

## Allocation of the Dedicated Schools Grant 2024-25

- 1.1 The Dedicated Schools Grant (DSG) funds both maintained schools and academies and is ring fenced for schools and pupil activity as defined by the School and Early years Finance (England) Regulations. The grant is notionally split between four funding blocks: Schools, central school services, early years, and high needs. Its use is split between the:
- Individual School’s Budget (ISB) or delegated budget. This is the funding that is passed directly to schools and is mainly formula driven, and
  - The Centrally Retained School’s Budget (non-delegated budget).
- 1.2 There is limited flexibility for Local Authorities to transfer funding between the four blocks, but it cannot be used for other purposes. The Education and Skills Funding Agency have limited the movement of funds from the Schools Block to 0.5% of the total Schools Block allocation, but only with the agreement of the Schools Forum after having consulting with all schools. There is no block transfer agreed for 2024-25.
- 1.3 The Authority has a responsibility to ensure that the DSG is deployed in accordance with the conditions of grant and the School and Early Years Finance (England) Regulations. The arrangements for 2024-25 are detailed by the Education and Skills Funding agency (ESFA) “Schools operational guide 2024 to 2025”, the “High needs funding 2024 to 2025 operational guide” and the “Early Years operational guide 2024 to 2025 operational guide”.
- 1.4 Schools Forum is consulted on all aspects of the DSG and have termly meetings with council officers. All reports and minutes are published on the [council website](#)<sup>1</sup> .
- 1.5 The latest DSG allocations for 2024-25 financial year were published by the Government in December 2023. Table 1 provides a summary.

**Table 1: Dedicated Schools Grant (DSG) Allocations by Block**

	2023-24 Current Budget	2024-25 December Settlement	Change
	£M	£M	£M
High Needs Block Funding	28.335	29.145	0.810
Central Schools Services Block	0.995	0.971	(0.024)
Indicative Early Years Funding	11.268	17.969	6.701
Schools – Formula Funding	108.774	116.104	7.330
Schools – Pupil Growth	1.039	0.828	(0.211)
<b>Gross DSG</b>	<b>150.411</b>	<b>165.017</b>	<b>14.606</b>
Less: Estimated Academy Recoupment	(73.331)	(77.217)	(3.886)
Less: Direct Funding (High Needs)	(1.435)	(1.524)	(0.089)
<b>Net DSG</b>	<b>75.645</b>	<b>86.276</b>	<b>10.631</b>

## Appendix L

- 2.1 The council budget for 2024-25 reflects a DSG estimate per block based on the December 2023 DSG settlement. The 2024-25 Schools block DSG settlement now includes Mainstream Schools Additional grant (MSAG) previously received in year as a non DSG grant and allocated to schools. The MSAG grant will now be incorporated into the school formula shares from April 2024.
- 2.2 The allocations for the gross Schools and central block grant are now final. A proportion of the High needs block is subject to change by the ESFA. This change will reflect pupil movements, known as 'Imports and exports' funding and a FE college merger. The local authority will also receive a revised in year estimate for the Early years block and this will not be finalised by the ESFA until July 2024, to reflect the January 2024 early years providers Census data.
- 2.3 Updated block allocations are reported to the Schools Forum at the termly meetings, along with the latest budget monitoring forecasts.
- 3.1 At the Schools Forum meetings, the monitoring reports state the latest projected estimate for the DSG reserves. Table 2 provides the DSG Reserves for 2015-16 to 2022-23 and a forecast for 2023-24.

**Table 2 DSG Reserves Balance**

<b>Year End DSG Reserves</b>	<b>Surplus / (Deficit) £'000s</b>
2015-16	737
2016-17	(398)
2017-18	(980)
2018-19	(783)
2019-20	(1,025)
2020-21	(1,791)
2021-22	(2,047)
2022-23	(1,106)
2023-24 Forecast	(1,358)

- 3.2 From 2019-20 onwards, the EFSA has required a deficit recovery plan from any Local Authority that has a cumulative DSG deficit as at the 31 March each year, the requirement is to demonstrate how the Local Authority plans to bring the DSG account back into balance.
- 3.3 The DSG has been in deficit since 2016-17, due to spending pressures in the high needs block in relation to increasing numbers of pupils receiving Education Health & Care Plans (EHCPs), increasing complex needs, and increasing costs of provision, particularly those outside the local authority. Year-end underspends within the other blocks have been used to offset part of the high needs block overspend and reduce the cumulative deficit on the DSG reserve.