from the £13.946m received for 2023/24. However, this includes the new 2 and under 2 entitlements, increases in DAF, EYPP and the former TPPG.
11. The initial full year settlement for 2023/24 for the MNS was £0.141, and the estimated allocation for 2024/25 is £0.197m, which includes the mainstreamed former TPPG, but does not fully reflect the increase in number in the nursery school.
12. The actual funding allocations for 2-, 3- and 4-year-old funding will be updated in July 2024 following calculations using the January 2024 census data.

Early Years Block Funding Comparison

Element	2023/24	Included Teachers Pay and pension grant	2024/25	Difference
3- & 4-year-old hourly rate	£5.00	£0.15	£5.47	£0.47
2-Year-old hourly rate	£5.63	£0.00	£7.68	£2.05
Under 2 hourly rate	£0.00	£0.00	£10.46	£10.46
Maintained Nursery Schools Supplementary funding*	£141,016.00	£28,585.20	£196,736.00	£55,720.00
EYPP	£0.62		£0.68	£0.06
DAF	£828.00		£900.00	£72.00

*Initial allocation subject to change

The Central Schools Services Block (CSSB)

13. CSSB was new for 2018/19 and was created by transferring elements that used to be top sliced from the schools' block to this new block. The transferred items include contributions to combined budgets, school admissions, Servicing of Schools Forum, Termination of Employment Costs, School Licences, and the retained element of what was the Education Services Grant (ESG).
14. The CSSB for 2024/25 is £1.256m which is a reduction of £0.039m from the 2023/24 level of £1.294m, as per the below table.

Element	2023/24	2024/25	Difference
CSSB Unit of Funding	£37.87	£39.30	£1.43
Total Unit Funding	£904,525	£943,514	£38,989
Historic Commitments	£390,349	£312,280	-£78,068
Overall Decrease in CSSD	£1,294,874	£1,255,795	-£39,079

The Schools Block (SB)

15. There are several elements used to calculate the overall funding of the SB, the Primary Unit of Funding (PUF), the Secondary Unit of Funding (SUF) and the historical based elements for private finance initiative (PFI) funded schools, premises factors and growth funding.
16. The PUF and SUF for 2024/25 are based upon pupil attributes of the October 2022 census and therefore do not reflect any changes to date between October 2022 to October 2023. For 2024/25 the DfE have included an amount of funding in the PUF and SUF for the mainstreaming of the additional grant.

Element	2023/24	2024/25	Difference
PUF	£4,950.04	£5,231.24	£281.20
SUF	£6,270.01	£6,617.42	£347.41
Premises Factors	£4,561,314	£5,239,255	£677,941
Growth Funding	£622,790.00	£610,765.00	-£12,025
Total Schools Block	£135,899,427	£144,676,878	£8,777,451
Primary Pupil Numbers	14,428	14,460	32
Secondary Pupil Numbers	9,458	9,548	90

17. The approximate increase in funding due to the mainstreaming of the additional grant is estimated at £4.873m for mainstream schools, therefore the actual increase in schools block DSG is estimated at £3.901m. The DfE did not provide a breakdown of how the additional grant was allocated to the different funding elements within the schools block of the DSG.

High Needs Block (HNB)

18. The 2024/25 HNB allocation (before recoupment) is £36,302m, which is an increase of £1.462m from the December 2023 settlement.

Element	2023/24	2024/25	Difference
Total Funding	£34,839,080	£36,301,524	£1,462,444
Basic Entitlement	£4,660	£4,660	£0
Import/Export Adjustment	£18,000	-£9,000	-£27,000

Other Funding Information

19. Increases in Pupil Premium have also been announced:

- Primary FSM6 pupils: £1,480 an increase of £25;
- Secondary FSM6 pupils: £1,050 an increase of £15;
- Looked-after children: £2,570 an increase of £40;
- Children who have ceased to be looked-after £2,570 an increase of £40; and
- Service children: £340 an increase of £5.

Proposal

20. That Schools Forum notes the funding available in the individual DSG Blocks before any movement between the blocks and deductions. This information enables the individual school budgets to be calculated using the DfE's Authority Proforma Tool (APT) (subject to a later report) and notes the estimated amounts available for the Early Years Block, the Central Schools Services Block, the High Needs Block allocation, and pupil premium information provided.

Recommendations

That Schools Forum:-

- Notes the estimated Early Years Block
- Notes the Central Schools Services Block
- Notes the Schools Block
- Notes the High Needs Block allocation.
- Notes the pupil premium information

For the following reasons:-

- To enable individual school budgets to be calculated
- To provide DSG and grant funding information

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