

DARLINGTON SCHOOLS FORUM16th January 2024**ITEM NO 7****BUDGET SETTING 2024/25****Purpose of Report**

1. The report summaries the Dedicated School Grant funding block allocations and details proposed budgets within the blocks for 2024/25.

Forum Decision required

Forum is asked to:

- a) Note the report
- b) Discuss and agree the proposed budgets for 2024/25 for the individual DSG blocks

Background

2. DSG is paid in four funding blocks, following the introduction of the National Funding Formula (NFF).
3. The school's block is ring fenced to the school budget share/growth fund, except for the ability to transfer 0.5% of the total value to another funding block with School Forum agreement.

Funding for 2024/25

4. Darlington received their DSG allocation on the 19th of December as follows,

Block	Allocation £	Note
School Block	£85,642,394	This is the allocation before recoupment and deduction for non-domestic rates of £495,197
Central Schools Block	£893,007	Reduction of £63,409 from 2023/24
Early Years Block	£11,635,771	This allocation will be updated for the January 2023 & January 2024 census
High Needs Block	£20,834,831	This figure is provisional and will be updated for the place change notifications and import/export adjustments This figure is before place funding recoupment which is taken at source by ESFA -Direct placement funding of £4,648,000
TOTAL	£119,006,003	

Schools Block

5. The school's block is calculated by Education, Skills Funding Agency (ESFA) using the NFF, based upon the October 2023 census data. Details of the use of the school's block, the school budget share calculation and the proposed growth fund are included in **agenda item 5**.

Early Years Block

6. The provisional early years block allocation is made up as follows

Area	Allocation £	Note
Universal - & 4-Year-old	£4,215,731	Funded by DfE @ £5.49 per hour
Extended 30 hours - & 4-Year-old	£2,185,723	Funded by DfE @ £5.49 per hour
2-Year-old Entitlement	£1,415,744	Funded by DfE @ £7.86 per hour
2-Year-Old Working Parents	£1,911,075	Funded by DfE @ £7.86 per hour
Under 2s Entitlement	£1,319,348	Funded by DfE @ £10.71 per hour
Early Years Pupil Premium - & 4-Year-Old	£101,513	Funded by DfE @ £0.68 per hour
Early Years Pupil Premium 2-Year-Old	£59,183	Funded by DfE @ £0.68 per hour
Early Years Pupil Premium under 2s	£2,958	Funded by DfE @ £0.68 per hour
Disability Access Funding - & 4-Year-Old	£50,960	Funded by DfE @ £910 per child
Disability Access Funding 2s	£18,200	Funded by DfE @ £910 per child
Disability Access Funding under 2s Year Old	£7,280	Funded by DfE @ £910 per child
Maintained Nursery Lump Sum	£348,056	Funding for two schools
TOTAL	£11,635,771	

7. As Forum will be aware the early years allocation is updated throughout the year based upon the January census, therefore the allocation provided is provisional at this stage. The Early Years block will be updated for the January 2023 and 2024 census.
8. The final allocation for the early years block will not be known until June/July 2025.
9. As Forum will be aware the 3- & 4-year-old funding formula must cover all of the following elements:
- a. The hourly rate
 - b. Mandatory deprivation supplements
 - c. Mandatory SEN inclusion funding
 - d. Centrally held funding
 - e. Other supplements (Darlington does not use any non-mandatory supplements)
10. The ESFA announced additional Early Years Supplementary grant effective from September 2023, the funding was passported in full to providers, in-line with the guidance and it equated to a 30p per hour increase for 3- & 4-year-olds, above the 13p increase agreed in the January 2023 school forum. This funding has been rolled into the formula for 2024/25 and is included in the base figure. The Teachers pay and pension grant of 9p was rolled into the formula last year and following consultation, Forum members voted to passport this element to all providers to help to maintain market sustainability rather than introducing a two-tier quality supplement arrangement. In total the hourly rate increased to £4.70 from April 2023 – August 2023, rising to £5.00 per hour from September 2023 (with the supplementary grant included).
11. The provisional 3- & 4-year-old formula for 2024/25 has increased by 22p per hour for the universal and extended entitlement of which 13p is inflationary uplift and 9p relates to the rolling in of the Teachers Pay and Pension grant.

12. It is proposed that the 3- & 4-year-old hourly rate is set at £5.18 per hour, passporting 18p of the 22p increase to all providers, 9p for the TPAG and 9p inflationary uplift. The remainder of the funding is required to maintain the existing deprivation arrangements which have risen to an approx. cost of £25,000 as well as maintaining the SEN Inclusion fund at £220,000, this area has also seen increased pressures.
13. The 2-year-old hourly rate for 2023/24 was set at the January 2023 Forum at an hourly rate of £5.63, where it was agreed to passport the full inflationary increase of 6p per hour to all providers. Following the announcement of the Early Years Supplementary grant funding, in line with the guidance, the full allocation of £1.81 per hour (effective from the 1st of September 2023), was passport to all providers, increasing the hourly rate to £7.44.
14. The 2-year-old funding formula has been updated on a similar basis to the 3 -& 4- year old formula, taking into account a number of factors including deprivation, free school meal entitlements and rolling in the Early Years Supplementary grant to arrive at an average hourly funding rate of £7.86 per hour, an increase of 42p per hour. The formula includes a new entitlement of 15 hours of free childcare for eligible children of working parents starting from April 2024. Based on estimated numbers of 2-year-old children of working parents who are eligible to take up 15 hours free childcare.
15. The funding formula changes mean that 2-year-olds have an entitlement to SEN Inclusion funding and we are proposing to introduce deprivation payments to support the market and create consistency across the funding entitlements . Therefore, it is no longer possible to passport the full inflationary increase to providers as these budget provisions need to be allowed for.
16. It is proposed that a SEN Inclusion budget is set at £66,500, which is an allowance of 2% of the overall budget and a deprivation budget is set at £22,000 using the same payment basis as the 3- & 4-year-old funding formula. Within the funding envelope it is proposed that the hourly rate for 2-year-olds is set at £7.60, which is an increase of 16p per hour.
17. There is a new entitlement for working parents of under 2-year-olds effective from September 2024 for children aged between 9 months and 2 years old. The formula is calculated on the same basis as the 2-year-old funding. The average hourly rate is £10.71, and this is to cover deprivation payments, SEN Inclusion fund and centrally held funds. It is proposed to set a deprivation budget on the same basis as the 2-year-old funding and a SEN budget of £26,400, which is an allowance of 2% of the overall budget. Therefore, after allowing for these payments, it is proposed that the hourly rate is set £10.00.
18. Centrally held funds are proposed to be set at £133,754 for all funding elements to accommodate the increased entitlements, this equates to 1.21% of the Early Years block. It is unclear what the level of demand will be, but there will be additional admin costs to support the increased service delivery. These levels will be reviewed once the new entitlements are embedded into the market, and these may need to increase in future years. This is an overall increase of £20,000, but a reduction in the percentage that is centrally held from 1.78% to 1.21% of the Early Years block.
19. The Disability Access Fund has increased by £29 per pupil and the Early Years Pupil Premium rates received in the early years block have increased by 2p and are proposed to be fully passported to the early years providers in April 2024.
20. **The following table shows the provisional funding formula funding rates for 2024/25.**

Provision	2023/24 Actual Rate	2024/25 Proposed Rate	Change

	Including Supplementary funding		
<u>3- & 4-Year-Old Children</u>			
Nursery School – Per hour per child	£5.00	£5.18	£0.18
School Nursery Class – Per hour per child	£5.00	£5.18	£0.18
Private, Voluntary & Independent Sector – Per hour, per child	£5.00	£5.18	£0.18
Deprivation – Top 10% most deprived post codes – Per term, per child – All age ranges	£50	£50	£0.00
Deprivation – 11 - 20% most deprived post codes – Per term, per child – All age ranges	£25	£25	£0.00
Deprivation – 21 - 30% most deprived post codes – Per term, per child – All age ranges	£12.50	£12.50	£0.00
<u>2-Year-Old Children</u>			
All Providers – Disadvantaged Entitlement Per hour per child	£7.44	£7.60	£0.16
All Providers – Working Parents Per hour per child	N/A	£7.60	
<u>All Providers – Under 2 Entitlement per hour</u>	N/A	£10.00	
<u>Early Years Pupil Premium</u>			
All Providers – Per hour per child	£0.66	£0.68	£0.02
<u>Disability Access Fund</u>	£881.00	£910.00	£29.00
<u>Central Early Years Team – all funding</u>	£113,754	£133,754	£20,000
<u>Maintained Nursery School Lump Sum**</u>	£285,046	£348,056	£63,010

*This represents less than 1.21% of the total funding. DfE rules stipulate a maximum of 5% can be held centrally

** Lumps sums as per the 2023/24 allocation, which is subject to change.

Central School Block

21. The central schools block allocation is split into two areas by ESFA. The first element is the amount of central funding that is allocated to Darlington through the per pupil funding formula. The second element is for “historic commitments”, which was added to the central school’s block by ESFA in recognition of existing commitments to services procured centrally.
22. For 2024/25 the central schools block allocation is made up of £574,501 formula-based funding and £318,506 for historic commitments, in total the allocation is £893,007.
23. The historic element of the block has decreased by 20% as expected. This is a decrease of £79,626 on the 2023/24 allocation. Rules concerning the use of historic commitments, prevent new areas of expenditure being made from this budget or any increases in expenditure. We have seen lower spending over the past few years within Early Career Teachers and this budget is proposed to be set at £10,000 to accommodate the overall reduction in the historic element of the block.
24. The formula-based element has had a 2.9% inflationary uplift applied and with the current budget profile this leaves an unallocated amount of £20,326 and £6,500 from the historic element, together this is an overall unallocated balance of £26,826. It is proposed that the balance of funding in the central block will be carried forward into the reserve to smooth the reduction in the overall block for future years.

25. As Forum members will recall from last year there is a requirement to consult with School Forum on the proposed use of the central school's block. Attached at **appendix 3** are the proposed budgets allocated under the central school's block for 2024/25.
26. The areas of expenditure proposed to be funded under the formula- based element of the central school block are the same in 2024/25 as in 2023/24.
27. The copyright license fee is top sliced by ESFA from the DSG allocation and is set in line with the cost of contracts held centrally by ESFA. At the time of writing this report the contract values have not been published by the ESFA, therefore an inflationary uplift has been applied and this will be updated once the actual costs are known.

High Needs Block

28. The high needs block is calculated by ESFA on a formula basis. The allocation received includes an adjustment for export/import places between authorities, however the current allocation received is based upon 2023/24 pupil numbers. Therefore, the high needs allocation will be updated during the year for the 2024/25 pupil numbers.
29. The allocation received for 2024/25 is £20,834,831 this includes £4,648,000 of place funding for academies and post 16 colleges which will be topped sliced at source by ESFA. The recoupment amounts then are updated following any place change requests. The overall allocation has increased by £677,640, prior to recoupment.
30. As Forum members are aware there are significant pressures against the high needs budget allocation due to growing demand for high needs support generating increasing numbers of requests for statutory assessment year on year, as well as inflationary pressures from ISP/NMSS and providers of outreach services. There has been a rise in the numbers of EYFS stage children issued with an EHCP of 77% on the previous year with a linked demand for specialist provision, as these children start their primary education as well as SEN Inclusion fund pressures within the Early Years. Going forward we need to look at the interplay between SEN Inclusion Funding, how it is utilised currently and how the EYFS sector is supported through the High Needs Block.
31. The high needs block budget for 2024/25 will be brought to the March forum for approval.

Recommendations

32. That Forum notes the budget allocations for 2024/25 from ESFA.
33. That Forum notes the proposed Early Years funding rates for 2024/25 and agrees the central allocation.
34. That Forum agrees to the proposed usage of the Central School's block in 2024/25

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