



**Title of meeting:** Cabinet Member for Children, Families and Education

**Date of meeting:** 22 February 2024

**Subject:** Dedicated Schools Grant Budget 2024-25

**Report by:** Sarah Daly, Director of Children Families and Education

**Cabinet Member:** Councillor Suzy Horton, Cabinet Member for Children, Families and Education

**Wards affected:** All

**Key decision:** Yes/No

**Full Council decision:** Yes/No

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## **1 Purpose of report**

1.1 The purpose of this report is to:

1.1.1 Inform The Cabinet Member of the progress towards the initial determination of the schools budget (including individual schools budgets for 2024-25) and to seek the necessary approvals and endorsements required.

## **2 Recommendations**

2.1 It is recommended that the Cabinet Member:

- 2.1.1 **Approve the determination of the Schools Budget for 2024-25 as set out in Appendix 1.**
- 2.1.2 **Approve the proposal to use carry forward balances to fund the shortfall in 2024-25 and manage any potential financial pressures during the financial year.**
- 2.1.3 **Approve the 2024-25 Element 3 Top-up values for Special Schools, Inclusion Centres, Alternative Provision Settings and Mainstream, Schools as set out in Appendix 2.**
- 2.1.4 **Note the decision by the Maintained School members of Schools Forum to approve the de-delegation of the Education functions related the Monitoring and Brokering grant for 2024-25 at £10.42 per pupil.**

### **3 Background**

- 3.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance and Childcare (Provision of information about Young Children) (Amendment) (England) Regulations
- 3.2 The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024 require each local authority, by no later than 29 February 2024, to:
- 3.2.1 Make an initial determination of the schools budget, and
  - 3.2.2 Give notice of that determination to governing bodies of the schools it maintains.
- 3.3 In January 2024 the Cabinet Member and Schools Forum approved and endorsed several decisions regarding the Schools Block, including mainstream school, budgets, the Central Schools Services Block and High Needs places for Special Schools, Inclusion Centres and Alternative Provision settings.
- 3.4 On the 7 February 2024 Schools Forum endorsed, the 2024-25 Early Years funding arrangements and hourly funding rates for providers. These were subsequently approved at a special Cabinet Member Decision Day on 9 February in line with the Governments request to inform providers of the hourly rates no later than 20 February 2024.
- 3.5 This report provides the Cabinet Member with an update on the disapplication request regarding the local authority monitoring and brokerage grant de-delegation along with the background and proposed changes to the remaining High Needs Block.

### **4 Dedicated Schools Grant**

- 4.1 The determination of the 2024-25 Dedicated Schools Grant for 2024-25 is set out in Appendix 1.
- 4.2 On the 19 December 2023 the ESFA announced the initial Dedicated Schools Grant Allocation for Portsmouth for 2024-25. Details of which were reported to the Cabinet Member and Schools Forum in January 2024.

### **5 Maintained Primary and Secondary de-delegation of Education Functions**

- 5.1 At Schools Forum meeting in December 2023 Primary and Secondary maintained school members voted by Phase on the de-delegation of funding in relation to the Monitoring and Brokerage Grant. Primary schools voted to de-delegate and secondary schools voted not to de-delegate.



- 5.2 On submitting the disapplication request against the secondary vote, the DfE have informed the Authority that the vote is not a phased vote but should cover all maintained school representatives by majority vote (and is not by Phase). The DfE have been informed about the lack of clarity in the legislation and the operational guidance around this subject.
- 5.3 The authority has been advised to go back to Schools Forum and run the vote again to de-delegate the Education Functions funding at £10.42 per pupil for Primary and Secondary maintained schools. This was done at the Schools Forum meeting on 7 February 2024 and the result was (to be inserted following the Schools Forum meeting).

## 6 High Needs

- 6.1 In December 2024 the authority received the initial 2024-25 High Needs Block allocation of £37.4m, an increase of £1.7m on 2023-24. The final amount will be announced in July 2024 once the movement of pupils between authorities is known (called the import/export adjustment).
- 6.2 Whilst the overall funding for the High Needs Block has increased, but this has not been able to cover the increase the Authority has seen in terms of numbers or need. As set out below and in Appendix 1, the Authority is seeing a budget requirement for 2024-25 of £40.0m compared to income of £37.6m providing a £2.5m shortfall.

	£m
Revised Budget 2023-24	36.8
Net budget Growth 2024-25	3.2
<b>Proposed Original Budget 2024-25</b>	<b>40.0</b>
Funding 2024-25	(37.4)
Previously agreed use of carry forward	(0.2)
<b>Total funding</b>	<b>(37.6)</b>
<b>Funding Shortfall 2024-25</b>	<b>2.5</b>

- 6.3 The Education and Early Years colleagues have reviewed the forecast pupils numbers for each of the budgets and financial forecasts reflect these.
- 6.4 Whilst the budget proposed to Schools Forum and Cabinet Member can be supported by using the DSG balances in 2024-25, it is not sustainable. Officers are now reviewing all the areas to come up with a programme of work.

## Place Funding

- 6.5 In January 2024 Schools Forum endorsed and the Cabinet Member approved the number of places for High Needs settings, and the budget is reflected in Appendix 1.

### **Element 3 Top-up funding**

6.6 The Element 3 top-up rates for 2024-25 for Special Schools, Inclusion Centres, Alternative Provision settings and Mainstream Schools are set out in the relevant tables in Appendix 2. Inflation of 1.84% has been applied to all funding bands in line with the average increase seen in mainstream school budget shares for 2024-25.

#### **Special Schools**

6.7 The budget for 2024-25 includes the full year impact of The Wymering School increase from 30 to 66 places from September 2023, and the impact of the place numbers previously reported. The authority has seen an increase in the level of assessed needs during the 2023-24 financial year and the 2024-25 budget assumes that this pressure will continue.

6.8 For the 2024-25 financial year the DFE have set a zero minimum funding guarantee (MFG) for special schools on the combined Place funding and Element 3 funding, when compared to the 2023-24 baselines. However, they have advised that local authorities should consider applying an increase of between zero and plus 0.5%, and the inflationary increase of 1.84% on Element 3 values is greater than this.

6.9 The band values for 2024-25 are set out in Tables A and B of Appendix 2.

#### **Inclusion Centres and Alternative Provision**

6.10 The budget includes the full year impact of the new places agreed from September 2023 and the additional places for September 2024.

6.11 The number of places used by the Authority at Alternative Provision settings has been lower than budgeted in recent years, and the Element 3 top-up budget has been reduced accordingly.

6.12 The value for each band is set out in Tables C (Alternative Provision) and D (Inclusion Centres) in Appendix 2.

#### **Mainstream Schools**

6.13 The budget for 2024-25 includes growth in the number of EHCP assessments based on known pupils and projections for future EHCPs. The number of full time equivalent pupils supported through this budget is expected to increase by 32% over the financial year which will lead to future pressures in 2025-26 as the full year effect of the growth is felt.

6.14 The band values, for 2024-25, as set out in Table E in Appendix 2.



### **Post-16 High Needs**

- 6.15 The place funding budget contains provision for 193 places and the associated Element 3 Top UP funding for students who are the responsibility of Portsmouth City Council.
- 6.16 An inflationary element of 1.84% has been included within the Element 3 Top-up.

### **Out of City placements**

- 6.17 This budget contains funding for pupils who are placed in independent and specialist provision out of the City and those in receipt of services from the Child and Adolescent Mental Health Service (CAMHS).
- 6.18 The budget reflects the pupils currently placed in independent and specialist providers who are expected to continue in those placements and their projected costs. This is a hard area to forecast, and should numbers increase this will cause further pressure on the budget.

### **Hospital and medical education**

- 6.19 The authority commissions the Harbour School to provide tuition to those pupils who are in hospital, or unable to attend school due to a decision made by a medical practitioner. The funding for 2024-25 remains at £660,000 for this provision.
- 6.20 In May 2021 a report was brought to Schools Forum which reported the success of the AV1 robots in supporting remote learning and engagement of pupils unable to attend school for medical reasons. The budget contains the annual maintenance cost for previously purchased robots, in addition to funding to purchase further robots during 2024-25.

### **Early Years Complex Needs Inclusion Fund**

- 6.21 The Early Years Complex Needs Inclusion Fund was established in September 2019 to support those early years' pupils with complex needs in mainstream settings, enabling a wider provision of services following the closure of Willows Centre for Children.
- 6.22 Since the budget was set up, the demand on this budget has continued to grow. The proposed budget includes funding for those children already in receipt of funding, new children assessed for the funding, and children leaving for school.

### **Other High Needs DSG Budgets**

- 6.23 The following budget increases are proposed:
- Outreach: £123,900 to reflect the increase in the offer to schools.
  - Sensory Impairment: £168,400 includes the known increases in numbers of pupils requiring support



- Relational Practice: £10,100 continuing support for the project that is due to complete in December 2025.

6.24 The budget also contains funding for the Teacher pay and pensions grants for Academy Special Schools and non-Maintained special schools. The budget has been increased in line with increased pupils. The per pupil funding remains at the 2022-23 levels in line with the funding received by the authority.

### **Supplementary Funding 2024-25**

6.25 As reported when setting the 2023-24 budget, the supplementary funding provided to Special Schools in 2022-23 has been included in the Element 3 Top-up. Funding for Alternative Provision settings cannot be added to the Element 3 Top-up values as these are paid by schools rather than the authority. Funding will continue to be paid to Alternative Provision settings and Post-16 colleges in the City as a separate grant in 2024-25.

### **Additional Grant 2024-25**

6.26 In 2023-24 the DfE asked authorities to pay an additional grant to special schools based on specific criteria. For 2024-25 the DfE have specified that authorities should continue to pay additional funding to special schools and alternative provision settings using the same amount per place funding in 2023-24 using the 203-24 places, multiplied by the number agreed places for 2024-25. The budget increase reflects the full year effect of the increase in Wymering places and the increased number of Special School and Alternative Provision places from September 2024.

## **7 Dedicated Schools Grant Balances**

7.1 Current forecast modelling suggests that the final carry forward balance from 2023-24 will be in the region of £9.1m, however this could change before the end of the financial year.

7.2 The balances include the £0.6m relating to the planned underspend on the Schools Specific Contingency and the Growth Fund, which has been approved to be carried forward to 2024-25 for the same purposes. Along with funding to support the Relational Practice project previously endorsed by Schools Forum and approved by the Cabinet Member. This has been included in the Budget as set out in Appendix 1.

7.3 In addition to the proposal to use the carry forward balance to support the revenue implications of the additional high needs places and the growth in pressures, it is prudent to ensure there are enough balances to manage in year cost pressures. Particularly in the high needs sector as both pupil numbers and complexity are expected to continue to increase. A reasonable balance would be considered 1% of overall DSG funding. This would provide a contingency of £2.21m on overall DSG funding of £221m.

- 7.4 The table below sets out the proposed use of the 2023-24 forecast carry forward in 2024-25.

<b>Table 6: Estimated 2023-24 Carry forward</b>		
	<b>£m</b>	<b>£m</b>
Forecast carry forward as of 31 December 2023		9.127
<b>Impact of decisions on 2023-24 carry forward</b>		
Schools specific contingency	(0.124)	
Carry forward of Growth Fund balance	(0.503)	
Relational Practice	(0.179)	(0.806)
<b>Sub total</b>		<b>8.321</b>
High Needs Block funding gap	(2.467)	
Contingency to manage in-year pressures	(2.210)	(4.676)
<b>Forecast carry forward available for use</b>		<b>3.644</b>

- 7.5 Any residual balance carried forward would be a one-off funding source to manage the lag in funding of high needs places and any in year pressures. The implications of the level of growth predicted for 2024-25 will translate to full year impacts in 2025-26 and beyond which will potentially put the DSG into a deficit by 2026-27.
- 7.6 In recent years Portsmouth City Council has been able to manage the DSG effectively and the windfall savings have been held to manage the lag in funding for any increase in High Needs places. This has enabled the deficit budget to be managed in 2024-25. As previously mentioned, the authority is developing a DSG five year management plan and reviewing services to see what could be delivered differently for less. The outcomes of both exercises will be brought to future Schools Forum and Cabinet Member meetings.

## **8 Reasons for recommendations**

- 8.1 The recommendations within this report seek to allocate DSG resources appropriately and fairly, and to provide the best possible outcomes for pupils in Portsmouth City. They are consistent with the requirements contained within the updated School and Early Years Finance and Childcare (Provision of Information about Young Children) (Amendment) (England) Regulations 2024. Local Authorities are required to make an initial determination of their schools' budget no later than the 29 February 2024.

## **9 Integrated impact assessment**

- 9.1 This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs National Funding Formula as directed by the Department of Education and set out in the School and Early Years Finance (England) Regulations 2024.
- 9.2 The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.

## 10 Legal implications

10.1 Regulation 5 of the School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024(coming into force on 13 February 2024) requires local authorities to (a) make an initial determination of their Schools Budget and (b) give notice of that determination to the governing bodies of the schools which they maintain, by no later than 29 February 2024. The recommendations in this report are consistent with the requirements contained in those updated regulations, based on operational guidance published by central government, and in particular identify elements of the proposals in respect of which the Cabinet Member's specific approval or endorsement is required.

## 11 Director of Finance's comments

11.1 Financial comments and implications are included in the body of this report.

Signed by: Sarah Daly, Director of Children, Families and Education.

### Appendices:

Appendix 1: Dedicated Schools Grant Original budget 2024-25

Appendix 2: Element 3 Top-up Tables 2024-25

### Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
School and Early Years Finance and childcare (Provision of Information about Young Children) (Amendment) (England) Regulations 2024	<a href="#">The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024 (legislation.gov.uk)</a>
The National Funding Formulae for Schools and High Needs 2024-25 (published 6 October 2023) - Policy Document	<a href="#">National funding formula for schools and high needs 2024 to 2025 (publishing.service.gov.uk)</a>
Schools revenue funding 2024 to 2025: Operational Guide (published December 2023)	<a href="#">Schools operational guide: 2024 to 2025 - GOV.UK (www.gov.uk)</a>
High Needs Funding: 2024 to 2025 Operational Guidance (published January 2024)	<a href="#">High needs funding: 2024 to 2025 operational guide - GOV.UK (www.gov.uk)</a>





Early Years Entitlements: local authority funding operational guide 2024 to 2025 (published 29 November 2023)	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118121/early_years_entitlements_local_authority_funding_operational_guide_2024_to_2025.pdf">Early years entitlements: local authority funding operational guide 2024 to 2025 - GOV.UK (www.gov.uk)</a>
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The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by Councillor Suzy Horton, Cabinet Member for Children, Families and Education:

**Appendix 1: Dedicated Schools Grant Original budget 2024-25**

	Approved 2023-24 Budget - Oct 2023 (inc. Academies)	Proposed Budget Revisions	2024-25 Schools Budget Feb 2024 (Including Academies)	2024-25 Schools Budget Feb 2024 (Excluding Academies)
	£000	£000	£000	£000
<b>Schools Block</b>				
<b>Individual Schools Budgets (ISB)</b>				
Primary	75,555	4,083	79,638	26,135
Secondary	70,347	6,149	76,496	16,421
<b>Total ISB</b>	<b>145,902</b>	<b>10,232</b>	<b>156,134</b>	<b>42,556</b>
<b>De-Delegated and Central Budgets</b>				
Growth Fund	1,294	699	1,994	1,994
De-delegated Budgets	204	0	205	205
Academy Conversions	0	0	0	0
<b>Other Schools Block Sub Total</b>	<b>1,499</b>	<b>699</b>	<b>2,198</b>	<b>2,198</b>
<b>Total Schools Block</b>	<b>147,401</b>	<b>10,931</b>	<b>158,332</b>	<b>44,754</b>
<b>Central School Services Block</b>				
Schools Forum	16	1	17	17
Admissions	346	16	362	362
Licences (negotiated by DfE)	146	17	162	162
ESG retained duties	498	12	510	510
Central Teachers Pay /pensions grant	49	1	51	51
<b>Central School Services Block Total</b>	<b>1,055</b>	<b>47</b>	<b>1,102</b>	<b>1,102</b>
<b>Early Years Block</b>				
3 & 4 Year Old Provision <sup>1</sup>	12,237	2,190	14,427	14,427
2 Year Old Provision	1,910	4,590	6,500	6,500
Under 2s	0	2,644	2,644	2,644
Central Expenditure on under 5's	718	480	1,198	1,198
<b>Early Years Block Total</b>	<b>14,865</b>	<b>9,903</b>	<b>24,769</b>	<b>24,769</b>
<b>High Needs Block</b>				
<b>Individual Schools Budgets</b>				
Special School Place Funding	6,990	318	7,308	67
Resource Unit Place Funding	897	54	952	226
Alternative Provision Place Funding	1,337	33	1,370	97
<b>Total ISB</b>	<b>9,224</b>	<b>406</b>	<b>9,630</b>	<b>389</b>

	Approved 2023-24 Budget - Oct 2023 (inc. Academies)	Proposed Budget Revisions	2024-25 Schools Budget Feb 2024 (Including Academies)	2024-25 Schools Budget Feb 2024 (Excluding Academies)
<b>High Needs Block cont.</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Element 3 Top-up funding	16,142	3,377	19,519	19,519
Out of City Placements	5,020	(1,055)	3,965	3,965
SEN Support Service	1,098	161	1,259	1,259
Medical Education	675	6	681	681
Outreach Services	196	124	320	320
Turnaround Project	100	0	100	100
Fair Access Protocol	60	0	60	60
Early Years Complex Needs Inclusion fund	1,224	386	1,609	1,609
Post-16 high needs places	1,072	114	1,186	0
Teachers Pay/Pension grants High Needs	603	47	650	650
Relational Practice	169	10	179	179
Wymering Pre Opening Grant	260	(260)	0	0
Special Schools Additional Grant 2023/2024	672	14	685	685
High Needs supplementary funding	349	(155)	194	194
<b>Other High Needs block sub total</b>	<b>27,640</b>	<b>2,768</b>	<b>30,408</b>	<b>29,222</b>
<b>Total High Needs block</b>	<b>36,864</b>	<b>3,174</b>	<b>40,038</b>	<b>29,612</b>
<b>Total Expenditure</b>	<b>200,185</b>	<b>24,056</b>	<b>224,241</b>	<b>100,236</b>
<b>Income</b>				
Schools Block <sup>2</sup>	(146,852)	(10,852)	(157,705)	(44,127)
Central Schools Services Block	(1,055)	(47)	(1,102)	(1,102)
Early Years Block	(14,865)	(9,903)	(24,769)	(24,769)
High Needs Block	(35,680)	(1,712)	(37,393)	(26,966)
DSG Income <sup>3,4</sup>	<b>(198,453)</b>	<b>(22,515)</b>	<b>(220,968)</b>	<b>(96,964)</b>
One-off use of Carry Forward	<b>(1,732)</b>	<b>(1,540)</b>	<b>(3,273)</b>	<b>(3,273)</b>
<b>Total Income</b>	<b>(200,185)</b>	<b>(24,055)</b>	<b>(224,241)</b>	<b>(100,236)</b>

<sup>1</sup>Includes early years pupil premium

<sup>2</sup>Excludes National Non Domestic Rates recoument

<sup>2</sup> 2024-25 per ESFA allocations December 2023

<sup>3</sup> Includes reimbursement of Growth funding for Academy schools

**Appendix 2: Element 3 Top-up values 2024-25**

<b>Table A - Solent Academies Trust - Element 3 Top-up values 2024-25</b>								
	<b>Cliffdale</b>		<b>Cliffdale Nursery</b>		<b>Mary Rose</b>		<b>Redwood</b>	
	<b>Element 3 Top up rates 2023-24</b>	<b>Element 3 Top up rates 2024-25</b>	<b>Element 3 Top up rates 2023-24</b>	<b>Element 3 Top up rates 2024-25</b>	<b>Element 3 Top up rates 2023-24</b>	<b>Element 3 Top up rates 2024-25</b>	<b>Element 3 Top up rates 2023-24</b>	<b>Element 3 Top up rates 2024-25</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Band A	12,530				23,270	23,700		
Band B					13,680	13,930		
Band C		All Pupils are now on the new bands as set out below	All Pupils are now on the new bands as set out below	All Pupils are now on the new bands as set out below	11,790	12,010	All Pupils are now on the new bands as set out below	All Pupils are now on the new bands as set out below
Band D								
Band E								
Band F								
Band G								
Band H								
Core	6,780	6,900	10,350	10,540	10,470	10,660	5,000	5,090
Enhanced	11,780	12,000	13,560	13,810	13,620	13,870	11,550	11,760
Exceptional	22,620	23,040	23,340	23,770	23,200	23,630	23,870	24,310
Highly Exceptional <sup>1</sup> - 3+	-	-	-	-	35,580	36,230	-	-
Highly Exceptional <sup>2</sup> - 1/2	-	-	-	-	53,100	54,080	-	-

<sup>1</sup> Element 3 Top-up paid for any subsequent pupils (3+) attending the highly exceptional class (where agreed by the local authority)

<sup>2</sup> Element 3 Top-up paid for the first two pupils attending the highly exceptional class (where agreed by the local authority)

**Appendix 2 Continued**

<b>Table B: Delta Academy Trust</b>				
	<b>The Harbour School</b>		<b>The Wymering School</b>	
	<b>Element 3 Top up rates 2023-24 £</b>	<b>Element 3 Top-up rates 2024-25 £</b>	<b>Element 3 Top up rates 2023-24</b>	<b>Element 3 Top-up rates 2024-25</b>
Band A	25,340			
Band B				
Band C				
Band D				
Band E				
Band F				
Band G				
Band H				
Stamshaw				
Core	10,390	10,580	14,850	15,120
Enhanced	13,610	13,860	18,040	18,370
Exceptional	25,590	26,060	25,460	25,930
Highly Exceptional	33,940	34,560	31,260	31,840

<b>Table C: Alternative Provision</b>		
	<b>Element 3 Top-up rates 2023-24 £</b>	<b>Element 3 Top-up rates 2024-25 £</b>
Flying Bull	9,010	9,180
The Harbour	9,020	9,190

<b>Table D: Inclusion Centres</b>		
<b>Funding Band</b>	<b>Element 3 Top-up rates 2023-24 £</b>	<b>Element 3 Top-up rates 2024-25 £</b>
Ordinarily Available Provision	0	0
Core	2,440	2,480
Enhanced	5,010	5,100
Exceptional	6,970	7,100
Highly Exceptional	9,140	9,310

**Appendix 2 Continued**

<b>Table E: Mainstream Schools EHCP pupils</b>		
<b>Band</b>	<b>Element 3 Top-up rates 2023-24</b>	<b>Element 3 Top-up rates 2024-25</b>
	<b>£</b>	<b>£</b>
Ordinarily Available Provision EHCP	0	0
Core	650	660
Enhanced	2,440	2,480
Exceptional	5,010	5,100
Exceptional plus	6,970	7,100
Highly Exceptional	9,140	9,310