

Report Title	Draft DSG Budget 2024/25
Meeting	Schools Forum
Date	20 February 2024
Chair	Jenny Sims
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Open/Exempt	Open, with the exception of Appendix G. Appendix G is confidential and should not be published or shared further.

1. Summary

- 1.1. This report provides details of the draft DSG budget 2024/25

2. Recommendations

- 2.1. Approve the 2024/25 DSG Draft Budget (Appx A)
- 2.2. Approve the proposed growth funding - £585k (see section 6 below and Appx C)

CSSB - Historic Commitments

- 2.3. Approve the contribution to combined budgets (LSCP) - £15k same as last year (Appx A)
- 2.4. Approve the Termination of Employment Costs and Prudential Borrowing Costs (Appx F)

CSSB - Ongoing Functions

- 2.5. Approve the proposed funding for the Admissions Service - 23/24 plus 2% uplift (Appx A)
- 2.6. Approve the costs of servicing of Schools Forum - no change from 2023/24 (Appx A)
- 2.7. Approve funding for places in independent schools for non-SEN pupils - no change from 2023/24 (Appx A)
- 2.8. Approve the contribution to responsibilities that local authorities hold for all schools - (Central Provision) (Appx E)
- 2.9. Note NFF Schools Formula Funding Factors 2024/25 (Appx B)
- 2.10. Note the Exceptional Briefing Paper distributed in January 2024 (Appx C)
- 2.11. Note the De-delegation Table for School Improvement 2024/25 (Appx D)
- 2.12. Note the Comparison of School Delegated Budgets 24/25 and 23/24 (Appx G Exempt)

3. Background

- 3.1. This report provides details of the draft DSG budget for 2024/25.

4. DSG Budget 2023/24

- 4.1. The total DSG allocation published in December 2023, is £296.3m. The following are deducted to arrive at the total of £137.109m that can be included in the draft budget: -

	Schools Block £'000	CSSB £'000	High Needs £'000	Early Years £'000	Total £'000
Allocation	207.764	2.006	59.697	26.861	296.329
Academy Recoupment	(149.514)				(149.514)
NNDR to be paid centrally	(1.749)				(1.749)
High Needs deduction			(7.956)		(7.956)
	56.500	2.006	51.741	26.861	137.109
Total Transfer to HNB	(1.039)		1.039		
Draft Total	55.461	2.006	52.780	26.861	137.109

- 4.2. Attached in Appendix A is the DSG Draft Budget 2024/25, updated in accordance with discussions that took place at the previous Schools Forum meeting and based on confirmed DSG allocations made in December 2023.
- 4.3. The Draft Budget has been set using two different scenarios to highlight the pressures in the High Needs Block and to show that even with no growth added for future placements, an in year deficit budget of £825k is forecast. Taking into account estimated growth, the in year deficit increases to £5.769m. At the end of 2024/25, any deficit balance will add to the forecast DSG deficit reserve which we are expecting at the end of this financial year.
- 4.4. The DSG will be set as a balanced budget, as this is a finance requirement, but a deficit forecast will be estimated from April 2024.

5. Schools Delegated Budgets 2024/25

- 5.1. Appendix G (EXEMPT) is a summary of the Individual School Budgets for 2024/25, and a comparison to the 2023/24 allocations.
- 5.2. The allocations are calculated using funding factors, as detailed in Appendix B. These factors have been uplifted by the 2024/25 Sutton Schools Block Area Cost Adjustment, which is 1.10046.
- 5.3. At the previous meeting the Schools Forum agreed, in principle, to transfer 0.5% of the total Schools Block allocation to the High Needs Block. It was estimated that this would result in a reduction in the Basic Entitlement uplift to 4.02%, compared to 4.80%, as detailed in Appendix B.

- 5.4. Final calculations, after applying the updated DSG allocations, resulted in a required reduction to Basic Entitlement uplift to 4.15% (see table 2 below)

6. National Growth Fund Policy

Exceptional Funding Paper - January 2024 (Appendix C)

- 6.1. Since the previous meeting, it has been confirmed by the DfE that a nationally set growth funding allocation must be used from April 2024, which will replace the current local area agreement.
- 6.2. The impact on the Schools Block budget due to this change has resulted in an increase per 30 pupils from £57,800 to £87,722. The total 2024/25 Growth Fund budget now required is £585k, however the total Growth Fund available, after applying the NFF factors, and the adjusted 4.15% uplift in Basic Entitlement, was £386k, resulting in a Schools Block deficit of £199k.
- 6.3. As detailed in the Exceptional Funding paper, in order to accommodate the increased pressure on the Growth Fund the Basic Entitlement factor has been further adjusted, to accommodate this uplift, whilst keeping to the original estimate of a final 4.02% uplift, as discussed in December.

Table 1 - NFF Formula Factor Values and 24/25 Uplift

Factor	original % 24-25 uplift from 23-24	24-25 NFF including ACA
Primary basic entitlement	4.82%	£3,919.84
KS3 basic entitlement	4.82%	£5,526.51
KS4 basic entitlement	4.84%	£6,229.70

Table 2 - Initial adjustment to accommodate 0.5% transfer to High Needs Block

Factor	Uplift Amendment %	To Cover: HNB Transfer (0.5%)	Change v NFF £
Primary basic entitlement	4.15%	£3,894.95	(24.89)
KS3 basic entitlement	4.15%	£5,491.26	(35.25)
KS4 basic entitlement	4.15%	£6,188.99	(40.71)

Table 3 - Final adjustment to cover additional Growth Fund requirement

Factor	Uplift Amendment %	To Cover: HNB Tfr (0.5%) Growth Fund £336k	Change v NFF £	Change v 4.15% £
Primary basic entitlement	4.02%	£3,890.09	(29.75)	(4.86)
KS3 basic entitlement	4.02%	£5,484.40	(42.11)	(6.85)
KS4 basic entitlement	4.02%	£6,181.26	(48.44)	(7.73)

7. National Split Site Policy

- 7.1. Until now the split site factor has been set locally at £50,000 per school that has more than one site. In 2024/25 a national split site policy has been introduced, which allocates funding in two ways - a lump sum of £59,094.70, plus additional distance funding, based on a sliding scale up to a maximum threshold of 500 metres distance, which allocates £29,602.37.
- 7.2. Two mainstream primary schools and one special school are eligible for the split site funding, these are the same schools that would have received it using the local policy.

8. De-delegation

- 8.1. De-delegation has been applied for a second year, to cover statutory school improvement duties, following the removal of the School Improvement Grant. The total value remains the same as in 2023/24, a total of £50,800 has been deducted, based on a per pupil rate of £5.10, from all LA maintained primary and secondary schools (see Appendix D).

9. Financial Implications

- 9.1. Since 2018/19 the schools block funding for each local authority has been set by calculating notional allocations for each school according to the National Funding Formula (NFF) and these have then been aggregated and used to calculate a total allocation for each local authority. Actual individual school budgets for 2024/25 will continue to be determined by local formulae in consultation with the Schools' Forum. Local formulae can be different from the notional allocations.
- 9.2. For 2024/25 the NFF has set the Minimum Funding Guarantee (MFG) range between 0% and 0.5%. The Schools Forum agreed to set the MFG for Schools Block and High Needs Block at 0%. Five primary schools are affected using this percentage value. Sutton implemented the NFF in full in 2019/20, but has made a change in 2024/25 to the NFF Basic Entitlement to facilitate the above mentioned actions - the 0.5% transfer to the High Needs Block and an additional adjustment within the Schools Block, to cover the Growth Fund shortfall.

10. Influence on the Council's Corporate Core Values and Objectives

- 10.1. One of the core values is partnership working. Setting the budget for the Dedicated Schools Grant, and considering related issues, is an important part of the budget process that fully involves schools as partners and particularly recognises the important role of the Schools' Forum.

11. Appendices

Appendix Letter	Appendix Title
A	DSG Draft Budget 2023/24
B	NFF Schools Formula Funding Factors 2024/25
C	Exceptional Briefing Paper - January 2024
D	De-delegation Table 2024/25
E	LA Contribution to Statutory Duties 2024/25
F	Historic Commitments 2023/24 estimate
G	Delegated Schools Funding Comparison 2024/25 vs. 2023/24