

Report of the Director of Finance

Item 3 – 2023/24 Dedicated Schools Grant Update and 2024/25 Estimate & Additional Funding Announcements Schools Forum – 11th October 2023

1 Purpose of the Report

- 1.1 This report provides an update on the following:
- The 2023/24 Dedicated Schools Grant updated allocations
 - The deployment of the Dedicated Schools Grant 2023/24
 - High Needs and Early Years funding
 - The estimated deployment of the Dedicated Schools Grant 2024/25
 - The Dedicated Schools Grant Recovery plan 2023/24 to 2024/25
 - Additional Early Years Supplementary Grant funding
 - Additional Teachers Pay Grant funding
 - Additional support for schools in financial difficulty

2 2023-24 Updated Dedicated Schools Grant Settlement and Budget Update

- 2.1 The Dedicated Schools Grant (DSG) settlement for 2023-24 was updated on 20th July 2023 and continues to be based on the four spending blocks: a Schools block, a Central School Services block, a High Needs block and an Early Year's block.
- 2.2 Specifically, within the High Needs block, the allocations now take account of an adjustment for imports and exports and the Special Free School funding (Halcyon Way and Springboard) allocation; a confirmed increase in resources of £0.676m is shown in Table 1 below.
- 2.3 Members of Schools Forum will recall that the forecast presented at the last meeting (14 June 2023) assumed that there would be a reduction in funding for Special Free Schools to take the allocation to £0.763m. The final adjustment of £0.806m is therefore £0.043m more than anticipated.
- 2.4 There is an overall reduction of £0.178m for Early Years Funding as evidenced in the table below.

Table 1 – Updated DSG Settlement 2023

Block	Adjustment Year	Funding Category	Amount £000
High Needs	2023-24	Increased funding for Imports and exports	633
High Needs	2023-24	Increased funding for growth for the Special Free Schools	43
		Funding Increase	676
Early Years	2022-23	Early Years	(63)
Early Years	2023-24	Early Years	(115)
		Funding Decrease	(178)
		NET INCREASE IN RESOURCES	498

- 2.5 Table 2 below incorporates the adjusted net funding for imports and exports/growth for the Special Free Schools in the High Needs Block and the reduction in funding for Early Years as explained above.
- 2.6 The table below also shows a net decrease in the DSG budget requirement of £0.178m. Taken together, the increase in resources and reduction in spending results in a further increase to the 2023/24 in-year surplus of £0.676m, resulting in a forecasted year end surplus of £3.193m.

Table 2- Projected DSG Outturn 2023/24

	DSG 2023/24 @ June 2023 (£000's)	DSG 2023/24 @ Sept 2023 (£000's)	Change @ Sept 2023 (£000's)
Schools Block (excludes Central Services)	240,592	240,592	0
Central Schools Services Block	2,461	2,461	0
Early Years Block	15,867	15,748	(119)
High Needs Block – pre/post 16	58,470	59,146	676
Two Year Olds’ Funding	3,668	3,653	(15)
Early Years Pupil Premium	270	226	(44)
Early Years Disability Access Fund	130	130	0
Total Resources	321,458	321,956	498
Budget Requirement			
Individual Schools Budgets	241,032	241,032	0
Early Year Funding Delegated to Schools	7,001	7,108	107
High Needs Funding for Schools (incl Post 16)	44,660	44,660	0
Total Delegated to Schools	292,693	292,800	107
Central Schools Services	2,461	2,461	0
Central Early Years Services	1,053	1,047	(6)
Central High Needs Services	11,753	11,753	0
Three and Four Year old PVI’s	7,985	7,765	(220)
Two Year Old Funding	3,495	3,480	(15)
Total Retained Centrally	26,747	26,506	(241)
Early Years Pupil Premium	270	226	(44)
Early Years Disability Access Fund	130	130	0
Budget Requirement	319,840	319,662	(178)
Surplus	1,618	2,294	676
Balance brought Forward	899	899	0
Revised Surplus/ (Deficit)	2,517	3,193	676

2.7 At the June 2023 meeting, Schools Forum was advised that it was expected that if there were no other revisions to the financial position there would be an in-year surplus for 2023/24 of £1.618m. Table 2 above shows a revised position with an increased in-year surplus of £2.294m which is a positive movement of £0.676m, which, as advised above, gives a projected surplus to be carried forward of £3.193m.

2.8 A breakdown of the changes since the June Schools Forum; comprising increased pressures of £0.565m and additional funding/savings of £1.241m are shown in Table 3 below. The net impact of these changes is £0.676m which, when added to the Forecast Surplus of 14th June 2023 of £2.517m, confirms the revised forecasted surplus of £3.193m.

Table 3 – 2023/24: Changes since 14 June 2023 Schools Forum

Reason	Pressures (£000's)	Funding/ Savings (£000's)	Overall Position (£000's)
Forecast Surplus 14th June 2023			2,517
Reduction in 3 and 4 year old funding	(119)		
Adjustment to High Needs income for imports/exports		633	
Adjustment to Special Free School Funding		43	
Reduction in 2 year old Funding	(15)		
Reduction in Early Years Pupil Premium funding	(44)		
Additional cost Early Years schools	(107)		
Reduction in Central Early Years Costs		6	
Reduction 3-4 Year old PVI Costs		220	
Reduction 2 year olds Costs		15	
Reduction Early Years Pupil Premium Costs		44	
Drawdown- Re proposed funding in 23/24 for increase in OOB costs (funded from Service improvement fund)	(280)		
Reduction to Service Improvements Development Funding (due to draw down re additional OOB costs)		280	
In Year (Pressures) / Savings	(565)	1,241	
Net Changes			676
Projected surplus 2023/24			3,193

- 2.9 The updated funding allocations for Early Years which have resulted in the £0.178m reduction in funding, have been wholly offset by a corresponding net reduction in the budget requirement/ additional spend of £0.178m. This reduction is made up of an increase in budget requirement for schools (Early Years funding delegated to schools) of £0.107m, a reduction to 3-4 year old PVI costs (£0.220m), a reduction to central early years services of (£0.006m), a reduction to the budget requirement for 2 years olds of (£0.015m) and a reduction to Early Years Pupil Premium budget of (£0.044m).
- 2.10 In addition provision is made for a £280k increase in the cost of Out of Borough placements, funding by a drawdown from the Development Fund
- 2.11 The additional allocation for imports and exports is a net adjustment to the High Needs Block of the DSG (£0.633m) and reflects the difference between high needs pupils and students living in one Local Authority and attending a school or college in another. This adjustment is based on the January 2023 school census and February R06 ILR data. Oldham is a net importer.

3 2024/25 Budget Update

- 3.1 Since the last Schools Forum meeting, information has been received on the provisional funding allocations for 2024 to 2025 through the Schools, High Needs and Central School Services National Funding Formulae (NFF).
- 3.2 On 17th July 2023 the DfE published provisional funding allocations for 2024 to 2025 through the schools, high needs and central school services national funding formulae (NFF). The provisional allocations have been included in table 4 below. The funding factors used in the 2024 to 2025 national formulae remain the same. The actual resources for 2024/25 will be known in late December so the position will change. However, the impact of the provisional announcement is as follows:
- a) Funding through the schools NFF is increasing by 2.70% per pupil, compared to 2023/24 with the funding floor allocating at least 0.5% more in pupil-led funding per pupil, and higher minimum per pupil funding levels directing further increases to the lowest funded schools.
 - b) The other main features in 2024/25 are:
 - The introduction of a formulaic approach to allocating split site funding to ensure consistency across the country
 - The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%. The Free School Meal (FSM) factor will increase by 1.6%.
 - Through the minimum per pupil funding levels, every primary school will receive at least £4,655 per pupil, and every secondary school at least £6,050.
 - The 2023/24 Mainstream Schools Additional Grant (MSAG) will be rolled into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets.
 - Local authorities will continue to set a minimum funding guarantee of between +0.0% and +0.5%.
 - Local authorities must use the new NFF requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
 - Local authorities must also follow the new NFF requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding is also being removed from 2024/25.
 - c) The financial year 2023/24 was the first year of transition to the direct schools NFF' with the end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. Government's will continue with the same approach to tightening in 2024/25. As with 2023/24, Local Authorities are only allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local Authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF.

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- d) High Needs funding nationally is increasing by a further £440m, or 4.3% in 2024/25. The NFF will ensure that every Local Authority receives increases of at least 3% per head of population, compared to this year, and up to a maximum of 5%. Oldham will receive a 3.4% percentage change on elements included in the funding floor and gains cap calculations (per head of 2-18 population) per head of population.
 - e) Central Schools Services funding in 2024 to 2025 for historic commitments within this block will continue to decrease by a further 20% and for Oldham this is a reduction of £0.170m. Indicative allocations for the ongoing responsibility element have increased by £0.056m (net effect on Central School Services Block is therefore a reduction of £0.114m).

3.3 The 2024/25 projections shown at Table 4 also include the following estimated additionality:

- a) income of £0.257m in the High Needs block for growth in special schools This is part of the allocation of £61.112m for the High Needs Block
- b) income of £1.304m in the Schools Block for growth based on the 2023-24 allocation and is part of the allocation of £256.404m for the Schools Block.
- c) costs for an increase of pupils in Special schools from September 2024 are included in the High Needs budgets for Schools (incl. Post 16) line on the table.
- d) the projection for 2024-25 also includes an estimated increase in the cost for EHCP's from 2023-24. These are included in the High Needs budgets for Schools (incl. Post 16) line on the table.
- e) cost for an increase in post-16 places from August 2024. These are also included in the High Needs budgets for Schools (incl. Post 16) line on the table.

3.4 Table 4 below shows the estimated outturn for 2024/25 and a comparison to the previous 2024/25 position reported to Schools Forum 14th June 2023. The impact of these revised estimates is a projected increase of £1.260m in the DSG surplus to £4.025m, compared to a surplus of £2.765k that was reported to the meeting in June.

Table 4 – Budget update 2024/25

	DSG 2024/25 @ June 2023 (£000's)	DSG 2024/25 @ Sept 2023 (£000's)	Change @ Sept 2023 (£000's)
Schools Block	240,952	256,404	15,812
Central Schools Services Block	2,461	2,347	(114)
Early Years Block	15,867	15,748	(119)
High Needs Block – pre/post 16	60,101	61,112	1,011
Two Year Olds' Funding	3,668	3,653	(15)
Early Years Pupil Premium	270	226	(44)
Early Years Disability Access Fund	130	130	0
Total Resources	323,089	339,620	16,531
Budget Requirement			
Individual Schools Budgets	240,592	256,404	15,812
Early Year Funding Delegated to Schools	7,001	7,108	107
High Needs Funding for Schools (incl Post 16)	45,451	46,728	1,277
Total Delegated to Schools	293,044	310,240	17,196
Central Schools Services	2,461	2,347	(114)
Central Early Years Services	1,053	1,047	(6)
Central High Needs Services	14,403	13,553	(850)
Three and Four Year old PVI's	7,985	7,765	(220)
Two Year Old Funding	3,495	3,480	(15)
Total Retained Centrally	29,397	28,192	(1,205)
Early Years Pupil Premium	270	226	(44)
Early Years Disability Access Fund	130	130	0
Budget Requirement	322,841	338,788	15,947
Surplus	248	832	584
Balance brought Forward	2,517	3,193	676
Revised Surplus	2,765	4,025	1,260

3.5 A breakdown of the changes since the June Schools Forum are set out in the table below.

3.6 The increased pressures are £17.768m and savings/increased resources are £19.028m. The net impact of the positive movement of £1.260m gives a forecasted outcome for 2024/25 of surplus £4.025m, compared to a surplus of £2.765m, that was reported to the meeting in June.

Table 5 – 2024/25: Changes since 14 June 2023 Schools Forum

	Pressures (£000's)	Funding/ Savings (£000's)	Overall position (£000's)
Forecast Surplus 14th June 2023			2,765
2024/25 indicative announcement for the Schools Block including estimated allocation for growth based on 2023/24		15,812	
2023/24 indicative announcement for the Central Schools Block	(114)		
Reduction to 3 and 4 year old funding	(119)		
Reduction to 2 year old Funding	(15)		
Reduction to Early Years Pupil Premium	(44)		
Increased as per 2024/2025 indicative announcement for the High Needs Block compared to estimated increase included in June Schools Forum		754	
Estimated adjustment to funding for growth of pupils in special schools based on estimated October 2023 pupil numbers compared to July funding announcement		257	
Increased cost of Schools Block	(15,812)		
Additional cost Early Years schools	(107)		
Estimated increased cost of Special Schools	(94)		
Estimated growth in EHCP'S in mainstream schools	(257)		
Estimated increase in Post 16 costs	(76)		
Drawdown- Re proposed funding in 23/24 to the Special Sector (funded from Service improvement fund)	(850)		
Drawdown- Re proposed funding in 23/24 for increase in OOB costs (funded from Service improvement fund)	(280)		
Reduction to Service Improvements Development Funding (due to draw down re special schools sector & OOB)		1,130	
Reduction in expenditure Central School services Block		114	
Reduction in Central Early Years Funding		6	
Reduction to cost of 3-4 Year old PVI's		220	
Reduction to cost for 2 year olds		15	
Reduction to cost for Early Years Pupil Premium		44	
Change in underspend b/fd from 2023/2024		676	
TOTAL (PRESSURES) / SAVINGS	(17,768)	19,028	
Net Changes			1,260
Forecast Surplus at September 2023			4,025

4 High Needs

- 4.1 Table 6 below details the financial position of the High Needs block over the last 8 years before any transfers from the Schools Block and the estimated outturn position for 2023/24 and 2024/25

Table 6 – Summary of High Needs Block – before any transfers from Schools Block

Financial Year	Budget	Expenditure	In Year (Deficit)/ Surplus	Cumulative (Deficit)
£000	£000	£000	£000	£000
2015/16	25,584	26,255	(671)	(671)
2016/17	26,263	29,231	(2,968)	(3,639)
2017/18	27,520	31,856	(4,336)	(7,975)
2018/19	31,428	34,093	(2,665)	(10,640)
2019/20	33,043	37,282	(4,239)	(14,879)
2020/21	39,189	40,007	(818)	(15,697)
2021/22	44,551	44,123	428	(15,269)
2022/23	52,251	48,490	3,761	(11,508)
2023/24 estimate	59,146	56,413	2,733	(8,775)
2024/25 estimate	61,112	60,281	831	(7,944)

- 4.2 As can be seen from the table above, without any transfers from the Schools Block, the cumulative High Needs Block deficit would have been £11.508m at the end of 2022/23 and, based on the most up to date estimates, would have decreased to £8.775m by the end of 2023/24 and then to £7.944m by the end of 2024/25.
- 4.3 Table 6 above illustrates the significant increase in the both the funding allocations for the High Needs Block and the corresponding expenditure. Funding (excluding transfers from the Schools Block) has increased by £26.667m over the period 2015/16 to 2022/23 compared to spending which has risen by £22.235m (from £26.255m to £48.490m) by the end of 2022/23 and is estimated to increase by a further £7.923m to £56.413m by the end of 2023/24 and then to £60.281m at the end of 2024/25. In total, spending is forecast to have increased by £34.026m, a 130% increase between 2015/16 and 2024/25.

- 4.4 Table 7 below shows how the £8.296m movement from the school's block has accumulated between 2016/17 and 2021/22.

Table 7- Movement from the Schools Block to High Needs Block by Financial Year

Financial Year	£000	% Movement Between Blocks
2016/17	385	0.21
2017/18	2,380	1.29
2018/19	1,878	1.00
2019/20	1,594	0.84
2020/21	1,009	0.50
2021/22	1,049	0.50
Total	8,296	

- 4.5 Table 8 below shows the financial position of the High Needs Block over the last 8 years and the estimated outturn position for 2023/24 and 2024/25, after the transfers from the Schools Block. As can be seen, 2020/21 is the first year that funding was sufficient to cover spending demands in the High Needs Block and the impact of the transfers has been to reduce the cumulative deficit of the High Needs Block to £3.212m at the end of 2022/23. In 2023/24 the High Needs Block outturn is forecast to be a further reduced deficit of £0.479m, with a projected surplus of £0.352m in 2024/25

Table 8 – Summary of High Needs Block- after transfers from the Schools Block

Financial Year	Budget	Expenditure	In Year (Deficit)/ Surplus	Cumulative (Deficit)/ Surplus
£000	£000	£000	£000	£000
2015/16	25,584	26,255	(671)	(671)
2016/17	26,648	29,231	(2,583)	(3,254)
2017/18	29,900	31,856	(1,956)	(5,210)
2018/19	33,306	34,093	(787)	(5,997)
2019/20	34,637	37,282	(2,645)	(8,642)
2020/21	40,199	40,007	192	(8,450)
2021/22	45,600	44,123	1,477	(6,973)
2022/23	52,251	48,490	3,761	(3,212)
2023/24 estimate	59,146	56,413	2,733	(479)
2024/25 estimate	61,112	60,281	831	352

5 Recovery Plan

- 5.1 The DSG Recovery Plan has again been re modelled and is shown at Table 9.
- 5.2 As outlined in Section 2, the 2023/24 forecast in-year surplus of £2.294m produces an overall surplus balance of £3.193m at the year-end being carried forward into the following year. In 2024/25 a forecast in year surplus of £0.832m increases the cumulative balance carried forward to £4.025m which is £0.126m more than the projected surplus of £2.765m reported to the June 2023 meeting. Anticipated increases in High Needs funding have been offset by the provision of a Service Improvement Development Fund to support a range of initiatives. The initial allocations were £3.000m and £4.800m in each of 2023/24 and 2024/25. A drawdown of £0.850m that was previously made and reported to Schools Forum has been included for both years and a further drawdown of £0.280m has now also been included for the estimated increase of Out of Borough costs (over both years). This means that there is currently £1.870m & £3.670 (in 2023/24 & 2024/25 respectively) of the Development Fund which currently has not been allocated.

Table 9- DSG Recovery Plan Updated

	2023/24 £000	2024/25 £000
Opening Balance b/fd - Surplus/(Deficit)	899	2,517
Estimated Additional (Pressures)/ Savings during the financial year	(6,688)	(8,724)
2022/23 High Needs Block Increase	4,852	4,852
Additional High Needs Funding (announced December 2021)	1,756	1,756
Additional High Needs Funding (announced December 2022)	2,178	2,178
Estimated adjustment for Special Free School funding	(252)	(252)
Estimated Additional High Needs Funding 2023/24 – 6.7%	4,294	4,294
Estimated Additional High Needs Funding 2024/25	0	1,936
Adjustment to High needs funding 2023/24 for Imports & Exports & Special Free School Funding	676	676
Additional spend to be agreed re High Needs Funding December 2022 (originally 3,178 now adjusted by cost of MFG and Supplementary Grant below and additional pressures in special, EHCP's and Post 16)	(438)	
Additional cost re special schools MFG & Supplementary Grant	(1,330)	(1,330)
Contribution to Central Education Support Services including HI/VI Services	(200)	(200)
Reduction to central High needs budgets to reflect now funded from General Fund	446	446
Service Improvements Development Funding (balance)	(1,870)	(3,670)
Drawdown- Proposed funding to the Special Sector	(850)	(850)
Drawdown - Increase to estimated costs of OOB	(280)	(280)
In Year Surplus/ (Deficit)	2,294	832
Revised Net Surplus/Forecast Surplus	3,193	4,025
Previously Reported Net Forecast Surplus (June 2023)	2,517	2,765

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- 5.3 The forecast for 2023/24 and future years will be fully reviewed again for the November 2023 meeting and the recovery plan will be updated (including the forecast for 2025/26).

6 Early Years additional funding

- 6.1 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 2023/24 and 2024/25 financial years (£204m & £288m respectively). This is on top of the previous settlements for those years.

For the 2023/24 financial year, the Department will provide the £204 million of supplementary funding to local authorities through a new early year's supplementary grant (EYSG). This will be used to increase the hourly amounts paid to local authorities, so that they can increase the amount of funding their early years childcare providers receive for delivering the entitlements for the period September 2023 to March 2024.

- 6.2 The rates on which providers will be funded for 2023/24 in Oldham, in line with the grant, will be:
- £1.67 per hour for disadvantaged 2 year olds
 - £0.38 per hour for 3 and 4 year olds universal and additional entitlement
 - £0.04 per funded hour for Early Years Pupil Premium
 - £30.92 lump sum for the Disability Access Fund
- 6.3 All of the above are in addition to the Early Years DSG currently paid to early years providers and providers have been advised of these rates.

7 Teachers' pay additional grant 2023 to 2024

- 7.1 In July 2023 the DFE announced a further £525 million would be available to support schools with the September 2023 teachers' pay award, with a further £900 million in 2024/25. This funding is being split between mainstream schools, special schools and alternative provision (AP), early years, and 16 to 19 provision. This funding will be allocated through the separate teachers' pay additional grant (TPAG) and will be in addition to the DSG allocations schools have already received.

8 Additional support for schools in financial difficulty in 2023 to 2024.

- 8.1 The DFE have also announced that they have set aside up to £40 million additional funding in 2023/24 to support individual schools that find themselves in particular financial difficulties. This is on top of the £525 million announced for the Teachers' pay grant
- 8.2 The funding will be used to expand the department's existing support route available to academies facing the most difficult financial circumstances; and help local authorities to expand the support they provide to their maintained schools facing the most acute financial pressures.

9 Conclusion

9.1 The proposed DSG budget for 2023/24 for each funding block is set out in the table below:

Table 10 – Proposed DSG Budget for 2023/24

Block	Allocation £000	Retained £000	Delegated £000	Total £000	Variance £000
Schools	240,592	0	241,032	241,032	(440)
Central Schools Block	2,461	2,461		2,461	0
Early Years	19,757	12,648	7,108	19,756	1
High Needs	59,146	11,753	44,660	56,413	2,733
Total Funding	321,956	26,862	292,800	319,662	2,294

9.2 The table shows that resources available for 2023/24 are £321.956m, compared to the resources to be allocated total £319.662m; £2.294m less than resources available. This can be explained by £0.440m of planned expenditure in excess of the budget on the Schools Block due to growth funding carried forward from 2023/24, a current underspend on the High Needs Block of £2.733m and a slight underspend on the Early Years Block of £0.001m.

10 Recommendations:

10.1 Schools Forum is requested to:

- Note the changes to the DSG allocation for 2023/24. (See table 1)
- Note the latest settlement of the Dedicated Schools Grant for 2023/24 of £321.956m. (See table 2)
- Approve the latest deployment of Dedicated Schools Grant 2023/24 of £319.662m. (See table 2)
- Note the 2024/25 budget update. (See table 4)
- Note the financial position of the High Needs Block and the historical movements the Schools Block (see tables 6, 7 & 8)
- Note the updated recovery plan shown in table 9
- Note the additional funding announcements detailed in section 6,7 & 8
- Note the proposed DSG budget for 2023/24 for each funding block (See table 10)