

Appendix D

Dedicated Schools Grant (DSG)

1. Background

- 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 (>90%) 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 10% 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 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 individual school's budgets (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 DfE. The DfE agency responsible for all school related funding is the Education and Skills Funding Agency (ESFA).
- 1.4 Maintained schools continue to receive funding directly from the Council through the DSG.
- 1.5 The Department for Education (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:

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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 county whether maintained or academy. But 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)
- 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.

- **Early Years Block:**

- allocated to the LA based on Early Years censuses. In pre-covid funding years the January before and during the financial year were used by Government but currently termly censuses are driving LA funding
- 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 must 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.

- **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.

- **Central Schools Services Block (CSSB):**
 - 41.9% of funding allocated to the LA is based on the school autumn census data and 58.1% 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.
- 1.8 Within West Northamptonshire, there are currently 5 maintained nursery schools, 65 primary and 3 special maintained schools. There are also 83 primary, 17 secondary, 5 all-through and 8 special academies.
- 1.9 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.
- 1.10 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.
- 1.11 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.
- 1.12 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. 2022-23 Funding Summary

- 2.1 The Secretary of State for Education announced provisional funding allocations for 2022-23 through the schools, high needs and central school services national funding formulae (NFF) on Monday 19 July 2021. Table 1 shows the provisional allocation for West Northamptonshire Council (WNC). The final allocation will be published in December 2021.

Table 1 – WNC Provisional DSG Funding Allocations July 21 £m

	Schools Block	High Needs Block	CSSB	Total
2021/22	301.0	54.2	4.7	359.9
Provisional 2022/23	309.4	58.5	4.3	372.2
Increase / (decrease)	8.4	4.3	(0.4)	12.3
% Increase / (decrease)	2.8%	7.9%	(8.5%)	3.4%

2.2 As Early Years funding is based on census data at different points in the year, allocations are published to a different timetable and an announcement for is expected in December 2021. The 2021-22 funding is currently £25.2m which brings the total WNC provisional DSG funding to £397.4m.

3. Provisional 2022-23 Funding Settlement Headlines

3.1 Provisional Schools Block Funding

3.2 2022-23 is the final year of the three-year school funding settlement that the Secretary of State for Education announced to Parliament on 3 September 2019. Core school funding increased by £2.6bn in 2020-21 and is increasing by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20.

3.3 These allocations are part of the annual funding cycle. They are separate to the education support for recovery in response to the COVID-19 pandemic.

3.4 Funding through the schools NFF is increasing by 3.2% overall in 2022-23, and by 2.8% per pupil. The NFF will distribute this funding based on schools' and pupils' needs and characteristics.

3.5 The minimum per pupil funding levels will increase by 2%, compared to 2021-22. This will mean that next year, every primary school will receive at least £4,265 per pupil, and every secondary school at least £5,525.

3.6 For West Northamptonshire Council, the primary unit of funding (PUF) increases from £4,400.43 in 2021-22 to £4,537.50 in 2022-23. The secondary unit of funding (SUF) increases from £5,626.35 in 2021-22 to £5,768.90 in 2022-23. These rates are final and will be multiplied by the total number of primary and secondary pupils recorded on the October Census.

3.7 Provisional High Needs Block Funding

3.8 The provisional increase in the High Needs Block represents the authority's share of the £780 million national increase for 2022-23. WNC's High Needs Block is increasing by £4.3 million from 2021-22 which is the minimum

guaranteed increase per head of population (8%) with some authorities seeing gains of up to 11%.

- 3.9 There is an inherent pressure within the DSG relating to the growth in the funding needed for young people with special educational needs and disabilities (SEND). It is seven years since reforms were introduced to better support children and young people with special educational needs and disabilities (SEND) but the allocation of funding available to support pupils with high needs has become a national issue. There is a Government led review currently underway aimed at improving the services available to families who need support, and to equip staff in schools and colleges to respond effectively to their needs. The review also aims to ensure that public money is spent in an efficient, effective and sustainable manner, placing a premium on securing high quality outcomes for those children and young people who need additional support the most.
- 3.10 The latest forecast overspend for the 2021-22 financial year within the high needs block is £2.4m. The pressures which have resulted in the High Needs block overspend are expected to continue into future years and this presents risks around affordability of provision for pupils with high needs.
- 3.11 The level of overspend is not currently at a level that requires a recovery plan to be submitted to the ESFA, however the council cannot let cumulative, structural deficits continue. Therefore, a range of actions are being proposed or taken. Work is being progressed to look at the high needs system and provision as a whole.

3.12 Central Schools Services Block (CSSB)

- 3.13 Central school services block funds local authorities for the ongoing responsibilities they continue to have for all schools. The national funding for ongoing responsibilities is £284 million in 2022-23. The Central School Services Block (CSSB) comprises two elements, ongoing responsibilities and historic commitments. Ongoing responsibilities include the former retained duties element of the Education Services Grant and is funded on a per pupil allocation and deprivation factor.
- 3.14 The ongoing responsibilities element for WNC is provisionally increasing by £0.11m to £2.08m million as the formula used to calculate the funding allocation.
- 3.15 The historical responsibilities element for WNC is provisionally decreasing by £0.55m to £2.18m. This Government started to reduce this funding in 2020-21 to withdraw this funding, over time with 20% reduction per year, based on the historic commitments local authorities entered into before 2013-14.
- 3.16 This reduction leaves a funding gap of £0.44m against the expenditure requirement even after a review of service efficiencies and disinvestments in 2021-22 which will be met through the WNC general fund £0.4m (proposal in budget).
- 3.17 The ongoing reductions total £0.4m in 23-24 and £0.3m in 24-25 which are also currently forecast in the WNC general fund medium term financial plan.

4. School Budget Consultation

- 4.1 The LA has undertaken a school budget consultation running from 1 November – 30 November 2021 as agreed with Schools Forum.
- 4.2 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 a LA decision.
- 4.3 The proposals consulted on are as follows:
- Future funding of Specialist Services (services continue at the current level) with the preferred option to top slice delegated schools and academies budgets for a total of £2.1m equating to approximately 2.1% to schools budgets. If Schools Forum are not supportive of this preferred approach, then the 0.5% (c£1.5m) top slice for high needs funding will be required again for 2022-23 budgets as it has been in 2021-22.
 - Preferred balancing mechanism for the funding formula if the final settlement in December does not provide enough funding to put schools on the national funding formula in full.
 - The continued use of the Central Schools Services Block, some of which has a direct impact on the budgets for these services in the authority.
 - Growth Fund Policy and pupil numbers for growth to be added to the formula budgets for new and growing schools.
 - Split site funding policy.
 - A change to permanent exclusion policy (LA implementation of statute).
 - Maintained schools de-delegations (top slices from their individual budgets for specific purposes) for trade union facility time, redundancy funding and school improvement grant.