

Final Dedicated Schools Grant allocations and pupil data for 2024/25 were published by the Department for Education on 19 December 2023.

Lancashire's Gross 2024/25 Dedicated Schools Grant allocation is £1,332.993m.

The equivalent Gross Dedicated Schools Grant income figure for 2023/24 was £1,214.241m. The 2024/25 Dedicated Schools Grant allocation has increased by £118.752m.

This increase in funding is due to:

- Lancashire's share of the increased £8m for the High Needs Block.
- Increased funding of £56.5m received due to the extended entitlements of 2 year olds and under two's within the Early Years Block.
- An increase in the overall numbers of pupils in Lancashire in the primary and secondary sectors compared to 2023/24.

The sections below provide further details of the Lancashire Dedicated Schools Grant allocations and presents the estimated Schools Budget for 2024/25.

DEDICATED SCHOOLS GRANT ALLOCATIONS 2024/25

The Department for Education sub-divide the Dedicated Schools Grant allocations into 4 funding blocks: Schools Block, High Needs Block, Early Years Block and the Central Schools Services Block. These Blocks are all calculated on a formulaic basis.

Information on the allocations for each of the funding blocks is provided below:

Schools Block allocation (£978.029m)

The Schools Block allocations for 2024/25 are derived on the basis of illustrative individual Schools National Funding Formula allocations calculated by the Government. These calculations translate into primary and secondary units of funding for 2024/25. These units of funding are multiplied by the number of primary and secondary pupils from the October 2023 census. A Local Authority level allocation for premises factors and growth funding are added to provide a final Schools Block allocation.

This provides a total Lancashire Schools Block allocation for 2024/25 of £978.029m.

The 2024/25 Schools Block allocation is over £51m higher than the equivalent figure in 2023/24. The increased allocation is in part due to Lancashire's share of the additional funding made available nationally by the Government, and a slight

increase in the number of pupils across Lancashire primary and secondary schools in the October 2023 school census.

In 2023 to 2024 financial year, mainstream schools were allocated additional funding through the Mainstream School's Additional Grant. In 2024/25, this has been incorporated within the National Funding Formula.

These extra pupils generate additional Schools Block income but will also produce extra costs in the budget. The funding being allocated on deprivation factors has also increased and will place additional pressures in the Schools Block budget.

It should also be noted that the Department for Education has introduced changes to the payment process of schools business rates. From 2024/25, schools business rates will be paid by the Education and Skills Funding Agency to billing authorities directly on behalf of all state funded schools. For 2024/25, a rates allocation will continue to be included in the Department for Education's schools National Funding Formula but a deduction of £1.275m will be made from the Lancashire Schools Block cash allocation in 2024/25, to enable this central government payment to be made.

High Needs Block allocation (£202.146m)

The 2024/25 High Needs Block allocation is calculated under the Government's national High Needs funding formula. Key features of the formula include:

- A high needs funding floor and gains calculation.
- Basic entitlement factor (with area cost adjusted) for the number of pupils in special schools and academies.
- Import/export adjustment.
- Additional Funding for Special Free Schools.
- Hospital education, Alternative Provision teachers pay/pension and supplementary funding factor.

The formula provides a 2024/25 High Needs Block allocation for Lancashire of £202.146m.

This figure is over £8.75m higher than the equivalent 2023/24 allocation, due to increased funding for the High Needs Block made available by the Government.

In 2023 to 2024 financial year, the High Needs Block was allocated additional funding through the High Needs Supplementary Grant. In 2024/25, this has been incorporated within the National Funding Formula.

It should be noted that the High Needs Block allocation is a provisional allocation, and the gross total includes allocations attributable to funded places that will be deducted and made directly by the Education & Skills Funding Agency. These are estimated by Education & Skills Funding Agency to total circa £9.734m.

Early Years Block allocation (£143.990m)

Allocations for the Early Years Block include:

- funding for the universal 15 hours entitlement for three- and four year olds.



- funding for the additional 15 hours entitlement for three and four year old children of eligible working parents.
- funding for the 15 hours entitlement for disadvantaged two year olds.
- funding for the 15 hours entitlement for working families for two year olds.
- funding for 15 hours entitlement for under two year olds (from September 2024)
- funding for the Early Years Pupil Premium (EYPP) expanded to 2 year olds and under.
- funding for the Disability Access Fund (DAF) expanded to 2 year olds and under.
- supplementary funding for Maintained Nursery Schools (MNS).

Following the Spring 2023 Budget Announcement regarding £204m additional early years funding nationally. Lancashire received £4.75m to uplift early years rates from September 2023 to March 2024:

	April 2023 - March 2024	Additional Uplift September 2023 - March 2024	Revised September 2023 - March 2024
2YO	£5.63	£1.67	£7.30
34YO	£4.87	£0.33	£5.20
34YO MNS	£4.31	£0.24	£4.55
EYPP	£0.62	£0.04	£0.66
DAF (Lump Sum)	£828.00	£30.92	£858.92

Following the additional funding in 2023/24, Lancashire received a further increase in allocation in 2024/25 as follows:

- 3 and 4-year-old entitlements - £0.27 per hour uplift.
- 2-year-old entitlement - £0.24 per hour uplift (extended to working families).
- Supplementary funding for maintained nursery schools - £0.63 per hour uplift.
- Early Years Pupil Premium - £0.02 per hour uplift.
- Disability Access Fund - £51 per eligible child per year uplift.

These factors provide a total Early Years Block allocation for Lancashire for 2024/25 of £143,990m.

Lancashire's Early Years funding is significantly higher than the 2023/24 allocation, due to the extended entitlements.

It should be noted that the 2024/25 early years block allocations are initial, and based on Schools, Early Years and Alternative Provision censuses data from January 2023. These allocations will be updated based on January 2024 census data.



Central Schools Services Block (£8.830m)

The Central Schools Services Block is to fund central functions that Local Authority's carry out on behalf of pupils in state-funded maintained schools and academies in England.

The Central Schools Services Block is split into funding for historic commitments and funding for ongoing responsibilities.

The Historic Commitments element of the allocation has been increased by £1.75m due to additional protected funding for a PFI site.

The total Lancashire's Central Schools Services Block allocation for 2024/25 is £8.830m.

In Year Adjustments

The Dedicated Schools Grant allocation notified is prior to in-year adjustments for:

- Academies recoupment from the schools block;
- Deductions for high needs places in academies and non-maintained special schools;
- Post 16 places;
- Deduction for national copyright licences;
- Deduction for schools business rates
- Updates to the funding for three- and four-year olds;
- Updates to the funding two-year olds;
- Updates to the funding for under 2-year olds;
- Updates to the early years supplementary funding for maintained nursery school;
- Updates to the early years pupil premium;
- Updates to early years Disability Access Fund.

Forecast total Dedicated Schools Grant income for 2024/25

The Lancashire Dedicated Schools Grant (DSG) allocations for 2024/25 across the 4 funding blocks are shown below:

Forecast DSG Income	£m's
Schools Block	978.029
High Needs Block	202.146
Early Years Block	143.990
Central Schools Services Block	8.830
Gross Total forecast DSG Income	1,332.995
Total deduction for national schools non-domestic rates	-1.275
Total deductions for direct high needs payments made by the Education & Skills Funding Agency	-9.734
Net Total forecast DSG Income	1,321.986



SCHOOLS BUDGET 2024/25

The latest Individual School Budgets across all phases has been constructed using the final datasets made available from the Department for Education and our latest local Early Years and High Needs data.

This Schools Budget estimate has been calculated following discussions with the Schools Forum and where necessary, consultation with Lancashire schools.

Budget Summary

The table below summarises the budgets to be allocated from each of the Dedicated Schools Grant funding blocks;

Forecast DSG Expenditure	£m's
Schools Block	979.183
High Needs Block	202.146
Early Years Block	143.990
Central Schools Services Block	8.830
Total deduction for national schools non-domestic rates	-1.275
Total deductions for direct high needs payments made by the Education & Skills Funding Agency	-9.734
Total forecast DSG Expenditure	1,323.140

Further details about each block are provided below.

Schools Block (979.183m)

Following a consultation with schools and the Schools Forum as part of the 2018/19 Schools Budget setting cycle, it was agreed to use the Government's National Funding Formula methodology as the local Lancashire funding model.

The National Funding Formula methodology will continue to apply in 2024/25 for calculating allocations to Lancashire schools and will incorporate the changes to the formula introduced nationally that are set out in the main report.

As supported by responses from schools in a consultation held in the autumn term 2023, the Minimum Funding Guarantee has been included in the formula at +0.5% and there is no cap on funding gains.

A 2024/25 growth fund requirement, which is used to support Local Authority initiated school expansions, of £1.5m has been included for 2024/25. The balance of funding from the Growth Fund allocation received by Lancashire, equating to circa £2m, has been used as a contribution to Schools Block.

It should be noted however, due to pressures within the block, £1.154m of Dedicated Schools Grant Reserves is required to set the Schools Block budget.



The Schools Block expenditure for 2024/25 is therefore estimated in the table below:

Forecast Schools Block Expenditure	£m's
Primary	510.734
Secondary	465.478
All-Through	1.471
Budgeted Growth	1.500
Total	979.183
DSG Schools Block Income	-978.029
Proposed DSG Reserve contribution	-1.154

As mentioned earlier in the appendix, the Department for Education has introduced changes to the payment process of schools business rates. From 2022/23, schools business rates will be paid by the Education and Skills Funding Agency to billing authorities directly on behalf of all state funded schools. For 2024/25, a rates allocation will continue to be included in the Department for Education's schools National Funding Formula but a deduction of £1.275m will be made from the Lancashire Schools Block cash allocation in 2024/25, to enable this central government payment to be made.

High Needs Block (£202.146m)

The High Needs Block expenditure for 2024/25 is estimated in the table below:

	Place funding £m	Top-up funding £m
Delegated to Schools	39.920	99.481
FE Colleges		11.147
High Needs Block costs on a commissioned basis		41.312
Total deductions based on 24/25 for direct high needs payments made by the Education and Skills Funding Agency		9.734
Additional 24/25 High Needs places to be paid direct by Education and Skills Funding Agency		0.552
Total	39.920	162.226

Total Expenditure £ m **202.146**

Total Income £ m **202.146**

The total forecast High Needs Block expenditure in 2024/25 is £202.146m.

As a result of the 2022 Autumn statement announcement of extra schools funding, local authorities were required to pass on a proportion of the additional high needs



funding that was included in the high needs block of their 2023 to 2024 Dedicated Schools Grant to: maintained special schools, special academies (and free schools), pupil referral units and AP academies (and free schools), including maintained and academy hospital schools. As the overall high needs funding increase is now included in the 2024 to 2025 high needs funding formula, the Dedicated Schools Grant conditions of grant for 2024 to 2025 requires local authorities to pass on the same level of additional funding to these schools. This totals £3.478m and is included within the top-up funding.

This forecast expenditure includes an estimate of the considerable cost and demand led pressures facing the block in 2024/25.

Proposals also build in a 2% increase to the level for the school specific factor rates in special schools and pupil referral units.

In addition, the Weighted Pupil Number values supporting all high needs pupils are proposed to increase by 2% in 2024/25. This level of increase is lower than the general 3% uplifts for the pupil-led factors in the Schools Block national funding formula. The cost and demand pressures within the high needs block only allows a 2% increase to be affordable from April 2024.

The circa £9.7m of deductions in the Dedicated Schools Grant notifications have been budgeted within HNB, as this relates to direct high needs payments made by the Education and Skills Funding Agency.

An extra £0.552m of deductions for 2024/25 has also been included, for additional high needs places that have now been commissioned by the county council at establishments that are directly paid by the Education and Skills Funding Agency.

Despite considerable pressure on the high need block funding envelope, a balanced budget position has been forecast for 2024/25. The county council needs to continue to work on initiatives that ensure that the best use is being made of the High Needs resources available and to minimise as far as possible the future years forecasted overspends.

However, there is concern that there could be increased strain on the High Needs Block budget from 2024/25 onwards, when initial announcements from the Government indicate circa 5% rises in funding per annum, but forecast cost and demand led pressures in the High Needs Block are estimated to remain at a level well above this. This could create significant pressure on the High Needs Block Budget and the overall Dedicated Schools Grant in the longer term.

Early Years Block (£143.990m)

Following the additional funding in 2023/24, Lancashire received a further increase in allocation in 2024/25 as follows:

- 3 and 4-year-old entitlements - £0.27 per hour uplift;
- 2-year-old entitlement - £0.24 per hour uplift (extended to working families);
- Supplementary funding for maintained nursery schools - £0.63 per hour uplift;



- Early Years Pupil Premium - £0.02 per hour uplift;
- Disability Access Fund - £51 per eligible child per year uplift.

3 and 4-year-old entitlements

Due to the increased funding Lancashire has received, the Lancashire base rate for 3 and 4-year-old entitlements is £5.41 per hour in 2024/25, an increase of £0.33 per hour from 2023/24.

The 2024/25 funding rate is therefore as follows:

2023/24 Base rate	£5.08 per hour
2024/25 DfE uplift	£0.27 per hour
2024/25 Additional funding from within the Early Years Block	£0.06 per hour
2024/25 Base rate	£5.41 per hour

3- and 4-year-old Supplementary funding hourly rate for maintained nursery schools
Lancashire will receive a £0.63 increase in the supplementary funding hourly rate for maintained nursery schools in 2024/25, which will be passed to the maintained nursery schools, providing a revised hourly supplement rate of £5.18 per hour.

2-year-old entitlement

Following the Early Years 2024/25 funding announcements, the Early Years Working Group recommended that Lancashire adopts one single funding rate for 2-year-old entitlements, plus a deprivation supplement based on a similar mechanism that currently exists within the 3- and 4-year-old formula. Lancashire is to receive an additional £0.24 per hour for the 2-year-old entitlement for 2024/25.

This would give a Lancashire base rate for 2-year-olds of £7.10 per hour from April 2024, plus a deprivation supplement where necessary.

Under 2-year-old entitlement

From September 2024, the base rate will be set at £9.51, plus a deprivation supplement based on a similar mechanism that currently exists within the 3- and 4-year-old formula.

Early Years Pupil Premium

Lancashire will increase our early years pupil premium rate by 2p to 68p per hour, equivalent to up to £387 per eligible child per year, for 2024/25, in line with national announcements.

Disability Access Fund

Lancashire will increase the disability access fund by £29 to £910 per eligible child per year for 2022/23, in line with national announcements.



Special Educational Needs Inclusion Fund

Local authorities are now required to have a Special Educational Needs Inclusion Fund for all eligible 3 and 4-year-olds, 2-year-olds and under 2's (from September 2024) who are taking up the free entitlements, regardless of the number of hours taken. For 2024/25 the Lancashire fund will total £2.65m due to the increased demands and extended entitlements.

The Early Years Block expenditure for 2024/25 is therefore estimated in the table below:

Forecast EYB Expenditure	£m's
Early Years Block under 2-year-olds	16.539
Early Years Block 2-year-olds	37.649
Early Years Block 3 and 4-year-olds	79.422
Early Years Pupil Premium expenditure	1.812
Early Years Disability Access Fund expenditure	0.864
Nursery School Maintained Nursery School	5.054
Special Educational Needs Inclusion	2.650
Total	143.99

The total forecast Early Years Block expenditure in 2024/25 is some £143.99m.

Central Schools Services Block (£8.830m)

The estimated Central Schools Services Block expenditure in 2024/25 is £8.830m.

The Historic Commitments element of the allocation has been increased by £1.75m due to additional protected funding for a PFI site.

Careful consideration will be needed around the Central Schools Services Block in future years, as Department for Education implement further reductions in the Historic Commitments budget.

Calculation of the final 2024/25 funding position

	£m's
Total forecast DSG Income 2024/25	1,321.986
Total Forecast DSG Allocations 2024/25	1,323.140

These Schools Budget proposals forecast a balanced Dedicated Schools Grant funding position in 2024/25, subject to the planned use of £1.154m in Schools Budget reserves to mitigate pressures in the Schools Block budget.

