

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

22nd February 2024

Joint Report of the Executive Director for Children's Services and Director of Finance & ICT

**Schools Block Funding Settlement 2024-25
(Education)**

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant, having regard to the budget for the service or function concerned (this is currently defined as £0.500m).

3. Purpose

3.1 Cabinet is asked to consider and approve the basis for calculating mainstream school and academy budgets for 2024-25.

4. Information and Analysis

Background

4.1 On 19th December 2023, the DfE published local authorities' Dedicated Schools Grant (DSG) allocations for 2024-25. Details of Derbyshire's allocation are summarised in Table 1 Below.

Table 1 – Derbyshire DSG Block Allocations 2024-25

Block	2024-25 £m	2023-24 £m	Change £m	Change %
Schools*	586.237	572.844	+13.393	+2.33
Schools - Pupil Growth	2.291	2.493	-0.202	-8.10
High Needs	117.009	111.255	+5.754	+5.17
Early Years**	75.203	44.910	+30.293	+67.45
Central School Services	4.441	4.412	+0.029	+0.66
Total DSG	785.181	735.914	+49.267	+6.69

*Comparative rates have been adjusted for the 2023-24 Maintained Schools Additional Grant (MSAG)

**Early Years grant in 2024-25 includes the expansion of entitlements for under 3-year-olds

4.2 The remainder of this report considers the Schools Block of the DSG which funds mainstream maintained and academy schools' formula budgets. The other DSG blocks will be the subject of further reports to Cabinet in March 2024.

Schools Block Settlement 2024-25

4.3 The 2024-25 allocation for Derbyshire is set out in Table 2 below.

Table 2- 2024-25 Schools Block allocation

	Primary		Secondary		
	2023-24	2024-25	2023-24	2024-25	
Primary & Secondary Units of Funding (PUF/SUF) per pupil	£5,041.46	£5,343.93	£6,146.50	£6,489.45	
Including MSAG	£177.00		£223.32		
£ increase in PUF/SUF		£125.47		£119.63	
% increase in PUF/SUF		+2.40%		+1.88%	
Oct 2022 & 2023 pupil counts	57,865	57,314	41,084	41,459	
Sub-total excl. premises (£m)	301.966	306.285	261.694	269.046	
Premises - PFI (£m)	0.000	0.000	2.870	3.239	
Premises - Split site (£m)	0.104	0.383	0.140	0.081	
Premises - Rates (£m)	3.535	4.274	2.475	2.796	2024-25
Premises – Except'nl site (£m)	0.046	0.042	0.092	0.090	Total £m
Total ex Pupil Growth Fund	305.648	310.984	267.272	275.252	586.237
Pupil Growth & Falling Rolls Fund	0.755	0.755	1.738	1.536	2.291
Total Schools Block	306.403	311.739	269.010	276.788	588.528

4.4 The primary and secondary allocations have been derived from the mainstream National Funding Formula (NFF). Details of the NFF multipliers used in these calculations are provided in Appendix 2. The 2023-24 figures have been adjusted for the £19.417m of Maintained Schools Additional Grant (MSAG) funding that has now been incorporated into the 2024-25 Schools Block and NFF multipliers.

Schools Block allocations 2024-25

4.5 Applying the NFF multipliers to the DfE's published school formula data is estimated to cost £587.966m, a shortfall of £1.729m compared to the Schools Block total allocation, excluding Pupil Growth Fund. The shortfall is largely due to increases in deprivation, as measured by the Ever 6 and free school meals indicators, business rate revaluations and low prior attainment.

4.6 The calculated cost assumes a Minimum Funding Guarantee (MFG) of 0.5% per pupil and no cap on individual schools' year on year gains. The MFG mechanism provides a minimum year on year per-pupil increase for each school and the DfE requires LAs to set their own rate within national parameters, 0% to +0.5% being the limits for 2024-25. The rate of +0.5% was proposed in the Authority's consultation with schools and was widely supported by respondents.

4.7 One option to help close the shortfall is to use resources within the Pupil Growth Fund (PGF) and a newly introduced Falling Rolls Fund (FRF) element of the Schools Block. In addition to providing general support for mainstream budgets, the purposes of the PGF are to:

- (i) support schools with significant in-year increases in pupil numbers;
- (ii) help individual schools meet Key Stage 1 class size requirements; and
- (iii) provide support to new Free Schools over and above their formula allocations whilst their numbers on roll build up.

4.8 The purposes of the FRF are to:

- (i) support schools with falling rolls between the previous and current academic year subject to criteria and eligibility

4.9 PGF allocations are a matter for the Schools Forum rather than the Council. The shortfall was anticipated and Schools Forum have already given consideration to the capacity within the PGF to support mainstream school formula budgets, at its meeting on 11th December 2023. The Schools Forum agreed a £0.400m contribution plus a further £0.300m to fund the increase in free schools' pupil numbers from September 2024.

4.10 The above allocations left the remainder of the PGF (£1.591m) available to meet the other responsibilities listed in (i) – (iii) above and the Forum agreed the following allocations for next year:

Table 4 Approved Pupil Growth allocations 2024-25

	2024-25
Budget	£m
In year pupil growth – Free Schools	0.300
Support for formula budgets	0.400
Contribution to Free School reserve	0.450
In year pupil growth – Other schools	0.300
Key Stage 1 class sizes	0.350
Falling Rolls Fund	0.140
Residual contingency*	0.351
Total	2.291

*A call on the in-year growth & contingency of £0.058m is already anticipated due to a growing infant school and higher than anticipated Free School in year pupil growth.

4.11 As a result of the School Forum's decisions, the total resources available next year has increased to £586.995m, leaving a residual shortfall of £0.971m. In order to contain the cost of school budgets within the total resources available, the balance of the shortfall will be met by a 0.18% pro-rata reduction in formula multipliers. Schools and Schools Forum were consulted on this in autumn 2023, and their response is summarised in section 5 below.

4.12 The indicative allocations for 2024-25 are summarised in Appendix 3.

De-delegated and top-sliced resources

4.13 Schools Forums are permitted to take-back monies delegated through the formula to mainstream schools to fund a range of prescribed functions. Academies' budgets are not subject to de-delegation and therefore remain responsible for meeting their own costs directly.

4.14 In September 2023 the Authority consulted maintained schools on which services should be funded via de-delegated resources for 2024-25 and the results were reported to the Schools Forum meetings in October 2023. Given the widespread support from schools, the Schools Forum agreed to approve the de-delegation of funds again in 2024-25. A list of the relevant services is provided in Appendix 4.

4.15 The decision to accept responsibility for costs funded from de-delegated and top-sliced resources is a matter for Cabinet and it is recommended that Cabinet agree to the Schools Forum's request for 2024-25.

4.16 The proposed de-delegation and top-slice rates for 2024-25 are summarised in Appendix 4.

5. Consultation

- 5.1 The Authority has previously consulted schools and academies on the distribution of the Schools Block and there has been general support for the Authority's approach of mirroring the NFF in its own local formula, as far as resources permit.
- 5.2 With regards to the proposals for 2024-25 in this report, schools, academies and the Schools Forum were consulted on the need to cap or scale NFF multipliers in order to make the local formula affordable with the School Block allocation. The majority of responses supported the Authority officers' recommendation to pare back all multipliers.
- 5.3 LA maintained schools were also consulted in the summer of 2023 on the de-delegation of resources for 2024-25 and there was general support to continue de-delegation.

6. Alternative Options Considered

- 6.1 None, the proposals will continue to ensure the LA's formula allocations mirror the NFF as closely as possible within available resources by using School Forum agreed methods for affordability. The option to do nothing is discounted because the Council has a statutory obligation to allocate school funding.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 DfE document: - Schools revenue funding 2024 to 2025 Operational guide December 2023 Publication
- 8.2 Consultation de-delegation letter to schools 4 September 2023 - ref SK031
- 8.3 Derbyshire Consultation: Proposed Changes to School and Academy Funding 2024-25 Funding Consultation Autumn 2023 published 26th September 2023.
- 8.4 Schools Funding settlement announcement 19th December 2023

9. Appendices

- 9.1 Appendix 1 - Implications.
- 9.2 Appendix 2 - National Funding Formula multipliers 2024-25
- 9.3 Appendix 3 - Analysis of mainstream formula budgets 2024-25 by indicator
- 9.4 Appendix 4 - List of proposed de-delegated and top-slice funded services 2024-25

10. Recommendation(s)

That Cabinet:

- a) Notes the overall DSG settlement for 2024-25;
- b) Notes the Schools Block allocation for 2024-25;
- c) Notes the National Funding Formula multipliers set out in Appendix 2;
- d) Approves the local mainstream formula multipliers set out in Appendix 3 as the basis for calculating Derbyshire school and academy budgets;
- e) Approves a Minimum Funding Guarantee of 0.5% per pupil for 2024-25;
- f) Approves that no cap on individual school gains will be applied in 2024-25;
- g) Approves the request from the Schools Forum to de-delegate/top-slice funds from LA maintained primary and secondary schools' 2024-25 budgets for the services listed in Appendix 4;
- h) Notes the Pupil Growth Fund & Falling Rolls Fund settlement and the budget decisions approved by the Schools Forum.
- i) Approves that any matters of detail regarding the calculation of school budgets be delegated to the Executive Director for Children's Services and the Director of Finance & ICT in consultation with the Cabinet Member for Education.

j)

11. Reasons for Recommendation(s)

- 11.1 To ensure the Authority meets its statutory obligations in determining mainstream school and academy budgets for 2024-25.

12. Is it necessary to waive the call in period?

- 12.1 No.

Report Author: Eddie Grant

Contact details: eddie.grant@derbyshire.gov.uk

Implications

Financial

- 1.1 The Authority has a current accumulated DSG deficit of £4.775m as at 31st March 2023 which is predicted to rise by £10.7m as per the Q3 budget monitoring. This deficit has arisen and continues to rise because of pressures faced in the High Needs Block of the DSG. This deficit can be separated from the Authority's wider financial position due to a statutory override in place until April 2026 which ring-fences the deficit from the Council's general reserves.
- 1.2 The proposals set out in sections 4.1 to 4.4 ensure that School Block allocations remain within the overall quantum of funding set by the DfE.
- 1.2 The funding formula proposals were submitted to the Education and Skills Funding Agency (ESFA) before 22nd January 2024 for approval and to ensure compliance with the regulations and associated guidance.

Legal

- 2.1 The Designated School Grant and allocation of block funding are made pursuant to the School and Early Years Finance (England) Regulations 2023, the Education Act 2002, the School Standards and Framework Act 1998 and the Education and Inspections Act 1998.

Human Resources

- 3.1 None

Information Technology

- 4.1 None

Equalities Impact

- 5.1 None

Corporate objectives and priorities for change

- 6.1 The proposals will support the Council's objective to work creatively together to inspire and empower children, young people and their families and communities to be the best they can be: safe, healthy, happy, learning and working.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None

National Funding Formula Multipliers 2024-25

Appendix 2

All multipliers are rounded.	2024-25 Multiplier	2023-24 Multiplier	Increase	Increase
Primary	£	£	£	%
Basic Entitlement per pupil: KS 1 & 2 ¹	3,562.00	3,513.00	49.00	1.40%
Deprivation: Current Free School Meals	490.00	480.00	10.00	2.10%
Deprivation: Ever 6 Free School Meals ¹	820.00	809.00	11.00	1.40%
Deprivation: IDACI F	235.00	230.00	5.00	2.20%
Deprivation: IDACI E	285.00	280.00	5.00	1.80%
Deprivation: IDACI D	445.00	440.00	5.00	1.10%
Deprivation: IDACI C	485.00	480.00	5.00	1.00%
Deprivation: IDACI B	515.00	510.00	5.00	1.00%
Deprivation: IDACI A	680.00	670.00	10.00	1.50%
Low Prior Attainment	1,170.00	1,155.00	15.00	1.30%
English as an Additional Language (EAL)	590.00	580.00	10.00	1.70%
Mobility	960.00	945.00	15.00	1.60%
Lump Sum ¹	134,400.00	132,510.00	1,890.00	1.40%
Sparsity	57,100.00	56,300.00	800.00	1.40%
Split Site:Site	53,700.00	N/A		
Split Site:Distance	26,900.00	N/A		
Minimum Per Pupil Level ¹	4,610.00	4,548.00	62.00	1.40%
	2024-25 Multiplier	2023-24 Multiplier	Increase	Increase
Secondary	£	£	£	%
Basic Entitlement per pupil: Key Stage 3 ¹	5,022.00	4,953.00	69.00	1.40%
Basic Entitlement per pupil: Key Stage 4 ¹	5,661.00	5,583.00	78.00	1.40%
Deprivation: Current Free School Meals	490.00	480.00	10.00	2.10%
Deprivation: Ever 6 Free School Meals ¹	1,200.00	1,182.00	18.00	1.50%
Deprivation: IDACI F	340.00	335.00	5.00	1.50%
Deprivation: IDACI E	450.00	445.00	5.00	1.10%
Deprivation: IDACI D	630.00	620.00	10.00	1.60%
Deprivation: IDACI C	690.00	680.00	10.00	1.50%
Deprivation: IDACI B	740.00	730.00	10.00	1.40%
Deprivation: IDACI A	945.00	930.00	15.00	1.60%
Low Prior Attainment	1,775.00	1,750.00	25.00	1.40%
English as an Additional Language (EAL)	1,585.00	1,565.00	20.00	1.30%
Mobility	1,380.00	1,360.00	20.00	1.50%
Lump Sum ¹	134,400.00	132,510.00	1,890.00	1.40%
Sparsity	83,000.00	81,900.00	1,100.00	1.30%
Split Site:Site	53,700.00	N/A		
Split Site:Distance	26,900.00	N/A		
Minimum Per Pupil Level ¹	5,995.00	5,910.00	85.00	1.40%

Note 1 – 2023-24 maintained additional schools grant multipliers have been added before applying % increase shown.

Analysis of mainstream formula budgets 2024-25 by indicator

Appendix 3

Indicator	Primary			Secondary		
	2024-25	2024-25	2024-25	2024-25	2024-25	2024-25
	Count	Multiplier	Budget	Count	Multiplier	Budget
		£	£		£	£
Per Pupil – Key Stage 1 & 2	57,398.23	3,555.38	204,072,519	-	-	-
Per Pupil – Key Stage 3				25,398.00	5,012.67	127,311,793
Per Pupil – Key Stage 4				16,071.00	5,650.48	90,808,864
Current FSM	16,433.70	489.09	8,037,559	11,096.00	489.09	5,426,943
Ever 6FSM	16,737.92	818.48	13,699,657	11,847.00	1,197.77	14,189,981
IDACI F	4,882.92	234.56	1,145,337	3,548.98	339.37	1,204,417
IDACI E	6,885.14	284.47	1,958,616	4,623.00	449.16	2,076,466
IDACI D	2,603.44	444.17	1,156,369	1,882.66	628.83	1,183,872
IDACI C	3,053.13	484.10	1,478,018	2,194.51	688.72	1,511,405
IDACI B	2,998.54	514.04	1,541,371	2,054.93	738.63	1,517,834
IDACI A	757.06	678.74	513,845	537.18	943.24	506,691
Low Prior Attainment	17,750.64	1,167.83	20,729,725	9,364.51	1,771.70	16,591,108
English as an Additional Language	1,682.94	588.90	991,081	396.80	1,582.06	627,766
Mobility	278.98	958.22	267,324	3.26	1,377.44	4,490
Lump Sum	353.70	134,150.28	47,448,954	45.00	134,150.28	6,036,763
Sparsity	50.04	56,993.91	2,852,024	0.24	82,845.79	19,607
Split site: School		53,600.23	321,601	1.00	53,600.23	53,600
Split site: Distance		26,850.02	60,797	1.00	26,850.02	26,850
Private Finance Initiative	-	-				3,063,579
Rates			4,188,579			2,718,267
Exceptional Circumstances			57,423			86,007
Minimum Per Pupil Level			1,023,139			396,495
Minimum Funding Guarantee <small>see note 2</small>			88,128			0
Total Formula Budgets			311,632,065			275,362,798
TOTAL BOTH SECTORS						586,994,863

Note 1 – The multipliers are below the national rates in Appendix 2 as they have been reduced in line with the LA’s consultation to pare back multipliers in order to make the formula affordable with the overall schools block allocation, taking into account the £0.758m from the growth fund.

Note 2 – the Minimum Funding Guarantee has been set at 0.5% per pupil in accordance with the LA’s consultation.

List of proposed de-delegated and top-sliced funded services 2024-25

Appendix 4

			2024-25 Proposed		2023-24	
<u>Item</u>	<u>Purpose</u>	<u>Basis</u>	<u>Primary</u>	<u>Secondary</u>	<u>Primary</u>	<u>Secondary</u>
School Contingency Fund	e.g. schools in financial difficulty, exceptional unforeseen costs, unreasonable for a GB to meet	Per pupil	6.00	6.00	6.00	6.00
Insurance	Includes premises, cash in transit, public liability and employers' liability	Per pupil	24.75	24.75	22.75	22.75
Staff Costs: Maternity	Cover costs for staff on maternity, paternity or adoption leave	Per pupil	16.61	N/A	15.60	N/A
Staff Costs: Public Duties	Cover costs for staff on jury service.	Per pupil	0.22	N/A	0.21	N/A
Staff Costs: Trade Unions	Cover costs for staff undertaking union duties	Per pupil	4.56	4.56	4.28	4.28
School Improvement	Services include Leadership forums, single named contact for advice, guidance, signposting & support, e-noticeboard, reduced rate attendance at courses and conferences plus core package of 3 days of school improvement activity plus governor support package	Lump sum	3,075.00	3,075.00	2,950.00	2,950.00
Redundancy (top-sliced)	Cost of release where agreed by LA as necessary	Per pupil	4.25	4.25	4.00	4.00
Former ESG (top-sliced)	Funds a range of HR, Finance, pensions, ICT and asset management functions	Per pupil	30.25	30.25	29.00	29.00