

## 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 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) 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.

**Early Years Block:**

- allocated to the LA based on Early Years censuses are used to drive funding, the January before and 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.

**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):**

- 55.3% of funding allocated to the LA is based on the school autumn census data and 44.7% 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.

### **DSG Context**

- 1.8 Within West Northamptonshire, there are currently 5 maintained nursery schools, 61 primary and 3 special maintained schools. There are also 87 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 School Budget Consultation**

- 2.1 The LA has undertaken a school budget consultation running from 1 November – 30 November 2022 as agreed with Schools Forum.
- 2.2 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 an LA decision.
- 2.3 The proposals consulted on are as follows:

- Continuation of Specialist Services (sensory impairment and SEND support service) using the current methodology via a top slice of the schools and academies budgets for a total of £2.2m, equating to approximately 0.67%. This was the preferred option for 2022-23 and required a ministerial disapplication of the legislation as it was above the maximum 0.5%. If Schools Forum are not supportive of this preferred approach for 2023-24 then the alternative proposal is top slicing by just the maximum legislated 0.5% (c£1.63m) to fund the SEND support service (£1.05m) and to offset the high needs overspend for 2023-24 (£0.58m). The sensory impairment service would then need to be purchased directly by schools who need them from their individual budgets.
- 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.

