

**CUMBERLAND COUNCIL SCHOOLS FORUM**

**Report Title:** Dedicated Schools Grant – Other Blocks 2024-25

**Meeting date:** 15 January 2024

**Report of:** Heather Loveridge, Interim Assistant Director, SEND, Education & Inclusion

## **1.0 Executive Summary**

- 1.1 This paper informs the Schools Forum on the 2024/25 Dedicated Schools Grant (DSG) for Central School Services, Early Years and High Needs Blocks. The total DSG to be allocated through these blocks in 2024/25 for Cumberland is £69.179m.
- 1.2 The Schools Forum is asked to note the DSG Central School Services, Early Years and High Needs Block allocations for 2024/25. The Schools Forum is also asked to approve the provisional 2024/25 centrally retained expenditure budgets for the Central School Services and Early Years Blocks for Cumberland.

## **2.0 Link to Council Plan Priorities**

- 2.1 Ensuring that schools are funded appropriately is supportive of the Council Plan “to improve the health and wellbeing of its residents” and the priority to “address inequalities and enable its residents to access opportunities that will empower them to achieve their goals.”

## **3.0 Recommendation**

- 3.1 The Schools Forum is recommended to approve:
- the provisional Central School Services Block budget of £1.792m;
  - the provisional centrally retained Early Years expenditure budget of £0.779m.

## 4.0 Rationale & Evidence for the Recommendation

### Background

- 4.1 The Education and Skills Funding Agency (ESFA) published the DSG allocations for 2024/25 on 20 December 2023. The DSG is allocated in 4 blocks: Schools Block, High Needs Block, Early Years Block, and Central Schools Services Block. The total allocation across these 4 blocks for Cumberland is £280.725m as shown below:

	Schools Block	High Needs Block	Central Services Block	Early Years Block	Total
	£m	£m	£m	£m	£m
23/24 (as at Nov 23)	198.900	38.610	1.829	16.921	256.260
24/25 Final	211.546	39.803	1.792	27.584	280.725
Increase/Decrease	12.646	1.193	-0.037	10.663	24.465
% Increase/Decrease	6.36%	3.09%	-2.03%	63.02%	9.55%

- 4.2 The Schools Block allocation details are reported separately in the DSG – School Budgets 2024/25 paper. This paper provides the details of the Central School Services Block (CSSB), Early Years Block (EYB) and High Needs Block (HNB).

### Central School Services Block

- 4.3 The CSSB allocation comprises of 2 elements; historic commitments and ongoing commitments. The funding has reduced by £0.037m as shown in the table below:

	Ongoing Responsibilities	Historic Commitments	Total
	£m	£m	£m
2023/24	1.274	0.554	1.829
2024/25	1.348	0.444	1.792
	0.074	-0.111	-0.037
%	5.79%	-20.00%	-2.03%

- 4.4 The historic commitments element has reduced by £0.111m. Since 2020/21 the DfE have committed to reduce the historic commitments element by 20% annually except where this would bring the level of funding below that of any local authorities' prudentially borrowing cost commitments in recognition of the time required for such costs to unwind. In Cumberland, the majority of budgets funded from historic commitments funding relate to contributions towards Council school-related children's services staffing, health and safety and people management budgets in addition to prudential borrowing.

4.5 The ongoing commitments element, which is funded on a per pupil unit, has increased by £0.074m as shown below:

	Pupil Count	£	£
2023/24	34,724.00	36.70	1,274,371
2024/25	34,826.50	38.71	1,348,134
Increase	102.50	2.01	73,763

4.6 The per pupil rate comprises of a basic per pupil amount for all local authorities plus an amount to reflect deprivation based on FSM6 eligibility multiplied by an area cost adjustment. In Cumberland the rate for 2024/25 is £38.71, an increase of £2.01 per pupil compared to 2023/24.

4.7 The funding for historic and ongoing commitments are not ring-fenced and local authorities can use funding allocated for ongoing commitments to fund their historic commitments if needed.

### CSSB Budgets

4.8 The proposed CSSB budgets for 2024/25 are shown in the table below:

	2024/25	2023/24	Variance
<u>Historic Commitments including:</u>	£m	£m	£m
Contribution to Schools Related Council Budgets (Local Safeguarding Children Board, District Teams (education element), HR service supporting schools, Health and Safety team)	0.420	0.457	-0.038
Capital maintenance in schools		0.036	-0.036
Prudential Borrowing Costs for historic schools capital programme	0.127	0.127	-0.001
<b>Total Historic Commitments</b>	<b>0.546</b>	<b>0.620</b>	<b>-0.074</b>
<u>Ongoing Commitments including:</u>			
School Forum and Schools Finance Team support	0.057	0.056	0.002
Schools Admissions Team	0.203	0.197	0.006
Copyright Licences	0.318	0.289	0.029
Asset Management	0.058	0.058	0.000
Education welfare services	0.115	0.115	0.000
Statutory and regulatory duties	0.386	0.386	0.000
Centrally employed teachers pension employer contribution funding	0.109	0.109	0.000
<b>Total Ongoing Commitments</b>	<b>1.245</b>	<b>1.209</b>	<b>0.036</b>
<b>Grand Total</b>	<b>1.792</b>	<b>1.829</b>	<b>-0.039</b>

4.9 As in previous years, the reduction in the historic commitments funding has resulted in a reduction in the contribution towards the Council's school capital maintenance budget (£0.036m) the shortfall of which will be funded from other capital finance and a reduction in school related Council budgets of (£0.038m) the financing of which will be considered at part of the Council's budget setting

exercise. There is an overall increase in the budget for Schools Forum and School Finance Team of £0.002m and School Admissions of £0.006m due to estimated pay inflation.

- 4.10 The annual charge for copyright licences, which is set by the ESFA and re-charged to local authorities has not yet been announced and is based an estimate.
- 4.11 The Schools Forum members are asked to note the reduction to historic commitments budgets and asked to approve the provisional CSSB budget for 2024/25 for Cumberland. The budget is provisional as it is subject to notification of the actual 2024/25 copyright licence charge. An updated CCSB budget will be bought to the next Schools Forum meeting.

### Early Years Block

- 4.12 The EYB allocation has increased by £10.663m as shown in the table below:

	Under 2s Funding	2 year old Funding	3-4 year old Funding	EY Pupil Premium	Disability Access Funding	MNS Supple- mentary Funding	Total
	£m	£m	£m	£m	£m	£m	£m
2023/24		2.030	14.359	0.173	0.108	0.253	16.921
2024/25	3.242	7.363	16.128	0.302	0.220	0.329	27.584
Increase	3.242	5.333	1.769	0.129	0.113	0.077	10.663

- 4.13 The increase in the EYB includes funding for the new Under 2s and eligible working parents of 2 year olds entitlements. The EYB allocation is provisional and will be adjusted in July 2024 and July 2025 to reflect the actual hourly take up of disadvantaged 2 year olds and 3-4 year old provision free entitlement. These adjustments will be based on January 2024 and January 2025 census data. The new funding for the working parents of 2 year olds effective from April 2024 and the Under 2s which comes into effect from September 2024 will be updated following new termly headcounts in Summer 2024, Autumn 2024 and January 2025 as the initial funding for these new entitlements has been based on the DfE’s estimate of take-up of provision.
- 4.14 The above increases in 2, 3-4 year old funding also represent an increase in the LA level hourly funding rates which reflect the roll in of the early years supplement grant which was a separate grant in 2023/24. It should be noted that the hourly rates below (with the exception of the Early Years Premium Premium) include an amount that is proposed to be centrally retained by the local authority and therefore these are not the rates that providers will receive:

	2024/25	2023/24	% increase
Under 2s	£10.02		n/a
2 year olds	£7.37	£7.24	£0.13
3-4 year olds	£5.47	£5.20	£0.27
Early Years Pupil Premium	£0.68	£0.66	£0.02

### **New Under 2s and 2 Year Olds Proposed Funding rates for 2024/25**

4.15 The proposed provider level early years funding formulae for the new entitlements are detailed separately in the Early Years Funding Formulae 2024/25 paper and are subject to Executive's decision on the final shape of the funding formulae at its meeting in February.

### **3-4 Year Olds Proposed Funding Rates for Providers**

4.16 It is proposed that the full increase in the 3-4 Year Old LA level hourly funding rate of £0.27 will be passed onto Early Years Providers in 2024//25 increasing the current hourly rate in the funding formula from £4.81 to £5.08. The deprivation supplement is proposed to remain at £0.21 in line with the proposed funding formulae for the new Under 2s and 2 Year Olds funding formulae.

### **Early Years Pupil Premium**

4.17 The Early Years Pupil Premium hourly rate which has increased from £0.66 to £0.68 must be used to fund eligible providers at the national rate and will apply to Under 2s and 2 Year Olds as well as 3-4 year olds in 2024/25.

### **Disability Access Funding (DAF)**

4.18 The DAF has increased from £881 to £910 per eligible child and will be passed onto providers who have eligible children.

### **Maintained Nursery Schools (MNS) Supplementary Funding**

4.19 The MNS supplementary funding which has increased by £0.077m compared to 2023/24 includes the roll in the of the early years supplementary grant. This funding will continue to be used to fund the MNS lump sum, business rates and MNS supplementary hourly rate. The MNS will also benefit from the increase in the 2 and 3-4 year old base rates.

### **Early Years Block Budgets**

4.20 The table below shows how the EYB is comprised:

	2024/25	2023/24	Variance
	£m	£m	£m
<b>Delegated to providers through the Early Years National Funding Formula (Under 3s, 2, 3 and 4 year olds) including the Early Years Pupil Premium, Disability Access Fund, Maintained Nursery Schools supplementary funding</b>	<b>26.805</b>	<b>16.365</b>	<b>10.440</b>
<u>Centrally Retained Early Years Budgets:</u>			
Contribution to Early Years Team	0.210	0.138	0.072
Early Years Sustainability Grant	0.056	0.056	0.000
Early Years SEN Inclusion Fund	0.371	0.222	0.148
<b>Total Centrally Retained Early Years Budgets:</b>	<b>0.637</b>	<b>0.416</b>	<b>0.220</b>
<u>Centrally Retained Early Years Elements of the De-delegated Budgets:</u>			
Contingencies	0.025	0.025	0.000
Insurance	0.029	0.027	0.002
Staff Costs	0.037	0.037	0.000
Library and Museum Services	0.023	0.023	0.000
School Improvement	0.028	0.028	0.000
<b>Total Centrally Retained Early Years Elements of the De-delegated Budgets:</b>	<b>0.142</b>	<b>0.140</b>	<b>0.002</b>
<b>Total Centrally Retained Budgets</b>	<b>0.779</b>	<b>0.556</b>	<b>0.223</b>
<b>Grand Total</b>	<b>27.584</b>	<b>16.921</b>	<b>10.663</b>

- 4.21 The centrally retained EYB budget is proposed to increase by £0.223m compared to 2023/24. The increase in the Early Years Team of £0.072m which includes inflation relates to support for the roll out of the new Under 2s and 2 Year Olds free entitlements. The increase of £0.148m in the SEN Inclusion Fund also relates to the new entitlements and is split as follows:

	2024/25	2023/24	Variance
	£m	£m	£m
Under 2	0.046		0.046
2 year olds	0.128	0.026	0.102
3-4 year olds	0.197	0.197	0.000
	0.371	0.222	0.148

- 4.22 In line with the Schools Forum regulations, the Schools Forum must approve the proposed centrally retained early years expenditure budgets of £0.779m for Cumberland in 2024/25. As the outcome of the new early years funding formulae consultation for the Under 2s and 2 Year Olds is still subject to final agreement by Executive the proposed centrally retained budgets are provisional and will be confirmed at the next Schools Forum meeting.

## High Needs Block

- 4.23 The HN Block allocation before deduction for directly funded places by the ESFA is £39.803m and has increased by £1.193m compared to 2023/24:

	2024/25	2023/24	Movement	Movement
	£m	£m	£m	%
Basic Factor	2.519	2.344	0.175	7.46%
Historic Factor	11.188	11.188	0.000	0.00%
Other Proxy Factor Funding	25.766	22.871	2.895	12.66%
Funding Floor	0.145	0.459	-0.314	-68.32%
AP Factor	0.863	0.842	0.021	2.51%
Import/export adjustment	-0.678	-0.678	0.000	0.00%
Additional HN funding		1.585	-1.585	-100.00%
Total	39.803	38.610	1.193	3.09%

- 4.24 As previously in reported to Schools Forum on 18 September 2023 the additional HN funding of £1.585m received in 2023/24 has been rolled into the baseline for the purposes of calculating the funding floor protection which allows for a minimum 3% increase per head of population capped at 5% against the 2023/24 baseline.
- 4.25 The Basic factor funding has been updated since the provisional HN block was published in July 2023 to reflect an increase in special and independent school pupil numbers of 37.5 pupils between the 2022 and 2023 census dates.

## High Needs Budget

- 4.26 Regulations require that the minimum funding guarantee (MFG) for Special Schools must be set at a minimum of 0% against the 2023/24 baseline although local authorities are encouraged to set the rate within a 0 to 0.5% range. As the mainstream national funding formula allows for a 0.5% MFG it is proposed that the same rate is used for special schools.
- 4.27 Special schools and PRUs will continue to receive a separate allocation in addition to their place and top-up funding equivalent to the additional HN funding allocations in 2023/24. This separate allocation gave special schools and PRUs additional funding equivalent to 3.4% of their total income in 2023/24.
- 4.28 In addition, Special schools and PRUs will also receive the Teachers' Pay Additional Grant as a separate grant in 2024/25 as well as a new additional grant to reflect the costs of the increase of 5 percentage points to 28.6% for the employer contribution rates to the teachers' pension scheme from April 2024.
- 4.29 As with mainstream schools, the maintained special school and PRU budget shares will be published on 29 February 2024. The High Needs Block allocation is provisional and is subject to later adjustments including ESFA direct funded places in academies and further education colleges.
- 4.30 The local authority is currently working on its DSG Management Plan due to be submitted to the DfE for review February. Further details on this and confirmation of the High Needs budget for 2024/25 will be presented at the next Schools Forum meeting in March.

## 5.0 Options

### 5.1 Schools Forum can:

- Approve the provisional CSSB budget of £1.792m;
- Approve the provision centrally retained EYB of £0.779m;

Or

- Not approve the provisional CSSB budget of £1.792m and propose an alternative budget.
- Not approve the provisional centrally retained EYB of £0.779m and propose an alternative budget.

## 6.0 Financial & Other Relevant Implications

6.1 Financial implications are considered throughout this report. No equality/legal implications have been identified.

10 January 2024

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## REPORT AUTHOR

Contact:

Name Amanda Chew

Post title Service Accountant

Email: [amanda.chew@westmorlandandfurness.gov.uk](mailto:amanda.chew@westmorlandandfurness.gov.uk)



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