

## Committee report

Committee	<b>SCHOOLS FORUM</b>
Date	<b>18 JANUARY 2024</b>
Title	<b>DEDICATED SCHOOLS GRANT (DSG) BUDGET 2024/25</b>
Report of	<b>DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE</b>

### EXECUTIVE SUMMARY

1. This report provides an update on the 2024/25 budget setting following release of dedicated schools grant (DSG) allocations for 2024/25 received in December 2023. This report links to earlier decisions taken by Forum in November 2023 and sets out the budget allocations for each funding block, alongside confirmation of final de-delegation funding rates.

### 2024/25 DEDICATED SCHOOLS GRANT FUNDING SETTLEMENT

2. DSG allocations for 2024/25 were released by the Department for Education (DfE) on 19 December 2023, including a breakdown by funding block, building on indicative allocations that were received in the autumn of 2023. The actual allocations can be found on the [DFE Website](#), summarised and compared to the current year in the following table (pre-recoupment of funding passed to academies directly by the Education Skills & Funding Agency (ESFA)).

Block	2023/24 Allocation (Nov23) £000	2024/25 Allocation (Dec23) £000	Change £000
Early years	6,609	10,920	4,311
Schools Block	85,168	89,180	4,012
High needs	21,756	22,335	579
Central	598	609	11
<b>Total DSG</b>	<b>114,131</b>	<b>123,044</b>	<b>8,913</b>

3. When comparing between years note that the previously separate Mainstream Schools Additional Grant equivalent funding has been rolled into the schools' block funding formula from 2024/25 in the region of £2.9million.

4. The remaining change between years is a culmination of additional funding added to the early years linked to the extension of free entitlement for working parents from 2024/25, increase in early years hourly rates, additional funding added across national level school funding formula factors, additional high needs funding in the region of 3.2 per cent per head of population, and also the financial impact of changes in pupil numbers and characteristics following the October 2023 census.
5. Allocations will be further updated in the summer to reflect the January 2024 early years census and to update the import/export adjustment in relation to high needs which is normally minor.

## EARLY YEARS

6. Introduction of the new working parents' entitlements for two-year-olds from April 2024 and under two-year-olds from September 2024, as well as the increase in the funding rates, resulted in the increase of £4.3million in Early Years funding compared to 2023/24. The increase in funding rates for the existing entitlements is an additional twenty-five pence per hour for two-year old and twenty-eight pence for three and four-year old rates.
7. Schools Forum is required annually to approve the level of central funding. Local authorities are required to pass through at least 95% of their funding from the government to early years providers. From 2024/25 the pass-through rule extends to the under 2-year-old and 2-year-old entitlements in addition to the current pass-through requirement which applies to 3–4-year-old entitlements only. The remaining DfE limited 5% can be used for centrally retained services. The pass-through rate is expected to increase to 97% once the new entitlements for working parents are fully rolled out.
8. The proposed central budget for 2024/25 is £426,500, which will result in an increase of the pass-through to the providers to 96%, 1% higher than the current level. The Early Years Advisory Team (EYAT) supports 79 providers resulting in 93% of Early Years Children benefiting from an early years setting judged to be good or outstanding by Ofsted.
9. The central team supports through annual visits, targeted support, training, briefings, projects, supporting Early Years children in care, financial reviews, safeguarding audits, and business surgeries to ensure providers deliver high quality childcare provision with a sustainable business model which contribute towards ensuring sufficient children places are available on the Island.
10. The £65,000 change relates to the staffing element of the budget. An additional specialist SEN Teacher is to be appointed to join the team to support, advise and challenge Early Years settings including Reception to ensure the needs of the most vulnerable children are being met. The specialist teacher will also support Early Years children transitioning from an Early Years setting to a school.
11. The Early Years Advisory team currently has a 0.6 Childcare, Business and Sufficiency Officer in place. This position due to the additional DfE programmes and capacity, will become full time from April 2024. This will result in an increase of £20,000.

12. The remaining increase of £14,000 relates to the expected pay award and minor inflationary increases in the budget.

	2023/24 Current £'000	2024/25 Proposed £'000	Change £'000
Employee related	298	392	94
Transport	4	5	1
Supplies & Services	26	30	4
<b>Central Early Years Team</b>	<b>328</b>	<b>427</b>	<b>99</b>

13. The Early Years Team is currently consulting with the providers on setting the funding rates for 2024/25. Following outcome of the consultation and in line with DfE requirements, schedule of rates to become active for April 2024, and budget estimates will be issued to providers by 31 March 2024.
14. Three and four-year old funding currently involves deprivation, flexibility and quality factors. Early Years Team propose to simplify the formula and remove the flexibility factor. The quality supplement was added in 2023/24 financial year as a result of the rolling in of the teacher's pay and pension grant. 2023/24 teachers' pay and pension grant is rolled to the 2024/25 EYNFF, and the equivalent of 1 pence has been added to the to the quality supplement as in previous year.

Rate	2023/24	2023/24 combined with EYSG	2024/25	Change to combined rate
LA Funding rate	4.87	5.36	5.64	0.28
Central	0.24	0.24	0.22	-0.02
Inclusion	0.11	0.11	0.11	0.00
<b>Provider funding rate</b>	<b>4.52</b>	<b>5.01</b>	<b>5.31</b>	<b>0.30</b>

15. The proposal on the three- and four-year-old funding rate that is currently consulted with the providers is as follows:

Rate	2023/24	2023/24 combined with EYSG	2024/25	Change to combined rate
3-4-year-old provider rate	4.52	5.01	5.31	0.30
Base	4.16	4.65	5.10	0.45
Deprivation	0.19	0.19	0.19	0.00
Flexibility	0.16	0.16	N/A	-0.16
Quality	0.01	0.01	0.02	0.01

16. The current two-year-old funding is payable on the base rate only. Following introduction of the new working parents' entitlement from April 2024, the Early years team is consulting on introducing a single rate for two-year-old entitlements which includes a deprivation factor for disadvantaged children entitlement only. This will

ensure the DfE requirement that disadvantaged entitlement is funded as a minimum at the same level as working parents' entitlement.

<b>Rate</b>	<b>2024/25</b>
LA Funding	8.06
Central	0.32
Inclusion	0.11
<b>Provider funding rate</b>	<b>7.63</b>

17. The proposal on the two-year-old funding rate that is currently consulted with the providers is as follows:

<b>Rate</b>	<b>2024/25</b>
2-year-old provider rate	7.63
Base	7.55
Deprivation	0.08

18. The Early Years team is consulting with the providers on adopting the same principles for under two-year-old working parents funding rate as for two-year-olds working parents. The proposal is that the under two-year-old rate will not attract a deprivation factor and therefore will be paid on the base rate only.

<b>Rate</b>	<b>2024/25</b>
LA Funding	10.97
Central	0.44
Inclusion	0.11
<b>Provider funding rate</b>	<b>10.42</b>

19. The final rates payable for 2024/25 will be confirmed at the March 2024 Schools Forum alongside any updates to the budgets.

## SCHOOLS BLOCK

20. The vast majority of schools' block funding is managed through the local school funding formula in budget share allocations to schools which is covered by the separate report on the Isle of Wight school funding formula for 2024/25. The general outcome being the continuation of using national funding formula values, will lead to increases in per pupil funding to all schools.

### Growth Fund

21. The growth fund factor allocation was previously agreed in November Schools forum to be ringfenced for Growth budget. The final growth funding factor allocation is £206,187 and the budget for 2024/25 is set to this value.

### De-delegated Services

22. Services to be de-delegated were considered at the November 2023 meeting with relevant Schools Forum representatives supporting the continued de-delegation of current services into 2024/25. Following receipt of the DSG allocation, including October 2023 pupil numbers, final per pupil and lump sum charges can be confirmed for maintained schools. The final items, basis and rates for this year and next are included in the following table.

Service	Basis	Primary		Secondary		Budget 2024/25
		2023/24 (current)	2024/25 (final)	2023/24 (current)	2024/25 (final)	
<b>Item</b>						
Licenses & subscriptions	Lump sum	£725.43	£754.45	£476.41	£495.47	£26,959
Trade union facilities time	Per pupil	£4.14	£4.14	£4.31	£4.31	£47,449
FSM eligibility checking	FSM6	£1.50	£1.50	£2.50	£2.50	£16,844
	IDACI F	£1.00	£1.00	£1.50	£1.50	
	IDACI E	£1.50	£1.50	£2.00	£2.00	
	IDACI D	£2.00	£2.00	£2.50	£2.50	
	IDACI C	£3.00	£3.00	£3.50	£3.50	
	IDACI B	£3.50	£3.50	£4.00	£4.00	
	IDACI A	£4.00	£4.00	£4.50	£4.50	
<b>TOTAL DE-DELEGATION</b>						<b>£91,252</b>

23. Overall de-delegation budgets are included as part of appendix A in line with assumptions previously presented and agreement from forum members supporting those services. No further School Forum decisions on de-delegation are required. The breakdown of the trade unions budget will be communicated to unions on receipt and analysis of quarter 3 returns.

### Education Functions

24. Maintained representatives agreed in November 2023 an increase to the education functions charge, increasing it by £5.00 to £77.00 per pupil for 2024/25. This charge makes a contribution towards central local authority responsibilities held for maintained schools around statutory and regulatory duties, education welfare, asset management, premature retirement and redundancy.

Function	2023/24	2024/25	%
Statutory & Regulatory Services	£19.42	£22.23	29%
Premature Retirement & Redundancy	£38.58	£40.19	52%
School Improvement	£14.00	£14.58	19%
<b>PROPOSED CHARGE PER PUPIL</b>	<b>£72.00</b>	<b>£77.00</b>	<b>100%</b>

### HIGH NEEDS BLOCK

25. The December 2024/25 high needs block allocation has confirmed an increase in funding compared to this year of £579,000 similar to the value estimated by the DfE through indicative modelling in the summer. As a very historically better funded

authority the Isle of Wight only receives the minimum level of increase experienced in national allocations across authorities.

26. Despite the increased funding and implementation of Safety Valve initiatives, a significant gap remains for 2024/25 with an underlying budget shortfall in the region of £2.7million, £1.5million different to the Safety Valve profile. There is ongoing work on developing strategies to close this gap. Demand, mix of provision, cost, and linkages to the Safety Valve strategy have been fully considered in drafting the high needs budget for 2024/25.
27. Schools Forum helpfully supported the transfer of 0.5% of schools block funding which equates to £445,898 for 2024/25. The transfer will support the number of projects that are currently underway to meet our Safety Valve commitments. The remaining high needs savings to be identified stands at £2.7 million (flagged under the high needs contingency line within appendix A).

Service Area	2023/24		2024/25
	Current Budget	Forecast Outturn	Proposed Budget
	£000	£000	£000
<b>HIGH NEEDS BLOCK ESTIMATED/ACTUAL</b>	<b>21,774</b>	<b>21,774</b>	<b>22,335</b>
Place Funding	5,085	5,094	5,238
High Needs Top Up Funding	12,714	13,486	13,438
Independent & Non-Maintained Special Schools	3,585	4,182	4,053
SEN Central Teams	1,630	1,601	1,321
Hospital Education Provision	16	14	16
Primary Behaviour Service	0	416	572
Support for Inclusion & Education Out of School	162	143	165
SEN Transport	670	670	670
<b>TOTAL EXPENDITURE</b>	<b>23,862</b>	<b>25,606</b>	<b>25,486</b>
High needs transfer	0	0	446
Safety Valve funding	1,520	1,520	TBC
Budget Gap	-568	-2,452	-2,705
<b>Difference to Safety Valve plan</b>	<b>0</b>	<b>-1,743</b>	<b>-1,546</b>

28. These in-year variances will be monitored during Safety Valve period to ensure deliverability by the 2026/27 financial year.

### CENTRAL BLOCK

29. Similar to the schools' block, the central block local authority allocation is ultimately based on pupil numbers. The reduction in pupil numbers by 191 has meant the final allocation was £11,000 less than previously estimated in the autumn indicative work. The budget has been allocated on the principles agreed at November 2023 Forum. The national copyright licences value is yet to be confirmed by the DfE and may result in the minor variance to the current budget.

Central Services Expenditure	Final Budget 2024/25 £000
DfE national copyright licenses	£113,806
Independent school non-SEN pupils	£80,000
Servicing of Schools Forum	£14,000
Admissions service	£178,000
Centrally employed teachers' employers pension costs	£22,527
LA statutory functions (all schools)	£201,162
<b>Total</b>	<b>£609,495</b>

### OVERALL SCHOOLS BUDGET

30. The DSG allocations by block received on 19 December 2023 are shown in the following table, compared to the final budget breakdown which is set out in appendix A in detail across all blocks. The local authority decides on the overall budget setting, and this is part of the school funding formula political ratification completed during January each year.

Block	DSG Allocation £'000	Budget Allocation £'000	Net Difference £'000
Early Years	10,920	10,920	0
Schools	89,180	88,734	(446)
High Needs	22,335	22,781	446
Central Services	609	609	0
<b>TOTAL DSG</b>	<b>123,044</b>	<b>123,044</b>	<b>0</b>
Recoupment	26,760	26,760	0
<b>NET IWC BUDGET</b>	<b>96,284</b>	<b>96,284</b>	<b>0</b>

31. This total budget includes recoupment which will be deducted at source from the Isle of Wight DSG allocation and paid to academies and post 16 high needs providers directly by the ESFA. The amount is £26.760 million which results in a net budget to be managed by the local authority of £96.284 million. In addition to this, NNDR charges will be deducted at source by the DfE, and relevant local authority business rates departments will be reimbursed directly (£1.3million). This centralisation has no impact on individual school allocations.
32. This final budget will be reported to the DfE through the Section 251 Spring return and will form the basis of Schools Forum budget monitoring for the coming financial year.

## FUTURE FUNDING

33. There is presently uncertainty around future of the schools funding due to a financial settlement cycle for 2025/26 on top of potential government changes in the Autumn. We are expecting schools funding announcements as usual in the summer term.
34. Additional DSG funding of £517,146 to support schools in financial difficulty has been allocated to Local Authority for 2023/24 financial year only. As per condition of the grant this funding will be a source of cash sums for eliminating a deficit balance. The Local Authority is working on the criteria for distribution and will report at the next schools forum. The funding will be allocated on a case-by-case basis and will take into account severity of the school's position prioritising those in greatest need.

## RECOMMENDATIONS

1. That Schools Forum approves the Early Years Central Team budget of £426,500 for 2024/25.
2. That Schools Forum endorse the proposed early years funding rates.
3. That Schools Forum notes the proposed DSG budget allocations for 2024/25 set out in appendix A.

## APPENDICES ATTACHED

Appendix A – Isle of Wight Dedicated Schools Grant Budget 2024/25

## BACKGROUND PAPERS

[Schools Forum - Paper E 2024-25 School Funding](#)

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## APPENDIX A

## ISLE OF WIGHT DEDICATED SCHOOLS GRANT BUDGET 2024/25

Service Area	Proposed Budget £	Recoupment £	GROSS DSG BUDGET £
Under 2 Year Old Entitlement	1,164,158	0	1,164,158
Pupil Premium	2,690	0	2,690
Disability Access Fund	7,280.00	0	7,280.00
Under 2 Year Old Free Entitlement	1,174,128	0	1,174,128
2 Year Old Entitlement	2,840,652	0	2,840,652
Pupil Premium	53,815	0	53,815
Disability Access Fund	18,200	0	18,200
2 Year Old Free Entitlement	2,912,667	0	2,912,667
Universal (15hr) & Additional (30hr) Entitlement	6,065,943	0	6,065,943
Early Years Pupil Premium	103,718	0	103,718
Disability Access Fund	61,880	0	61,880
3-4 Year Old Free Entitlement	6,231,541	0	6,231,541
SEN Inclusion	175,000	0	175,000
Early Years Central Expenditure	426,500	0	426,500
<b>EARLY YEARS BLOCK</b>	<b>10,919,836</b>	<b>0</b>	<b>10,919,836</b>
Primary Budget Shares	38,198,397	5,131,803	43,330,200
All-through Budget Shares	8,189,124	0	8,189,124
Secondary Budget Shares	15,520,884	20,548,384	36,069,268
School Budget Shares	61,908,405	25,680,187	87,588,592
De-delegated: Free School Meals Eligibility	16,844	0	16,844
De-delegated: Licences / Subscriptions	26,959	0	26,959
De-delegated: TU Facilities Cover	47,449	0	47,449
De-delegation	91,252	0	91,252
LA Education Functions	847,693	0	847,693
Growth Fund	206,187	0	206,187
<b>SCHOOLS BLOCK</b>	<b>63,053,537</b>	<b>25,680,187</b>	<b>88,733,724</b>
Special Place Funding	2,988,866	0	2,988,866
Resourced Place Funding	379,072	60,000	427,072
Post 16 Place Funding	0	1,020,000	1,020,000
Island Learning Centre - Place Funding	774,070	0	774,070
LA Education Functions (all schools HN)	28,182	0	28,182
Place Funding	4,170,190	1,080,000	5,238,190
Special School Top Up	4,855,013	0	4,855,013
Mainstream School Top Up	2,640,643	0	2,640,643
Resourced Provision Top Up	749,631	0	749,631
Island Learning Centre Top Up	758,598	0	758,598
Post 16 Top Up	1,990,711	0	1,990,711
Early Years SEN Funding	254,577	0	254,577
High Needs Top Up Funding - Discretionary	516,435	0	516,435
Education Personal Budgets	1,653,122	0	1,653,122
Pupils in Other Local Authorities Top Up	20,000	0	20,000
High Needs Top Up Funding	13,438,730	0	13,438,730
Independent & Non-Maintained Special Schools	4,053,121	0	4,053,121
SEN Central Teams	1,321,308	0	1,321,308
Hospital Education Provision	16,074	0	16,074
Primary Behaviour Service	572,000	0	572,000
Support for Inclusion & Education Out of School	164,967	0	164,967
SEN Transport	670,000	0	670,000
High Needs Contingency	(2,705,487)	0	(2,705,487)
<b>HIGH NEEDS BLOCK</b>	<b>21,700,903</b>	<b>1,080,000</b>	<b>22,780,903</b>
Admissions Service	178,000	0	178,000
Copyright	113,806	0	113,806
Fees to Independent Schools without SEN	80,000	0	80,000
LA Education Functions (all schools)	201,162	0	201,162
Centrally Employed Teachers	22,527	0	22,527
Servicing of Schools Forum	14,000	0	14,000
<b>CENTRAL SERVICES BLOCK</b>	<b>609,495</b>	<b>0</b>	<b>609,495</b>
<b>TOTAL DSG BUDGET</b>	<b>96,283,771</b>	<b>26,760,187</b>	<b>123,043,958</b>