
SUBJECT: 2024-25 SCHOOLS REVENUE FUNDING ARRANGEMENTS AND DEDICATED SCHOOLS GRANT

DATE: 24 January 2024

RECIPIENT: Schools Forum

SUMMARY:

The Schools Forum is asked to note and endorse

1. The final stage APT (Authority Proforma Tool) submission to the Education and Funding Skills Agency (ESFA) for the Individual Schools Block allocations.

It is recommended that the Schools Forum approves.

2. Technical adjustment for Private Finance Initiative (PFI) schools.
3. Adjustment for growing schools.
4. A block transfer to the Central School Services Block to compensate the reduced funding.
5. Agree principle of adjustment in the event of a projected surplus or deficit.

BACKGROUND and BRIEFING DETAILS:

DSG FUNDING AND BACKGROUND INFORMATION

1. The table in paragraph 4 summarises the 2024/25 Dedicated Schools Grant (DSG) allocations. The values shown are before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA).
2. It should be noted that the deadline for submitting the APT to the DFE is Monday 22 January 2024. Following advice from the DFE a draft submission has been made based on the recommendations in this paper, but it has been noted that it needs to be approved by the Schools Forum.
3. A further submission will be made following this meeting reflecting any necessary changes as agreed at this meeting.

4.

Dedicated Schools Grant 2024/25	Allocations before recoupment and direct funding	Change to 2023/24	Change to 2023/24
	(£)	(£)	(%)
Schools block	195,827,538	13,421,065	7.36%
Central school services block	1,609,740	-50,169	-3.02%
High needs block	46,083,999	2,185,771	4.98%
Early years block	27,634,060	10,085,325	57.47%
	271,155,337	25,641,992	10.44%

5. The increase in the schools block reflects the increase in pupil numbers as well as the overall increase in funding in the National Funding Formula (NFF), which has also been increased by rolling the 2023/24 mainstream schools additional grant into the NFF.
6. The Central School Services Block (CSSB) has reduced by a further £50,169. The cumulative reduction has increased from £186,000 to £236,000.
7. The CSSB provides funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:
 - a. Historic commitments - DSG MASH Contribution (Preventative Social Care) is a historic commitment. The EFSA have reduced the funding for historic commitments each year since 2021-22 by 20%.
 - b. Ongoing responsibilities – these include admissions, National Copyright Licences and Statutory and Regulatory duties including education welfare and attendance. A detailed list of retained responsibilities for Statutory and Regulatory Duties funded from the CSSB is shown in Appendix A
8. Nationally the High needs funding is increasing by a further £440 million, or 4.3%, in 2024/25. This increase is lower than previous years but the forecast projections are that the annual costs will be managed within the funding allocation.
9. The council has been awarded £1M grant funding, over two years, to implement initiatives to manage the increase in high needs spending. These initiatives along with other workstreams in place are expected to negate the need to request for a block transfer from the schools block to the high needs block.
10. Special schools' minimum funding guarantee (MFG) for 2024/25 compared to 2023/24 must be at least 0%, with the DFE suggesting setting the MFG up to 0.5% in line with mainstream schools.

11. High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant, and School and Early Years Finance Regulations. High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).
12. The Early Years Block funding indicative increase largely reflects the government announcement to increase funded places for 2 year olds as well as funding places for under 2 year olds. The table in paragraph 13 summarises these indicative funding changes.

13.

Summary of funding changes	£ change
3 & 4 year old funding	1,763,981
2 year old funding	5,023,816
under 2 year old funding	2,902,104
additional pupil premium	250,315
additional disability access fund	115,458
supplementary funding MNS	29,649
Total change	10,085,323

14. LOCAL FACTORS AND ADJUSTMENTS

15. The following adjustments will require Schools Forum members approval as has been the case in previous years
16. In Southampton there are 3 schools with Private Finance Initiative contracts. The contract period for all schools is 30 years, from 29/10/2001 to 28/10/2031. In previous years a factor of £738,900 has been included to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.
17. The funding allocated within the Premises Factor of the schools block for the PFI Factor has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 to £815,746.
18. It is recommended that the funding to the schools for the PFI Factor is increased by 10.4%.
19. A vote required from maintained and academy schools to approve a technical adjustment relating to the PFI costs.
20. Southampton has one school that is planned to grow with extra year groups in September 2024 It is recommended that this schools are allocated an amount of extra funding for growth based on a lump sum rather than pupil numbers. This is in accordance with the Growth Funding Policy previously agreed at schools forum. The lump sums are £66,000 for the extra classes at Primary Schools and £88,300 for the

extra secondary classes. These are adjusted to account for the lag in funding for 7 months between September 2024 and March 2025.

21. The adjustment in the Authority Proforma Tool (APT) to provide the funding would be allocated to the school in the inputs and adjustments schedule by setting the expected number of pupils to give the agreed AWPU funding. The total adjustment is estimated to be £386,480.
22. A vote required from maintained and academy schools to approve the adjustment relating to the growing school.
23. As outlined in paragraph 4 the funding for the CSSB has reduced by £236,000 over the last three years. To enable the Education team to continue to assist schools at the current levels it is recommended that a block transfer is made from the Schools Block to the CSSB for the sum of £220,000. This sum is 0.1% of the Schools Block allocation, Schools Forum can approve transfers up to 0.5% of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG)
24. A vote is required from all schools to agree the block transfer.
25. After applying the adjustments and transfers outlined in paragraphs 15 to 23 the APT shows a surplus of £332,562. This is after applying the National Funding Formula rates and the minimum funding guarantee of 0.5% (the maximum allowed for 2024/25).
26. It is recommended that this surplus is used to create a growth fund to cover additional growth in schools over the planned growth set out in paragraphs 20 – 21.
27. The APT is subject to agreement by the Department for Education, and in the event of any amendment SCC would like to request that Schools Forum agrees the principle by which a revision is allocated to balance the APT.

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APPENDIX 1

Central School Services Block – Statutory and Regulatory Duties Responsibilities held for all schools

Statutory and regulatory duties:

- Director of children's services and personal staff for director (Sch 2, 15a)
- Planning for the education service as a whole (Sch 2, 15b)
- Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)
- Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)
- Formulation and review of local authority schools funding formula (Sch 2, 15d)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)
- Consultation costs relating to non-staffing issues (Sch 2, 19)
- Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)
- Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)

Education welfare

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)
- School attendance (Sch 2, 16)
- Responsibilities regarding the employment of children (Sch 2, 18)

Asset management

- Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)
- General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)

Other ongoing duties

- Licenses negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require school's forum approval
- Admissions (Sch 2, 9)
- Places in independent schools for non-SEN pupils (Sch 2, 10)
- Remission of boarding fees at maintained schools and academies (Sch 2, 11)
- Servicing of school's forums (Sch 2, 12)
- Back-pay for equal pay claims (Sch 2, 13)
- Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23)

Historic commitments

- Capital expenditure funded from revenue (Sch 2, 1)
- Prudential borrowing costs (Sch 2, 2(a))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))

Responsibilities held for maintained schools only

Statutory and regulatory duties

- Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 58)
- Budgeting and accounting functions relating to maintained schools (Sch 2, 74)
- Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 59)

- Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 60)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 61)
- Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 62)
- Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 63)
- Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 64)
- Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 77)
- HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 65); determination of conditions of service for non-teaching staff (Sch 2, 66); appointment or dismissal of employee functions (Sch 2, 66)
- Consultation costs relating to staffing (Sch 2, 68)
- Compliance with duties under Health and Safety at Work Act (Sch 2, 69)
- Provision of information to or at the request of the Crown relating to schools (Sch 2, 70)
- School companies (Sch 2, 71)
- Functions under the Equality Act 2010 (Sch 2, 72)
- Establish and maintaining computer systems, including data storage (Sch 2, 73)
- Appointment of governors and payment of governor expenses (Sch 2, 74)

Education welfare

- Inspection of attendance registers (Sch 2, 80)

Asset management

- General landlord duties for all maintained schools (Sch 2, 78a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:
 - appropriate facilities for pupils and staff (including medical and accommodation)
 - the ability to sustain appropriate loads
 - reasonable weather resistance
 - safe escape routes
 - appropriate acoustic levels

- lighting, heating and ventilation which meets the required standards
- adequate water supplies and drainage
- playing fields of the appropriate standards
- General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)
- Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

Central support services

- Clothing grants (Sch 2, 54)
- Provision of tuition in music, or on other music-related activities (Sch 2, 55)
- Visual, creative and performing arts (Sch 2, 56)
- Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 57)

Premature retirement and redundancy

- Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 79)

Monitoring national curriculum assessment

- Monitoring of National Curriculum assessments (Sch 2, 76)