

## Appendix D

### Dedicated Schools Grant (DSG)

#### 1 Grant Background and Calculation

1.1 The Dedicated Schools Grant (DSG) is a ring fenced specific grant allocated to the Local Authority (LA) by the Government to support a range of education related services. The majority (c90%) of the DSG is allocated to the LA and paid to providers based on a national formula which funds direct education provision including schools (local authority maintained and academies), early years' providers and high needs education in further education (age 16 to 25). The remaining c10% is paid to nurseries, schools and higher education institutions for:

1.1.1 pupils and students with special education needs and disabilities (referred to as high needs 'top ups'),

1.1.2 funding to cover in-year increases in pupil and student numbers (referred to as 'growth funding')

1.1.3 maintained school de-delegations (funding top sliced from the maintained individual school's budgets (ISB) at their approval, and managed centrally by the LA, for example trade union facility time), and

1.1.4 funding for historic and ongoing commitments.

1.2 The ISB for academies and funding for high needs 'places' in academies (set prior to the start of academic year) are paid to academies directly from the Education Skills and Funding Agency (ESFA) reflecting the shift in responsibility for the funding of academies. This funding is taken off the DSG before the grant is paid to LAs and is termed 'recoupment'.

1.3 Academies are independent of the local authority and are accountable directly to the Department for Education (DfE). The DfE agency responsible for all school related funding is the ESFA.

1.4 Maintained schools continue to receive funding directly from the Council through the DSG.

1.5 The DfE currently operate a four block funding model for funding schools and pre-16 education including early years as set out in the following table:

<b>Dedicated Schools Grant</b>			
Schools Block	Early Years Block	High Needs Block	Central Schools Services Block (CSSB)

- 1.6 Each of the blocks covers different elements of education funding with the respective funding allocations being based on different underlying formulae and data sets.
- 1.7 The total DSG that the Authority receives is largely based on all schools' pupil and children numbers as per census data for the West Northants area whether maintained or academy. However, each of the four blocks is allocated to the LA on a different basis.
- Schools Block:**
- The vast majority of funding allocated to the LA is driven by pupil numbers and the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) as set by the DfE
  - allocated to schools for day to day spending in their individual school budgets through the schools funding formula and;
  - includes the Pupil Growth Fund for new and growing schools.
- 1.8 The Government have changed a small number of existing features of the funding formula for 2024-25 school funding.
- 1.9 The basic per pupil funding factor, FSM6 and the lump sum factors have been increased to reflect the rolling in of the mainstream schools additional grant into the National Funding Formula (NFF), as described in the following section below. On top of these the core factors in the NFF – the basic per pupil funding factor, additional needs factors and the school lump sum – will increase by 1.4%. The free school meals factor will increase by 1.6%.
- 1.10 The minimum per pupil levels in 2024-25 will be set at £4,610 per pupil for primary schools and £5,995 per pupil for secondary schools. This includes £143, £186 and £208 per primary, KS3 and KS4 pupil respectively for the rolling in of the mainstream schools additional grant.
- 1.11 The 2024-25 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to

their baseline. Funding floor baselines have also been increased to take account of the rolling in of the mainstream schools additional grant.

- 1.12 With the exception of split sites funding, which is now formularised, premises funding will continue to be allocated at local authority level on the basis of the amount spent by local authorities on this factor in their 2023-24 local formulae.
- 1.13 The PFI factor is increasing in line with the RPIX measure of inflation 10.4%, to reflect the use of RPIX in PFI contracts.

**High Needs Block:**

- allocated to LAs based on proxy indicators (population, deprivation, ill health, disability, prior attainment), special school pupils from autumn census, hospital and outreach and free special schools
  - funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health and Care Plans (EHCPs) in all settings including academies, independent special schools and further education colleges.
- 1.14 The department has confirmed the following aspects of the high needs NFF:
- the funding floor is set at 3% so each local authority will see an increase of at least 3% per head of their 2 to 18 population (as estimated by the Office for National Statistics)
  - the gains cap 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 their 2 to 18 population.
- 1.15 Whilst the provisional increase in the high needs block for WNC is £2.1m which is in line with the minimum uplift in percentage terms, the July 2023 DSG update for 2023-24 gave the latest update to the import/export adjustment which reduced this part of the grant by £0.16m and reduced the additional funding for special free schools by £1m from £1.67m to £0.67m.
- 1.16 Our budget modelling assumes that this is the level of funding we can expect and that the same additional funding for free schools and import/export levels which means the provisional total shown is likely to be £1.16m lower than that shown in the main budget report.
- 1.17 The government currently has in place a 'statutory override' where councils' SEND deficits can be ringfenced away from their core council budget and this is currently due to end at the end of March 2026. Analysis from the County Councils Network (CCN) and the Society of County Treasurers reveals that local authority deficits in SEN were estimated at approximately £2.4bn in 2022-23 – six times higher than levels in 2018 and rising to £3.6bn by 2025 with no intervention.

- 1.18 There is currently a statutory override in place (meaning that any DSG deficits are not included in councils' main revenue budgets) which has been extended until March 2026.

**Central Schools Services Block (CSSB):**

- 62.0% of funding allocated to the LA is based on the school autumn census data and 38.0% of funding is historically based (the latter is being unwound by Government and is reducing 20% each year)
- funds historic commitments previously agreed between the Schools Forum and the LA for example pensions costs and ongoing responsibilities that the authority has in respect of education for example School Admissions.

**Early Years Block:**

- allocated to the LA based on Early Years censuses which are used to drive funding – the January census before the financial year for the first 5 months and the January census during the financial year for the last 7 months
- funds the free entitlement for all early years' settings for 2, 3 and 4 year olds with a statutory minimum of 95% of the 3 and 4 year old funding required to be allocated to schools, other private, voluntary and independent early years education providers and childminders through the Early Years Single Funding Formula (EYSFF)
- Schools Forum annually approve up to the remaining 5% of the 3 and 4 year old funding to be used to fund LA central functions to manage and administer the early years' arrangements.

**DSG Context**

- 1.19 Within West Northamptonshire, there are currently 5 maintained nursery schools, 61 primary and 1 special maintained schools. There are also 88 primary, 18 secondary, 4 all-through and 10 special academies.
- 1.20 The DSG must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational documents issued by the EFSA.
- 1.21 The LA consults with Schools Forum each year on the allocation of DSG funding in accordance with the legislation and guidelines issued by the ESFA. This includes the local formula factors to be applied in the calculation of the school's individual budgets.
- 1.22 As well as the requirement to consult with the Schools Forum on changes to formula funding, the Forum authorises the central expenditure budgets for ongoing commitments, movements of funding between blocks and the growth fund policy.

- 1.23 Schools Forum membership is made up of representatives from maintained and academy, primary and secondary schools, nurseries and Council Officers. The meetings are open to the public and are held every 2-3 months. The Forum have a statutory role in ensuring that school funding across the county is equitable and fair by considering proposals from the council for such areas as the school funding formula and central expenditure from the DSG.

## **2 School Budget Consultation**

- 2.1 The LA has undertaken a school budget consultation running from 1 November – 30 November 2023 as agreed with Schools Forum.
- 2.2 The proposals consulted on are as follows:
- National Funding Formula (NFF) for West Northamptonshire Schools
  - Transfer of the maximum legislated 0.5% (c£1.75m) to support high needs block expenditure
  - Growth Fund Policy and pupil numbers for growth to be added to the formula budgets for new and growing schools
  - Central Schools Services Block expenditure
  - Split site funding policy
  - Maintained schools de-delegations (top slices from their individual budgets for specific purposes) for trade union facility time, redundancy funding and school improvement grant
  - Notional SEND budgets policy.
- 2.3 The outcomes from the consultation will be presented to the December Schools Forum meeting who will vote on the proposals where required however the final schools funding formula remains an LA decision.