

Schools and Early Years Revenue Funding Arrangements 2024-25

To: Children and Young People Committee

Meeting Date: 16 January 2024

From: Executive Director: Children, Education and Families

Electoral division(s): All

Key decision: Yes

Forward Plan ref: KD2024/003

Outcome: To advise the Committee of the 2024-25 Dedicated Schools Grant (DSG) allocation for Cambridgeshire published by the Department for Education (DfE) in December 2023.

To seek the Committee's approval of the 2024-25 local Cambridgeshire schools funding formula.

Recommendation: The Committee is recommended to:

- a) Approve the formula factors and draft unit values to be applied in the local Cambridgeshire funding formula, for primary and secondary mainstream schools as set out in Appendix A (to follow).
- b) Approve the proposed hourly rates for Early Years settings as detailed in section 5.3.

Voting arrangements: Co-opted members of the Committee are eligible to vote on this item.

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1. Background

- 1.1 This report provides an update on the Dedicated Schools Grant (DSG) and the associated funding formula to be applied for Cambridgeshire schools and Early Years providers in 2024-25.
- 1.2 On 19th December 2023 the Department for Education (DfE) published the provisional DSG allocations for 2024-25. Full details can be found on the DfE website at the following link and a summary of the key highlights is provided in Section 2:

[Dedicated schools grant \(DSG\): 2024 to 2025](#)

2. The 2024-25 Dedicated Schools Grant (DSG)

- 2.1 The DfE originally published initial illustrative DSG allocations for each local authority in July 2023. These figures were based on changes the national funding formula (NFF) applied to 2023-24 datasets to allow local authorities to assess the potential impact of the changes, undertake initial modelling and consult with schools. In October all local authorities were notified of an error in the July figures, due to the omission of a significant number of pupils, which artificially inflated the unit values applied. The revised figures resulted in a £4.381m decrease in the illustrative funding completed to the initial figures.
- 2.2 In December 2023 the DfE published the revised DSG allocations which have been refreshed to reflect the October 2023 school census information. These figures, which include the Schools Block, the Central Services Schools Block, the High Needs Block and Early Years Block (indicative) are the basis for the funding allocations below. The actual amount to be received by the local authority during the 2024-25 financial year is subject to change and will be amended to reflect recoupment for academies. The initial 2024-25 allocations for Cambridgeshire are set out in table on the following page, which also provides the 2023-24 allocations for comparison.

DSG Block	2023-24 Allocation £m	2024-25 Initial Allocation £m	Difference to 2022-23 Allocation £m	% Change
Schools Block (incl. growth & business rates)*	468.263	480.591	+12.328	+2.6%
High Needs Block	103.487	107.330	+3.843	+3.7%
Central Services Schools Block	5.563	5.246	-0.318	-5.7%
Early Years Block*	42.263	62.407	+20.143	+47.7%
Total	619.577	655.573	+35.997	+5.8%

*Please note: The 2023-24 Schools Block figure above includes mainstream schools additional grant (MSAG) funding which has now been baselined into main allocations for 2024-25. The 2023-24 Early Years Block figure above includes the Early Years supplementary grant which has been baselined into the 2024-25 allocation plus estimates of the additional allocations for 2-year-olds and under 2s.

- 2.2 The increase in the Schools Block for 2024-25 is as a result of a combination of the additional investment through the national funding formula and the net increase in pupils between October 2022 and October 2023.
- Primary (Reception – Year 6) – net decrease of 360 pupils
 - Secondary (Year 7 –Year 11) – net increase of 916 pupils
- 2.3 The High Needs Block increase is as expected, but has significant implications in the context of continued increasing demand and inflationary pressures.
- 2.4 The change in the Central Services Schools Block (CSSB) is as expected, and relates to historic commitments that the DfE have been tapering funding reductions over an extended period.
- 2.5 The Early Years Block indicative figures are currently based on January 2023 data and as such will be amended to reflect actual levels of take-up on receipt of the January 2023 census data. They also include indicative funding allocations in relation to the 2-year-old entitlement for working parents (£9.2m) and the under-2s entitlement (£6.3m), as well as the baselining of the Early Years supplementary grant into the base hourly rates.

3. Additional Funding

- 3.1 In addition to the DSG, mainstream schools will also additional revenue grants in 2024 to 2025 including the following:
- Pupil Premium - increase to £1,480 for primary pupils and £1,050 for secondary pupils in 2024-25, currently £1,455 (+1.71%) and £1,035 (+1.45%) respectively. <https://www.gov.uk/government/publications/pupil-premium>
 - Teachers Pay Additional Grant (TPAG) – continuation of the grant announced in July 2023 to support schools with the September 2023 teachers’ pay award. Funding for the 2024-25 financial year will be calculated using twelve sevenths of the funding rates applied in to 2023-24. - <https://www.gov.uk/government/publications/teachers-pay-additional-grant-2024-to-2025>

Detail of other revenue grants such as Teachers’ pensions grant, PE and Sport Premium, Universal Infant Free School Meals (UISFM) and National Tutoring Programme (NTP) funding are yet to be confirmed.

4. Proposed 2024-25 Cambridgeshire Schools Funding Formula

- 4.1 Following receipt of the revised datasets from the DfE on 19th December 2023, further budget modelling has been undertaken reflecting the approach agreed by Schools Forum at their November and December meetings:
- 1%/circa £4.8m block transfer from Schools Block to High Needs Block
 - £2m centrally retained growth fund
 - Align funding rates with the National Funding Formula (NFF)

- Apply the maximum 0.5% Minimum Funding Guarantee (MFG)
- 4.2 After adjusting the Schools Block for the 1%/circa £4.8m block transfer and £2m centrally retained growth fund the total available for distribution (including business rates) is £473.785m.
- 4.3 **Appendix A (to follow)** shows a comparison between the current funding formula rates and the proposed rates to be used to allocate the total schools block to primary and secondary schools for 2024-25. These unit values reflect the national funding formula rates, including the revised minimum per pupil levels (MPPL) and have been scaled to meet overall affordability.
- 4.4 The illustrative impact of the final budget proposals at school level can be seen in **Appendix B (to follow)**.
- 4.5 Key points to note:
- Proposed unit values all exceed the Education, Skills and Funding Agency (ESFA) minimum allowable values, required as part of a move towards a direct national funding formula.
 - Final unit values in Appendix A (to follow) may change slightly to allow for updates to business rates allocations which are still being finalised.
 - All schools will receive at least the MPPL at an overall estimated cost to the formula of circa £2.4m, but the impact will vary for individual schools dependent on their individual circumstances.
 - The estimated cost to the formula to meet the 0.5% MFG is circa £0.4m.
 - Despite the MPPL and MFG protections, there are a number of schools with falling rolls which is likely to result in an overall cash reduction when compared to previous years.
 - All school level figures remain draft until further data validation has been undertaken and the formula has been approved by ESFA.
 - Actual amounts to be received by academies will be notified directly by the ESFA for the 2024-25 academic year and may differ due to pupil numbers and protections applied.

5. Early Years Funding

- 5.1 As part of the DSG settlement the DfE announced additional funding nationally for early years in 2024-25, which translates into:
- 3p per hour increase for funded two-year-olds
 - 30p per hour increase for all three- and four-year-olds
 - New funding for nine-month to two-year olds as part of the wider reform and increase entitlement in the Early Years sector.
 - 6p per hour increase (from 62p to 68p) per hour for Early Years Pupil Premium per eligible child
 - £82 increase, from £828 to £910 to the Disability Access Fund per eligible child per year

5.2 Cambridgeshire’s Early Years Provider Reference Group has been engaged in discussions around the funding rates and the approach to the new entitlements since the rates were published in late November. The group’s stated priorities were:

- To agree and publish local rates as soon as possible, to allow the sector to plan for the expansion;
- To maximise the rate payable for two-year-olds, as the DFE hourly rate is close to the recognised break-even point for many providers;
- To enhance funding to support the inclusion of children with Special Educational Needs and Disabilities where possible.

5.3 The proposals for Cambridgeshire funding rates for 2024-25 are:

Age	April 2023 Cambs rate/hour	Current Cambs rate/hour	Proposed Cambs rate/hour
3- and 4-year-olds	£4.63	£5.14	£5.40
2-year-olds	£6.12	£8.12	£8.00
9-months – 2 years	-	-	£10.70

The proposed rates pass on 87% of the increase from Government to the 3- and 4-year-old rate. The current 2-year-old rate applies to families in receipt of certain benefits and children in care, but will apply to all funded two-year-olds from April. It has been top-sliced to create an SEN Inclusion Fund for funded two-year-olds with additional needs. In addition to the £8.00 hourly rate, funded two-year-olds can now receive Early Years Pupil Premium, which is paid at an extra 68p per hour for eligible children.

These rates were shared with the Early Years Provider Reference Group on 20 December 2023 following a discussion on the principles in 5.2. Feedback indicates that the proposals are in line with the priorities of the group.

5.4 EYPP and DAF will continue to be passported on to eligible children at the national rate. Providers will also receive, for the first time, EYPP at £0.68 per hour for children under three years of age who are eligible. This funding is allocated separately in addition to the main hourly funding rate.

5.5 Maintained nursery schools (MNS) will also continue to receive MNS supplementary funding as a separate allocation in addition to the main hourly funding rate.

6. Alignment with ambitions

6.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.

There are no significant implications for this ambition.

6.2 Travel across the county is safer and more environmentally sustainable.
There are no significant implications for this ambition.

6.3 Health inequalities are reduced.
There are no significant implications for this ambition.

- 6.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs.
There are no significant implications for this ambition.
- 6.5 Helping people out of poverty and income inequality.
There are no significant implications for this ambition.
- 6.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.
There are no significant implications for this ambition.
- 6.7 Children and young people have opportunities to thrive.
The following bullet points set out details of implications identified by officers:
- The budget allocations will directly impact on the levels of funding to be received by each school in Cambridgeshire.

7. Significant Implications

7.1 Resource Implications

The following bullet points set out details of implications identified by officers:

- This report sets out details of the overall resources in respect of the DSG for 2024-25.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

7.3 Statutory, Legal and Risk Implications

The following bullet points set out details of implications identified by officers:

- The need to set the schools funding formula in line with the DfE requirements
- The need to submit the final 2024-25 Authority Pro-forma Tool (the schools budget data) to the ESFA by the 19 January 2024
- The requirement to publish primary and secondary school budgets by the statutory deadline of 28 February 2024

7.4 Equality and Diversity Implications

There are no significant implications within this category.

7.5 Engagement and Communications Implications

The following bullet point sets out details of significant implications identified by officers:

- Between November 2023 and January 2024 Cambridgeshire Schools Forum were consulted on the Cambridgeshire schools funding formula proposals for 2024-25.

7.6 Localism and Local Member Involvement

There are no significant implications within this category.

7.7 Public Health Implications

There are no significant implications within this category.

7.8 Climate Change and Environment Implications on Priority Areas:

7.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status:

Explanation:

7.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status:

Explanation:

7.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status:

Explanation:

7.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status:

Explanation:

7.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status:

Explanation:

7.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status:

Explanation:

7.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status:

Explanation:

8. Source documents

8.1 [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)

[Schools operational guide: 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)

[Dedicated schools grant \(DSG\): 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)