

**SUBJECT: Dedicated Schools Grant (DSG) funding update 2024/25**

**LEAD OFFICER: Pat Harvey**, Interim DSG Accountant, Children, Lifelong Learning and Families

## RECOMMENDATIONS

**That the Forum:**

**a) Notes the Dedicated Schools Grant (DSG) funding update for 2024/25.**

### 1. Purpose of report and executive summary

1.1 The Government announced the indicative DSG allocations on 17<sup>th</sup> July 2023, and Merton's estimated allocation is published as Table1 below:

<b>TABLE 1 - DSG Indicative Allocations</b>				
<b>Description</b>	<b>2024/25 £'000</b>	<b>2023/24 £'000</b>	<b>CASH diff £'000</b>	<b>% increase</b>
Schools Block	*157.685	149.708	7.977	5.33%
Central Schools Services Block	1.153	1.141	0.012	1.05%
High Needs Block	50.395	42.298	8.097	19.14%
<b>Indicative total</b>	<b>209.233</b>	<b>193.147</b>	<b>16.086</b>	<b>8.33%</b>
<i>Early Years Block</i>	<i>tbc Dec 23</i>	<i>16.577</i>		

- Includes MSAG £5.135m rolled into DSG baseline.

### 2. Key Changes

School block key changes to the schools National Funding Formula (NFF) in 2024 to 2025 are:

- introducing a new formulaic approach to allocating split sites funding in replacing the previous locally determined split sites factor.
- rolling the 2023 to 2024 mainstream schools additional grant (MSAG) (Merton's allocation of £5.135m) into the NFF
  - 2.4% to the minimum per pupil levels (MPPL)
  - 0.5% to the funding floor
  - 1.6% to the free school meals (FSM) factor value with the [gross domestic product \(GDP\) deflator forecast for 2024 to 2025](#)
  - 0% on the premises factors, except for:
    - (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and
    - (ii) split sites funding which has been formularised.

- Introducing a methodology for calculating and allocating funding for falling rolls

## 2.1 2024/25 Transition

Local authorities were required to bring the own formulae closer to the schools NFF in 2023/24 and this transition will continue in 2024/25. In particular:

- local authorities must **move their local formula factor values at least a further 10% closer to the NFF (building on the movement towards the NFF made in 2023 to 2024)**, except where local formulae are already mirroring the NFF.
- local authorities must use the **new national formulaic approach to split sites**.
- local authorities must follow the new local formula **requirements for growth funding**, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
- local authorities with a falling rolls fund must also follow the new **requirements for falling rolls funding**, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) 2022 data shows that school places will be required in the subsequent 3 to 5 years. The restriction, that schools were previously only eligible for falling rolls funding if they were judged 'good' or 'outstanding' by Ofsted, is also being removed from 2024/25.
- Minimum funding guarantee (**MFG**) can be set between +0.0% and +0.5% per pupil.
- **DSG block transfers** up to 0.5% of schools block to other blocks with schools' forum approval.
- **A disapplication** is required for any transfers above 0.5%, or any amount without schools' forum approval; this applies to any transfers even if an amount was agreed in previous years. Local authorities with safety valve agreements will have this managed as part of safety valve monitoring.

## 2.2 Reviewing and consulting on the pre-16 formula

The local authority will engage in open consultation with all maintained schools and academies in the area, as well as with schools' forum, about the proposed changes to the local funding formulae for 2024/25, including the principles adopted and any movement of funds between blocks.

The consultation will include a demonstration of the effect of different models on individual maintained schools and academies, and will be published November 2023, to include indicative proposed school budgets for 2024/25.

The local authority is responsible for making the final decisions on their formula; each local authority's process should ensure that there is sufficient time to gain political approval before the authority proforma tool (APT) deadline 22nd January 2024.

## 2.3 Local authority funding formula factors for 2024 to 2025

There are 15 allowable funding factors in 2024 to 2025; most are now compulsory:

### Compulsory

- Basic entitlement
- FSM
- FSM6
- IDACI
- Minimum level of per-pupil funding for primary and secondary schools
- LPA (Low Prior Attainment)
- EAL
- Pupil mobility
- Sparsity
- Lump sum
- London fringe – compulsory for the eligible authorities
- Split sites

### Optional

- Rates
- PFI contracts
- Exceptional circumstances (with ESFA agreement)

## 2.4 Merton proposed funding factors and rates

Merton Published Factors	23-24 APT	24-25 NFF including ACA	24-25 APT minimum	24-25 APT maximum
Primary basic entitlement	£3,906.87	£4,127.49	£4,024.30	£4,230.67
KS3 basic entitlement	£5,422.78	£5,820.02	£5,674.52	£5,965.52
KS4 basic entitlement	£6,195.73	£6,560.14	£6,396.14	£6,724.15
Primary FSM	£552.53	£562.27	£548.21	£576.32
Secondary FSM	£552.53	£562.27	£548.21	£576.32
Primary FSM6	£811.53	£952.41	£928.60	£976.22
Secondary FSM6	£1,185.64	£1,388.45	£1,353.74	£1,423.16
Primary IDACI F	£264.76	£269.66	£262.92	£276.40
Primary IDACI E	£322.31	£327.03	£318.86	£335.21
Primary IDACI D	£506.49	£516.37	£503.46	£529.28
Primary IDACI C	£552.53	£562.27	£548.21	£576.32
Primary IDACI B	£587.07	£596.69	£581.77	£611.61
Primary IDACI A	£771.24	£786.02	£766.37	£805.67
Secondary IDACI F	£385.62	£395.88	£385.98	£405.78
Secondary IDACI E	£512.24	£522.10	£509.05	£535.16
Secondary IDACI D	£713.69	£728.65	£710.43	£746.87
Secondary IDACI C	£782.75	£797.50	£777.56	£817.44
Secondary IDACI B	£840.31	£860.61	£839.09	£882.13

Secondary IDACI A	£1,070.53	£1,090.11	£1,062.85	£1,117.36
Primary EAL	£667.64	£682.75	£665.68	£699.82
Secondary EAL	£1,801.49	£1,841.71	£1,795.66	£1,887.75
Primary LPA	£1,329.53	£1,359.76	£1,325.77	£1,393.76
Secondary LPA	£2,014.44	£2,053.99	£2,002.64	£2,105.34
Primary mobility	£1,087.74	£1,113.06	£1,085.23	£1,140.88
Secondary mobility	£1,565.51	£1,600.73	£1,560.72	£1,640.75
Primary lump sum	£130,000.00	£155,713.04	£140,105.16	£159,605.86
Secondary lump sum	£130,000.00	£155,713.04	£140,105.16	£159,605.86
Primary sparsity	£64,807.49	£66,209.60	£64,554.36	£67,864.84
Secondary sparsity	£94,275.91	£96,273.57	£93,866.73	£98,680.41
Middle-school sparsity	£94,275.91	£96,273.57	£93,866.73	£98,680.41
All-through sparsity	£94,275.91	£96,273.57	£93,866.73	£98,680.41
Split sites basic eligibility funding	Local	£62,308.16	£60,750.46	£63,865.87
Split sites distance funding	Local	£31,096.71	£30,319.29	£31,874.13
London fringe (ACA)	1.0000	1.0000	1.0000	1.0000

### 3. High Needs

Key changes for high needs NFF for 2024/25:

- the funding floor is set at 3% so each local authority will see an increase of at least 3% per head of 2 to 18 population (as estimated by the Office for National Statistics (ONS))
- the gains limit is set at 5%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of the 2 to 18 population.

#### **Recommendation (a)**

School Forum notes the indicative DSG allocation for 2024/25 published 17 July 2023 and notes the publication will be subject to change after autumn census.

### 4. Financial, resource and property implications

4.1 The financial implications are detailed in the main body of this report.

### 5. Legal and statutory implications

5.1 No legal implications at this stage.

### 6. Human rights, equalities and community cohesion implications

6.1 None at this stage.

## **7 Appendices**

None

## **8 Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:**

- 8.1 Centrally held financial information and other papers held by the Children Schools and Families Finance Team.
- 8.2 [Schools operational guide: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/123456/Schools_operational_guide_2024_to_2025.pdf)
- 8.3 [Mainstream schools additional grant 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/123457/Mainstream_schools_additional_grant_2023_to_2024.pdf)

## **9 Report lead author**

Pat Harvey, CYP DSG Interim Accountant  
0208 545 3946  
[Patricia.Harvey@merton.gov.uk](mailto:Patricia.Harvey@merton.gov.uk)

Further information about Merton Council can be obtained from its web site  
[www.merton.gov.uk](http://www.merton.gov.uk)