

ITEM 4

Overall DSG budget for 2024/25 and Budget approval for CSSB and High Needs Block

Recommendation

The school's Forum is asked to: -

- a) Note the overall DfE increase across the four DSG Blocks;
- b) Note the overall 1.82% increase in the school's block allocation for 2024/25
- c) Note the risks related to the Central School Services Block which requires LA to seek protection from the DfE Policy Team due to the prudential borrowing and other historical commitments.
- d) Note the Significant progress of the High Needs (Safety Valve) forecast.
- e) Approve the draft budget allocation for the Central School Services Block for 2024/5.
- f) Approve the indicative budget allocation for the High Needs Block for 2024/5 in appendix (a)

Members of Forum allowed to vote: - Vote required on this item.

(Yellow highlighting is steering group)

1. Introduction

- 1.1 This report presents an overview of the overall DSG allocation across the four blocks and provides legal, financial, and strategic implications to schools, local authorities, and Schools Forum.
- 1.2 The Dedicated Schools Grant (DSG) is a ring-fenced grant of which the Schools Block element funds individual schools' budgets for Croydon-Maintained Schools and Academies. The grant is paid to the Council by the Secretary of State under Section 14 of the Education Act 2003. Academies receive their allocations directly from the DfE.
- 1.3 The DSG is provided outside the local government finance settlement, which is the funding payable to the local government after the House of Commons approval. The DSG grant must be allocated, in line with the associated conditions of the School and Early Years Finance Regulations, to the schools' budget in the year it is paid hence Schools Forum and the local authority need to ensure assurance and compliance.

2. Schools Block (1.82% increase). The local authority is responsible for setting Croydon's £319.1m annual school budget. There are currently 109 schools with a total pupil population of 50,578, as reported in the most recent DfE National Funding Formulae data. The 109 schools comprise 86 Primary schools, 22 Secondary schools and 1 all-through school. The forum approved the factors used in allocating the factors, and the work is now with the DfE for validation and approval. Table 1 below shows that the overall increase for 204-25 is now 1.82%.

2.1 Growth Allocation - The growth budget is an element of the school's block. Forum had agreed a funding methodology in line with the DfE rule and DfE safety Valve approval related to the funding for the Speech and language therapies lead by the SEND Locality Team.

Table 1. Change in Schools Block Allocation

	B	C	D	E	F	G
		2023/24 (A)	2024/25 (B)	Total Change (C) = (B) -(A)	Value change	Percentage change
		(A)	(B)	(C)		
1	Primary School Rate of Funding (£'s)	5,383.68	5,477.01	93.33	£2,919,409	1.73%
2	Primary School Pupil Numbers (no)	31,280.50	31,278.50	-2.00	-£10,954	-0.01%
3	Primary Block Funding (£'s)	168,404,202	171,312,657	2,908,455	2,908,455	1.73%
4						
5	Secondary school Rate of Funding (£'s)	7,278.90	7,391.76	112.86	£2,166,404	1.55%
6	Secondary school Pupil Numbers (No)	19,195.50	19,299.33	103.83	£767,486	0.54%
7	Secondary Block Funding	139,722,125	142,656,016	2,933,891	2,933,891	2.09%
8						
9	Premises (£; s)	3,243,546	3,446,676	203,130	203,130	6.26%
10	Growth (£'s)	2,063,504	1,718,503	-345,001	-345,001	-16.72%
11	Overall Total	313,433,377	319,133,852	5,700,475	5,700,475	1.82%

2.2 The funding formula factors used to determine each school budget allocation are set by the DfE. The funding rates and local factors were reviewed and recommended by the Croydon Schools Forum on 6 November 2023, and Cabinet approved the factors on 31st January 2024.

3. Central school services block

3.1 This grant funds local authorities to carry out Central functions on behalf of maintained schools and academies. It comprises two discrete elements: 'Ongoing Responsibilities' and 'Historic Commitments' driven by statutory responsibilities. The government legislative instrument with reference "The School and Early Years Finance (England) (No. 2) Regulations 2023" provides a broad range of functions provided by the Local Authority that can be funded from the above grant.

3.2 Table 2 indicates an overall reduction in funding by £32k, although wages and other expenditures continue to increase due to inflationary pressures.

Table 2. Change in CSSB Block Allocation

	B	C	D	E	F	G
		CSSB Unit of Funding	CSSB Pupil Count	On-going Commitments	Funding for Historic Commitments	Total Central School Services Block
		(£'s)		(£'s)	(£'s)	(£'s)
1	Year 2023/24	52.93	50,476.00	2,671,694	2,056,320.00	4,728,014.00
3	Year 2024/25	52.20	50,577.83	2,640,163	2,056,320.00	4,696,482.73
4	Change	-0.73	101.83	-£31,531.27	0.00	-31,531.27

3.2.1 **Ongoing Commitments.** The amount payable is based on the LA's funding rate of £52.2 for the basic per-pupil factor multiplied by the LA's schools block pupil count as given by the 2024-25 DSG allocations. See paragraph 1.3 above and note the budget gap between the grant of £2.640m shown in table 2 and expenditure budget of £2.048m. The £592k difference is used in funding part of the annual £1.4m funding shortfall in the historical commitment part of the CSSB block. See paragraph 3.5 and 3.6.

3.2.2 The primary expenditure type under ongoing responsibilities includes:

- a) Licenses negotiated centrally by the Secretary of State for all publicly funded schools (sch 2, 8);

- b) Schools Admissions remission of boarding fees at maintained schools and academies and servicing of school's forums;
- c) Finance, Internal Audit cost and management salaries related to education functions

Table 3. On Going commitment provisional allocation

	B	C
	Detailed budgeted Responsibilities	2024/25
1	Ongoing Functions	£
2	Schools' forum costs	99,000.00
3	Commissioning standards, Other Statutory Duties and Asset management	541,000.00
4	Academies - Legal Cost	0.00
5	School Admission Team and Improvement Central	614,000.00
6	Finance and Audit	333,000.00
7	Education welfare service* (General Fund / PH / CSSB)	435,000.00
8	Health & Wellbeing*(General Fund / PH / CSSB)	0.00
9	Safeguarding & multiagency liaison *(General Fund / CSSB)	0.00
10	SACRE*(General Fund /CSSB)	26,000.00
11	Sub- total Ongoing costs	2,048,000.00

- 3.3 Historic commitments.** The local authority continued to use the historical commitment to fund other corporate functions included in the legislative instrument. These include the prudential borrowing cost related to PFI transactions and other historical activities related to education functions.
- 3.4 Protection from 20% reduction.** The DfE policy team agreed on the protection of funding reduction for 2024/5 following a submission to the department by the Council. The protection covers the prudential borrowing and/or termination of employment (historical Teacher's Pension) cost. A significant part of the overall expenditure for that service is funded from the general fund. The local authority has, over the years, been under much budget pressure on the general fund to cover a significant part of the annual historical Teacher's Pension cost of £1.4m and the prudential borrowing cost of £3m.
- 3.5** Historic commitments reflect a long-standing contribution from the Dedicated Schools Grant (DSG) towards our interest charges on capital investment in 2011. This element of the CSSB grant for 2023-24 has been reduced by [20%] £514k from £2.570m to £2.056m. The key historical commitment (Prudential Borrowing) of a £3million annual charge for over 15 years borrowing costs associated with creating the ELPs (Enhanced Learning Provisions). The LA is still dealing with a significant termination cost of £1.4m each year.
- 3.6 Budget risk and request for protection.** The local authority will need to seek the DfE policy team's approval for the protection of funding reduction in future years regarding the prudential borrowing and/or termination of employment (historical Teacher's Pension) cost.

Table 4 Croydon key historical Commitments

	B	C	D
	Detailed budgeted Responsibilities	2024/25	2024/25
1		Commitments	Grant Funding
2	Historic Commitments	£	£
3	Termination costs *	1,400,000.00	56,320.00
4	Prudential Borrowing costs	3,000,000.00	2,000,000.00
5	Sub-total Historic Commitments	4,400,000.00	2,056,320.00

3.7 Forum Approval – This paper is seeking Forum approval for the proposed budget allocation for 2024/5 in tables (3) and (4)

4 High Needs block

4.1 The overall High Needs Block **increased by £2.408m from £82.566m to £84.974m**. This growth allocation has been allocated to the relevant areas based on the SEND strategy and spending level. The DfE recommended that the Minimum Funding Guarantee (MFG) to be operated by local authorities for 2024 to 2025 must be at least 0%, and the local authority should consider setting the minimum increase within a range of 0% to 0.5%.

4.2 There will be a separate teachers' pay additional grant (TPAG) for 2024 to 2025, reflecting the additional costs of the 2023 teachers' pay award. There will also be a new teachers' pensions grant for 2024 to 2025. These separate grants should not be confused with the historic teachers' pay and pensions funding, which is part of the DSG high needs funding block paid separately by the local authority based on a per place basis.

4.3 Forum Approval – This paper is seeking Forum approval for the proposed budget allocation for 2024/5 in appendix (a)

5 High Needs Block (HNB) - DfE Safety valve agreement

5.1 Financial Target under the DfE SV agreement: Table 1 below represents a snapshot of the progress on the DSG deficit reduction and SEND implementation strategy.

5.2 The table shows the quarter three forecast position of £705k overspend, which is within the DfE target of £725k.

5.3 The local authority will likely receive all £3.290m funding from the DfE as part of the agreement with the DfE Safety Valve Team. The Council has further demonstrated that it is on target to deliver the 2023/24 set financial targets shown in line 3 of Table 3.

Table 3. HNB Ongoing commitment provisional allocation

Reference	Forecast - to assess whether LA is on track to achieve a £0 DSG deficit at the end of its Safety Valve agreement.	Outturn 22 /23	23-24 Target - as per agreement	Q3 Forecast 23-24	Forecast 24-25	Forecast 25-26	Forecast 26-27
		£m	£m	£m	£m	£m	£m
Line 1	Cumulative DSG deficit - brought forward (deficit at the beginning of the financial year)	-21.295	-15.384	-15.384	-12.799	-10.078	-6.675
Line 3	In the year DSG deficit (before Safety Valve and local contributions)	-5.049	-0.725	-0.705	-0.569	0.113	0.121
Line 4		-26.344	-16.109	-16.089	-13.368	-9.965	-6.554
Line 5	Safety Valve programme contribution	10.960	3.290	3.290	3.290	3.290	6.580
Line 6	Local contribution	-	-	-	-	-	-
Line 7	Cumulative DSG deficit - carry forward (deficit at end of financial year)	-15.384	-12.819	-12.799	-10.078	-6.675	0.026

6 **Conclusion**

- 6.1 Forum should note the overall changes in budget for the three blocks and the risks associated with the changes, which includes likely more schools to be in deficit due to just a 1.82% (secondaries 2.09%, primaries 1.73%) increase in school block allocation. Special schools have been allocated a small increase for growth in pupil numbers and not price inflation. Finally, the local authority should consider how it will provide its statutory services, recognising the funding shortfall related to the historical commitment to the Central School Services block.

Recommendation

The school's Forum is asked to: -

- a) Note the overall DfE increase across the four DSG Blocks.
- b) Note the overall 1.82% increase in the school's block allocation for 2024/25
- c) Note the risks related to the Central School Services Block which requires LA to seek protection from the DfE Policy Team due to the prudential borrowing and other historical commitments.
- d) Note the significant progress of the High Needs (Safety Valve) forecast.
- e) Approve the draft budget allocation for the Central School Services Block for 2024/5.
- f) Approve the indicative budget allocation for the High Needs Block for 2024/5 in appendix (a)

Appendix A

	B	C	D	E	F	G
	0-25:Schools Provisions / Service	Current Budget 2022/23	Current Budget 2023/24	Change	Current Budget 2024/25	Comments
		£,000	£,000	£,000	£,000	
1	EHCP Pupils: Croydon Mainstream Schools + Academies	5,932	5,732	300	6,032	5% Increase for 2024/5 for an increase in numbers
2	Croydon Enhanced Learning Provision	2,784	2,934	120	3,054	4.09 % Increase for 2024/5 for increased in numbers as more schools create ELPS
3	Croydon Special Schools (including 6th forms)	23,650	27,330	1,516	28,846	5.56% Increase for 2024/5 (3% minimum funding Guarantee + increase in pupil's numbers)
4	Small schools' factor	149	164	0	164	
5	Pre & Post16 Independent & Non-Maintained Provision	11,180	11,180	500	11,680	4.47% Increase for 2024/5 (increase top-up fees from providers)
6	Croydon pupils in out of borough-maintained schools	4,149	4,649	200	4,849	4.3% Increase for 2024/5 (increase in pupils' numbers)
7	Early Years (0-5)	1,200	1,200	0	1,200	
8	FE colleges	4,293	4,793	250	5,043	5.22% Increase for 2024/5 (increase in pupils' numbers)
9	Out of borough Hospital Education cost	385	385	0	385	
10	Croydon Pupil Referral Units	3,395	3,395	0	3,395	
11	Alternative Provision (including Home Tuition & Fair Access)	1,361	1,361	0	1,361	
12	Beckmead Group (Special School)	5,259	5,259	160	5,419	3.04% Increase for 2024/5 (3% minimum funding Guarantee)
13	Commissioned Outreach + Pathways - Waddon Programme	40	390	0	390	
14	Out of borough Hospital Education cost + Complex Cases	0	1,142	0	1,142	
15	Additional Grant allocated to SEN Transformation model	2,485	3,106	-1,916	1,190	The budget was reduced due to DfE's removal of the additional grant this year.
16	Cluster of Schools Project	1,868	1,868	28	1,896	
17	Teachers Pension	1,037	1,296	0	1,296	
18	Sub Total (a)	69,167	76,184	1,158	77,342	
19	Support for Inclusion + Home Education	2,067	2,204	0	2,204	
20	Virtual School	720	720	0	720	
21	Communication Support C	1,320	1,320	0	1,320	
22	Primary PRU Intervention Programme	0	0	0	0	
23	SEN Transport cost	250	313	50	363	To reflect S251 rules regarding direct payment and to seek DfE Clarity on this funding.
24	Therapies. Speech and Language	968	968	0	968	
25	Inclusion support	450	450	0	450	
26	Peril-Hearing Impairment Team	326	407	0	407	
27	Sub Total (b)	6,101	6,382	50	6,432	
28	Total in-year Position	75,268	82,566	1,208	83,774	
29	Cumulative Overspend b/f					
30	Top sliced - schools block	0	0	1200	1200	To be allocated after DfE Confirmation
31	Final Total	75,268	82,566	2,408	84,974	

Appendix B

Extract from the “The School and Early Years Finance (England) (No. 2) Regulations 2018.

PART 1 Historic commitments

1. CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.

2. Expenditure in respect

of— (a) Prudential borrowing;

(b) termination of employment costs, where the schools forum has approved the charging of these costs to the schools budget for the funding period in which they were incurred and the revenue savings achieved by the termination of employment to which they relate are equal to or greater than the costs incurred;

(c) services (often known as combined budgets) funded partly from central expenditure and partly from other budgets of the local authority or contributions from other bodies, where the expenditure relates to classes or descriptions of expenditure falling outside those in this Schedule;

(d) special educational needs, transport costs, and

(e) purposes not falling within any other paragraph of this Schedule, provided that the expenditure does not amount in total to more than 0.1% of the authority’s schools budget,

which was approved by the schools forum or the Secretary of State before 1 April 2013.

3. Any deductions under any of paragraphs 1 and 2(a), 2(b), 2(c), 2(d) and 2(e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2018 Regulations for the previous funding period.

PART 2 Central Schools Expenditure

4. Expenditure due to significant growth in pupil numbers as a result of the local authority’s duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area, including expenditure resulting from the additional costs associated with establishing a new school.

5. Expenditure to be incurred due to a decline in pupil numbers in—

(a) schools maintained by the authority which were awarded either the highest or the second highest grade in their last inspection under section 5 of the 2005 Act, including those inspected during the funding period, and

(b) academies that have not previously been inspected under section 5 of the 2005 Act and have a predecessor school or schools which were awarded the highest or second highest grade in their last inspection under section 5 of the 2005 Act, including those inspected during the funding period,

where funding is likely to be necessary due to subsequent growth in pupil numbers at such schools before the end of the next three financial years after the funding period.

6. Expenditure to be incurred before the opening of new schools to fund the appointment of staff and to enable the purchase of any goods and services necessary in order to admit pupils.
7. Expenditure to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) (England) Regulations 2012(1).
8. Expenditure on licences, which are negotiated centrally by the Secretary of State for all publicly funded schools.
9. Expenditure on the operation of the system of admissions of pupils to schools (including expenditure incurred in carrying out consultations under section 88C(2) of the 1998 Act) and in relation to appeals.
10. Expenditure under section 18 of the 1996 Act(2) in making any grant or other payment in respect of fees or expenses (of whatever nature) which are payable in connection with the attendance of pupils at a school which is not maintained by any local authority.
11. Remission of boarding fees payable in connection with the attendance of pupils at maintained schools and academies under sections 458 or 514 of the 1996 Act or section 10A of the 2010 Act.
12. Expenditure in connection with the authority's functions under section 47A of the 1998 Act (establishment and maintenance of, and consultation with, school forums).
13. Expenditure on pay arrears due to staff employed at maintained schools and other staff whose salaries are met from the school budget, and expenditure on the costs of financing payment of such arrears, where the expenditure is not chargeable to a maintained school's budget share under the terms of the local authority's scheme.

PART 3 Other Central Education Expenditure

Asset management

14. Expenditure in connection with education functions in relation to the following areas of expenditure—
- (a) management of the authority's capital programme, including preparation and review of an asset management plan and negotiation and management of private finance transactions; and
- (b) landlord responsibilities of the authority (including in relation to land leased to academies),
- which is not within the description of expenditure in paragraph 77.

Strategic management

15. Expenditure on education functions related to—
- (a) functions of the director of children's services and the personal staff of the director;
- (b) planning for the education service as a whole;
- (c) authorisation and monitoring of expenditure which is not met from the budget shares of schools maintained by the authority and all related financial administration;
- (d) the formulation and review of the methods of allocating resources to schools maintained by the authority and other bodies;

(e) *internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972(3) in so far as the responsibilities do not relate to maintained schools; and*

(f) *the preparation and review of plans involving collaboration with other local authority services or with public or voluntary bodies.*

(g) **Other functions**

16. *Expenditure arising from the authority's functions under Chapter 2 of Part 6 of the 1996 Act (school attendance).*

17. *Expenditure in connection with the authority's functions in relation to the standing advisory Council on religious education constituted by the authority under section 390 of the 1996 Act(4) or on the reconsideration and preparation of an agreed syllabus of religious education in accordance with Schedule 31 to the 1996 Act.*

18. *Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933(5) (enforcement of, and power to make, by-laws in relation to, restrictions on the employment of children).*

19. *Expenditure in relation to consultation and functions preparatory to consultation with or by governing bodies, pupils, or with other interested bodies in connection with education functions, which is not within the description of expenditure in paragraph 67 of this Schedule.*

20. *Expenditure on the authority's functions in relation to the exclusion of pupils from schools.*

21. *Expenditure in relation to the provision of information to or at the request of the Crown and the provision of other information that the authority is under a duty to make available, which is not within the description of expenditure in paragraph 69 of this Schedule.*

22. *Expenditure on education functions related to revenue budget preparation, preparation of information on income and expenditure relating to education for incorporation into the authority's annual statement of accounts, and the external audit of grant claims and returns relating to education that is not within the description of expenditure at paragraph 74 of this Schedule.*

23. *Expenditure in connection with the authority's duty under regulation 9A of the School Information (England) Regulations 2008(6)*