Dedicated Schools Grant (DSG) 2025-26

Agenda Item 4 - Dedicated Schools Budget (DSG) 2025-2026 including Financial Settlement and Final Formula Allocations

**Date Prepared: 2 January 2025**

**Date to present the paper to Schools Forum: 15 January 2025**

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**Details on who has been consulted with on this paper to date:**

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**Executive Summary**

This report sets out the Dedicated Schools Budget (DSG) announced in December 2024 for the financial year 2025-2026.

**Details of recommendations and timescales for decisions:**

Schools Forum are asked to note the report

1. **Background**

1.1 The Dedicated Schools Grant (DSG) allocations for the four DSG blocks were announced on 18th December 2024. The Schools and Central Schools Services blocks are now fixed for the year; the High Needs block will be updated for minor formula headings in 2025; and the Early Years block funding rates have been announced, but pupil numbers will be announced in 2025.

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| **DSG before academy recoupment** | **2024-2025£** | **2025-2026£** | **Variance** **£** | **% Increase / (Decrease)** |
| Schools Block (SB) | 303,863,963 | 319,780,270 | 15,916,307 | 5.24% |
| Central School Services Block (CSSB) | 2,929,610 | 2,943,124 | 13,514 | 0.46% |
| High Needs Block (HNB) | 86,583,740 | 92,282,839 | 5,699,099 | 6.58% |
| Early Years Block (EYB) | 39,041,883 | 45,886,941 | 6,845,058 | 17.53% |
| **Total DSG Allocation (£s)** | **432,419,196** | **460,893,174** | **22,216,177** | **6.58%** |

1. **Main points for 2025-2026**

**Schools Block**

2.1 The schools budget planning stage is coming to an end with the submission of the Authority Pro-Forma tool (APT) by 22 January. This will be challenged and ultimately agreed by the Education Services Funding Agency (ESFA) before the Council can confirm the final schools block budget share for 2025-2026. This budget will not alter in year.

2.2 There has been a decrease of 1.84% in primary schools pupils and a decrease of 1.95% in secondary school pupils between 2024-2025 and 2025-2026.

2.3 However, the Primary and Secondary Schools unit of funding has increased between 2024-2025 and 2025-2026 more than these percentages, meaning that schools should see increases rather than decreases to their budgets for 2025-2026.

2.4 The Schools Finance Team have completed modelling of allocations for individual schools and schools will receive their indicative budgets by the end of February 2025.

**High Needs Block**

2.5 The High Needs Block allocation has increased by 6.58%, even though the number of pupils in special schools and special academies across the Borough has reduced by 4.87%

2.6 The High Needs Block carried a deficit balance of £19.1 million at the end of 2023-24. Projections for 2024-2025 are showing an in-year overspend of £5.2 million, thus projecting a carried forward cumulative deficit balance of £24.3 million at the end of 2024-2025 across the High Needs Block.

**Early Years and Central Schools Services Blocks**

2.7 The Early Years Block (EYB) unit of funding for 3 and 4 year-olds has been inflated by 3.63%.

2.8 The 2 year old funding has been extended to mirror the 3 and 4 year old formula structure. As a result, the provisional allocation has increased by £5.9 million or 24.59% overall using the 2024-2025 pupil count data.

2.9 Under 2 year old funding has been also been extended to mirror the 3 and 4 year old formula structure. As a result, the provisional allocation has increased by 109.97% overall using the 2024-2025 pupil count data.

2.10 Final allocations will be confirmed with the January census.

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| **Indicative 2025-26 Early years block allocations** | **3&4 Year Olds****£000** | **2 Year Olds****£000** | **Under 2 Year Olds****£000** | **2025-2026 Total****£000** |
| Universal Entitlement |  21,258  |  -  |  -  | 21,258 |
| Additional Support |  | 5,952 |  | 5,952 |
| Additional 15 Hours Eligible Working Parents |  5,175  | 4,714 |  7,091  | 16,980 |
| Early Years Pupil Premium |  495  | 98 |  9  |  602  |
| Disability Access Fund |  224  |  68  |  23  | 315 |
| Maintained Nursery Schools Supplement |  781  |  -  |  -  | 781 |
| **Indicative Early Years Block 2025-2026** | **27,933** | **10,832** | **7,123** | **45,888** |
| Early Years Block 2024-2025 | 26,954 |  8,694  | 3,394 | 39,042 |
| **Increase in Indicative Funding** |  **979**  | **2,138** | **3,729** | **6,846** |
| *Percentage Increase in Indicative Funding* | *3.63%* | *24.59%* | *109.97%* | *17.53%* |

2.11 Proposals for Early Years Block and agreement of the Central Schools Services Block (CSSB) are elsewhere on this meeting agenda.