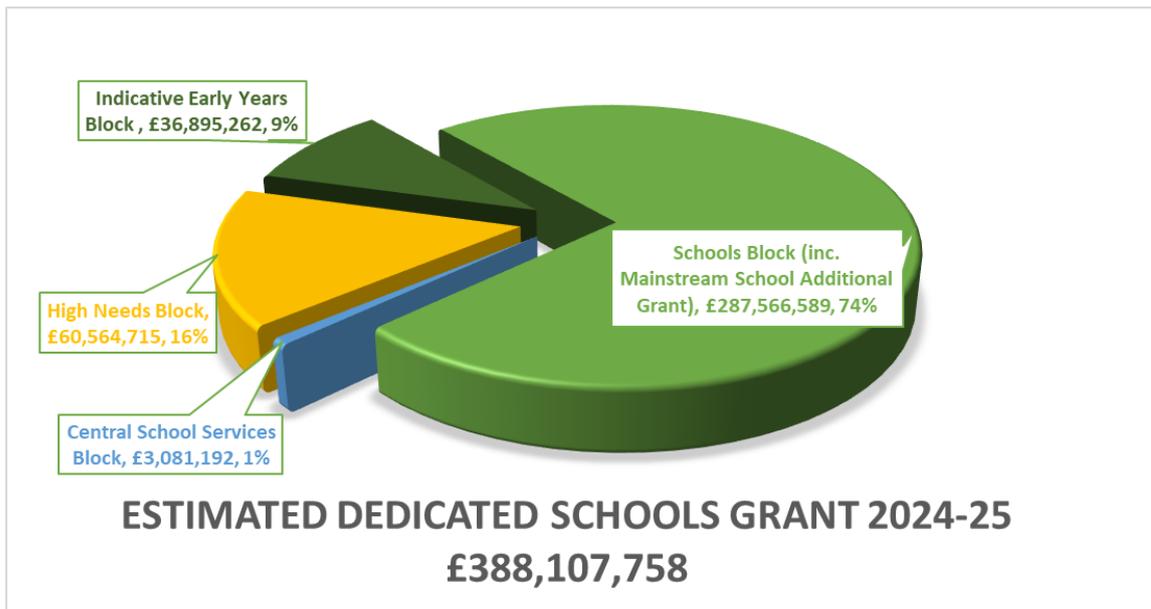


Appendix C

Dedicated Schools Grant (DSG)

1. Background

- 1.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant allocated to the authority by the Government to support a range of education related services. The majority (>90%) of the DSG is allocated to the Local Authority (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 24). The remaining 10% is paid to nurseries, schools and higher education institutions for:
- pupils and students with special education needs and disabilities (referred to as high needs 'top ups'),
 - funding to cover growth i.e., in-year increases in pupil and student numbers (referred to as 'growth funding')
 - 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 school effectiveness, trade union facility time, contribution towards redundancy costs)
 - 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). This funding is taken off the Dedicated Schools Grant before the grant is paid to LAs and is termed 'recoupment' for academies ISB and 'high needs place deductions' for funding for high needs 'places' in academies.
- 1.3 The Department for Education (DfE) currently operate a 4-block funding model for funding schools and pre-16 education including early years. The estimated level of funding received for North Northamptonshire Council is set out in the following chart.



1.4 Each of the blocks covers different elements of education funding with the respective funding allocations being based on different underlying formulae and data sets.

1.5 The total DSG that the Authority receives is based on all schools' pupil numbers as per census data for the county irrespective of whether it is a maintained school or an academy. Each of the four blocks is allocated to the LA on the following basis.

1.6 **Schools Block**

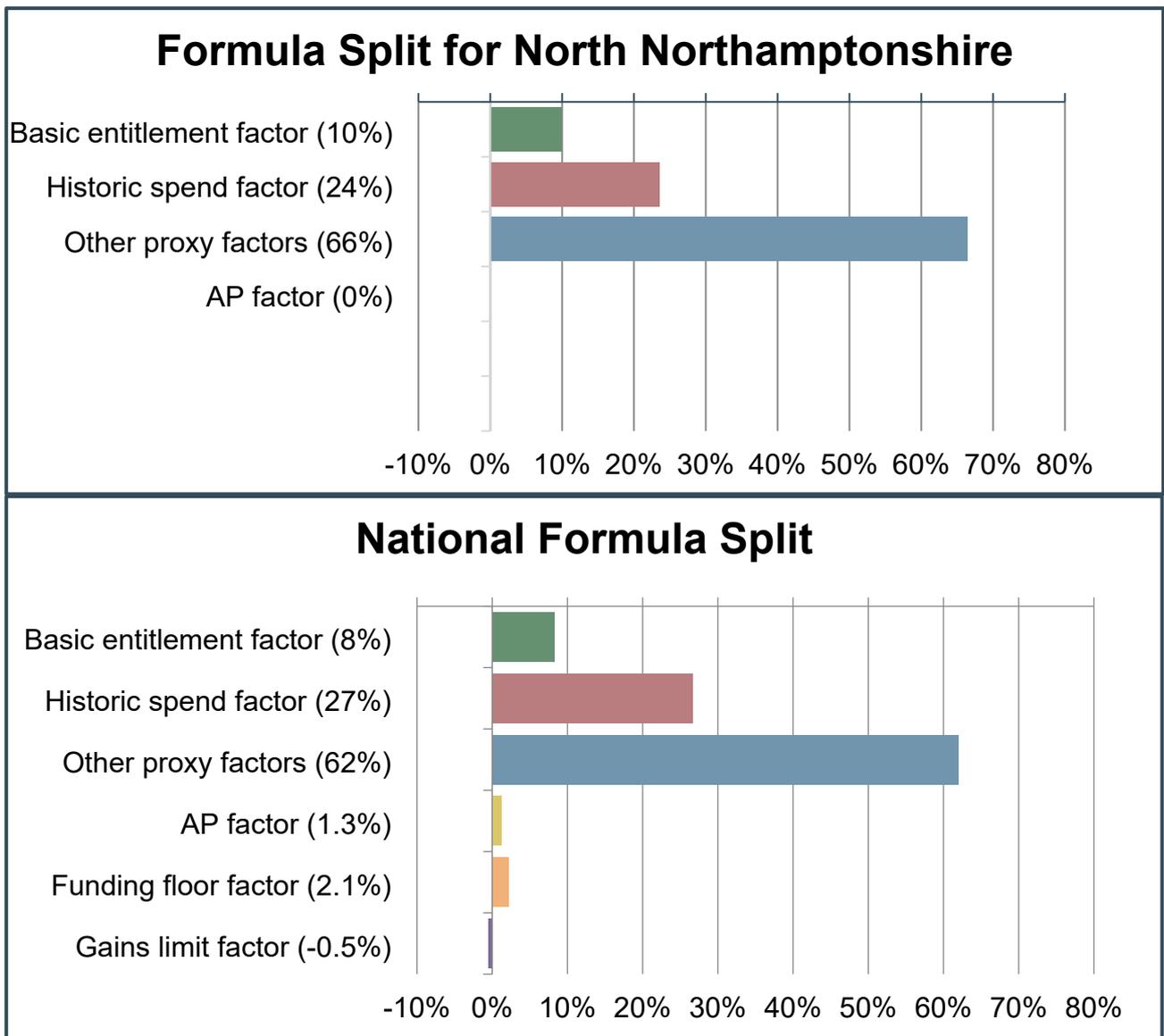
- 99.27% of funding allocated to the LA is driven by pupil numbers and the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF). The remaining 0.73% is funded through premises factors.
- Allocations to schools for day-to-day spending in their individual school budgets through the schools funding formula and includes the Pupil Growth Fund for new and growing schools.

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

- 62.62% of CSSB is for funding ongoing responsibilities of the LA based on the schools Autumn 2022 census data at £36.91 per pupil and 37.38% of CSSB is funding for historical commitments (this is being unwound by Government and is reducing by 20% each year).
- The historical commitments funding relates to funding for previously agreed commitments between the Schools Forum and the LA e.g., pensions costs for premature retirement cost of teachers.

1.8 High Needs Block

- Covers funding for the education of pupils with Special Educational Needs and Disabilities (SEND) for example those with an Education, Health and Care Plan. This covers ages 0-24 in a range of provision including special schools, special educational needs units in mainstream schools, alternative provision and independent specialist provision. This block also funds teams within the authority that support the high needs sector to meet the needs of high needs pupils.
- The funding formula is produced by the DfE and is summarised in the following charts



1.9 Early Years Block

- Indicative funding allocated to the LA is based on two previous January School and Early Years Census applying the Early Years National Funding Formula (EYNFF). This is updated throughout the financial year.

- funds all early years' settings for 9 months, 2, 3 & 4 year olds with a statutory minimum of 95% allocated to schools, other private, voluntary and independent early years education providers and childminders through the Early Years funding formula. Schools Forum annually approve up to the remaining 5% of the 9 months, 2, 3 & 4 year old funding to be used to fund LA central functions to manage and administer the early years' arrangements.
- 1.10 Maintained schools continue to receive funding directly from the LA through the DSG. The local authority's DSG grant is reduced in respect of academies who receive their funding direct from the DfE, reflecting the shift in responsibility for the funding of academies to the DfE. The removal of grant funding from the DSG paid to NNC to pay directly to academies is termed "recoupment". 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).
- 1.11 Within North Northamptonshire, there are currently 4 maintained nursery schools, 32 primary, 1 secondary and 1 special maintained school. There are also 79 primary, 19 secondary, 1 All-through and 7 special academies.
- 1.12 Schools Forum membership is made up of representatives from maintained and academy primary and secondary schools, nurseries, Council members. The meetings are open to the public and are held 5 times a year typically in October, December, January, March and July. The Schools 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.
- 1.13 The LA consults with Schools Forum each year on the allocation of DSG funding in accordance with the legislation and guidelines issued by the DfE. This includes the local formula factors to be applied in the calculation of the school's individual budgets. As well as the requirement to consult with the Schools Forum on changes to formula funding, Schools Forum approves the central expenditure budgets for ongoing commitments, movements of funding between blocks and the growth fund policy.
- 1.14 The North Northamptonshire Schools Forum was appointed in October 2020. This was required not only for vesting day readiness to assume formal roles, but to make decisions, and receive information on the budget setting and policies for schools, academies, high needs and early years' providers that will take effect post vesting. Since Vesting Day Schools Forum have formally assumed the roles and membership. Membership will be valid for 4 years, to which when its due to expire each role will go out to recruit following the standard Schools Forum and Operational Good Practice Guide.

2. 2024-25 Funding Summary

- 2.1 The Department first published the 2024-25 policy paper of the National Funding Formula (NFF) for schools and high needs in July 2023. Following

the discovery of a technical error made by officials during the initial calculations, an update was made to the schools NFF in October 2023. The technical error was due to incorrect processing of pupil numbers in the initial calculations. This error meant that the overall cost of the schools NFF was underestimated, and incorrect factor values were published in July. This is now updated with the new, correct, factor values. No other changes have been made to the structure of the NFF, or the rules governing the local formulae, since July. The total amount of funding in the core schools budget (which includes funding through the schools NFF, high needs NFF, and CSSB) will remain at £59.6 billion in 2024-25. The high needs NFF and CSSB are unaffected by this update. Details can be found at [National funding formula for schools and high needs 2024 to 2025 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

- 2.2 The DfE also published the updated [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk) for three of the four DSG funding blocks. Early Years funding is based on January pupil census which meant allocations are published to a different timetable.
- 2.3 The latest DSG funding announcements for 2024-25 are provisional. The Schools, Central School Services and High Needs Block allocations will be confirmed with the finalised October 2023 census pupil numbers with an announcement published by the ESFA expected week commencing 18th December 2023. This is the point at which individual school budgets can be set through North Northamptonshire's schools' funding formula.
- 2.4 The Government is committed to levelling up opportunity for all pupils and has invested significantly in education to achieve that. The total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS). This total includes the additional funding for teachers' pay announced in July 2023; the Teachers Pay Additional Grant (TPAG) provides an additional £482.5 million in 2023-24, and £827.5 million for 2024-25 for mainstream, special and alternative provision schools.
- 2.5 Funding through the mainstream schools national funding formula (NFF) is increasing by 1.9% per pupil in 2024-25, compared to 2023-24. Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 7.6% higher per pupil in 2024-25, compared to 2022-23. For North Northamptonshire this average is 1.96% per pupil. This percentage varies from school to school as well as LA to LA [National funding formula tables for schools and high needs: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk).
- 2.6 The schools national funding formula (NFF) continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main features in 2024-25 are:
 - Introduction of a formulaic approach to allocating split sites funding. This ensures that split sites funding will be provided on a consistent basis across the country.
 - The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 1.4%.

- Through the minimum per pupil funding levels, every primary school will receive at least £4,610 per pupil, and every secondary school at least £5,995.
- The funding floor will ensure that every school will attract at least 0.5% more pupil-led funding per pupil, compared to its 2023-24 allocation.
- Rolling the 2023-24 mainstream schools additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.

2.7 2023-24 was the first year of transition to the direct schools NFF – with the end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. Following a successful first year of transition, the DFE will continue with the same approach to tightening in 2024-25. As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2023-24, unless they are already mirroring the NFF. North Northamptonshire Council is classified as mirroring the National Funding Formula.

2.8 High needs funding is increasing by a further £440 million, or 4.3%, in 2024-25, following the £970 million increase in 2023-24 and £1 billion increase in 2022-23. This brings the total high needs budget to £10.54 billion – an increase of over 60% since 2019-20. The high needs NFF will ensure that every local authority receives at least a 3% increase per head of their 2-18 population, with the majority of authorities seeing gains of more than 3%. For North Northamptonshire this increase is 4.1% per head of the 2-18 population. Alongside the continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. The DFE will continue to focus support on those local authorities with the most significant Dedicated Schools Grant (DSG) deficits, and to work on the longer term reforms set out in the Government's [SEND and alternative provision improvement plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114424/send-and-alternative-provision-improvement-plan-2023.pdf), published in March 2023.

2.9 Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14. The total provisional funding for these responsibilities is £304 million in 2024-25. In line with the process introduced for 2020-21 to withdraw the funding for historic commitments over time, this element of funding will decrease by 20%.

2.10 Final allocations of mainstream schools and central schools services funding for 2024-25 will be calculated in December 2023, based on the latest pupil data at that point, when the DFE will announce local authorities' DSG allocations. Local authorities will continue to use that funding to determine final allocations for all local mainstream schools. The December DSG allocations will also include updated high needs funding allocations,

based on the latest pupil data, but these are not final as there will be a further adjustment in 2024. As normal, local authorities will use the December allocations to finalise their schools' and high needs budgets. The Estimated 2024-25 DSG funding is based on the provisional 2024-25 NFF allocation in October 2023 adjusted for estimated October 2023 census. The Early Years Block was estimated based on January 2023 census using the indicative rates issued by the DFE in November 2023. It also includes estimates by the DFE for the introduction of the new 2-year-old and under entitlement to 15 hours of free childcare for eligible children of working parents starting from April 2024 for 2-year-olds and September 2024 for children aged between 9 months and 2 years old, but not including 2-year-olds.

2.11 The table below compares the Estimated 2024-25 against the current 2023-24 DSG allocation. It includes the Mainstream Schools Additional Grant in the Schools Block and Teachers Pay and Pension Grant in the Early Years Block in 2022-23 as the DFE have incorporated these grants into the respective DSG blocks in 2024-25.

Dedicated Schools Grant	2023-24 DSG Allocation at 16 Nov 2023	2023-24 DSG Allocation at 16 Nov 2023	Estimated 2024-25 DSG Allocation at 31 Oct 2023	Estimated 2024-25 DSG Allocation at 31 Oct 2023	Estimated Change	Estimated % Change
Schools Block (inc. Mainstream School Additional Grant)	£279,334,092	76.80%	£287,566,590	74.09%	£8,232,498	2.95%
Central School Services Block	£3,286,931	0.90%	£3,081,192	0.79%	£-205,739	-6.26%
High Needs Block	£57,919,150	15.93%	£60,564,715	15.61%	£2,645,565	4.57%
Indicative Early Years Block	£23,159,118	6.37%	£36,895,262	9.51%	£13,736,144	59.31%
Total DSG	£363,699,291	100.00%	£388,107,759	100.00%	£24,408,468	6.71%

Note:

1. Provisional 2024-25 Schools Block includes estimated Growth Funding of £1.645m as 2023-24 due to complete Oct 2023 census not being available.

2. Funding for Historic Commitments for Central School Services Block continues to decrease by 20% year on year by the DFE.

3. Estimated Early Years Block in 2024-25 includes:

a. 3 and 4-year-old universal 15 hours entitlement.

b. 3 and 4-year-old additional 15 hours entitlement for eligible children of working parents.

c. The rolling in of the early years element of the teachers' pay and teachers' pension employer contribution (TPPG).

d. Existing 2-year-old entitlement to 15 hours of free childcare for eligible children of disadvantaged parents.

e. New 2-year-old and under entitlement to 15 hours of free childcare for eligible children of working parents starting from April 2024 for 2-year-olds

f. New under 2-year-old entitlement to 15 hours of free childcare for eligible children of working parents starting

g. Early Years Premium

h. Disability Access Fund

i. Maintained Nursery School Supplement inc TPPG

2.12 There are two parts to the DSG funding which have been based on historical prior year's expenditure, these are within the High Needs Block and Central Schools Services Block. The basis of the disaggregation for the historical High Needs Block has been the 2019-20 expenditure outturn, which gives the percentage of the High Needs Historical funding as 45.9% for the North Northamptonshire Council (NNC).

2.13 The basis of the split for the Central Schools Services Block of the legacy council was more complex but related to less than 1% of the overall DSG

being disaggregated. Each budget has been reviewed individually and NNC receives either 50%, 46.4% or 43.1%. As the PFI scheme of £300k is in West Northamptonshire Council, this does not apply to NNC.

3. Budgetary Pressures in the High Needs Block

- 3.1 The most significant pressure within the DSG is 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.
- 3.2 The [Special Educational Needs and Disabilities \(SEND\) and Alternative Provision \(AP\) Improvement Plan \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) explored the issues present within the current SEND system. It set out the government's proposals to improve outcomes for children and young people; improve experiences for families, reducing the current adversity and frustration they face; and deliver financial sustainability. It also considered the specific issues facing the alternative provision sector. This is because 82% of children and young people in state-place funded alternative provision have identified special educational needs (SEN) 2, and it is increasingly being used to supplement local SEND systems.
- 3.3 There continues to be pressures nationally around the levels of funding allocated for the High Needs Block which results from an increase in population, this brings risks around affordability of provision for pupils with high needs.
- 3.4 The structural High Needs deficit that North Northamptonshire Council inherited from the legacy Northamptonshire County Council was around £1.9m. There was an outstanding backlog of Education Health and Care Plan (EHCP) assessments in the system. North Northamptonshire have managed to reduce the waiting time for assessments to under 20 weeks in the past year as per statutory requirement. The consequence of implementing the payments for these assessments are causing North Northamptonshire High Needs Block to overspend it's High Needs Block DSG budget allocation. Whilst mitigating actions are being taken to address this structural issue and to prevent further escalation of the deficit it is still on the upward trajectory. These issues have been further compounded by the COVID pandemic leading to an increase in number of requests for assessments for EHCP.
- 3.5 Some local authorities under the DfE's High Needs Safety Valve Intervention Programme have managed to secure substantial additional High Needs Block Funding from the DfE to address their High Needs Block deficit. To be successful in the bid for additional funding from the DfE the LA must be able to demonstrate to the DfE that the LA is committed and determined to reduce the High Needs Block deficit as an organisation. This includes investment by the council to match fund the mitigating actions required to reduce the High Needs Block deficit. We are about to embark on discussions with the DfE as to the strategy and options available to North Northamptonshire to address our escalating High Needs Block deficit.

- 3.6 DfE regulations allow up to 0.5% of the Schools Block funding to be moved to the High Needs Block to cover the continuously increasing costs to support pupils with high needs.
- 3.7 The [proposals](#) presented to Schools Forum for consideration for 2024-25 following consultation with schools are as follows:
- a) The adoption of the 2024-25 ACA adjusted National Funding Formula values in setting the 2024-25 mainstream funding formula for schools and academies.
 - b) The national split sites funding factor has been built into the National Funding Formula by the DfE.
 - c) Proposal for the Minimum Funding Guarantee to be set at 0.5%.
 - d) It is forecast that the High Needs Block will overspend at the end of 2023-24. It has been proposed to Schools Forum that there will be a transfer from the Schools Block to the High Needs Block of 0.5% in 2024-25.
 - e) Schools Forum to decide whether it will introduce a [Falling Pupil Roll Fund](#) following the DfE's decision to fund all local authorities for falling pupil roll for the first time in 2024-25.
 - f) All remaining funding in Schools Block will be allocated to the Growth Fund.
 - g) [Growth Fund Policy and Rates](#) remain the same as 2023-24.
 - h) [Permanent Exclusion Clawback Policy](#) remain the same as 2023-24 with updated factor rates.
 - i) Continuation of central services to be partly funded by Dedicated Schools Grant [Central School Services Block](#). Consideration by Schools Forum whether to further de-delegate for Education Functions to cover the ongoing 20% reduction to Historical Commitment CSSB to address the shortfall in contribution to combined services.
 - j) Continuation of the [De-delegation for Trade Union Facility Time](#) at the rate of £3.79 proposed at the December 2023 Schools Forum.
 - k) Continuation of the [De-delegation for School Effectiveness](#) at the rate of £12.78 per pupil. Consideration by Schools Forum whether to create an additional maintained school improvement fund to address the cessation of School Improvement, Monitoring and Brokering Grant by the DfE.
 - l) Consideration by Schools Forum whether to de-delegate the purchasing of [Maintained Schools Insurance Service](#).
- 3.8 The local authority may transfer 0.5% of the Schools Block allocation to the High Needs Block with Schools Forum consent. For North Northamptonshire, this is estimated to equate to £1.437m in 2024-25. It is

forecast that the High Needs Block will overspend at the end of 2023-24. It has been proposed to Schools Forum that there will be a transfer from the Schools Block to the High Needs Block of 0.5% in 2024-25.

- 3.9 The local authority also needs to decide the value at which the Minimum Funding Guarantee should be set for 2024-25 - this must be set between 0% and 0.5% which means that the per pupil funding must increase by between 0% and 0.5% from the 2023-24 level. A couple of options of MFG between 0% and 5% has been modelled and will be discussed at the December 2023 Schools Forum which is the best option to adopt in the best interest of North Northamptonshire. The local authority also needs to decide whether North Northamptonshire Council should operate a funding cap and level of scaling on a per pupil, year on year increase, if required, to ensure affordability of the overall formula. It is recommended to Schools Forum to set the MFG at 0.5% capped at 0.5% and scaled at 100%.
- 3.10 The continuous 20% annual reduction in historical commitments funding by the DfE in the Central School Services Block (CSSB) of the DSG means the continued use of the Central School Services Block must be kept under review annually.
- 3.12 The results of the consultation will be presented to and voted on at the Schools Forum meeting on the 14th December 2023. The votes on the following items will be taken.
- a) The adoption of the 2024-25 Area Cost Adjusted National Funding Formula values in setting the 2024-25 mainstream funding formula for schools and academies.
 - b) The adoption of the national split sites funding factor that has been built into the National Funding Formula by the DfE.
 - c) Schools Forum are recommended to set the Minimum Funding Guarantee at 0.5%, capped at 0.5% and scaled at 100% to ensure affordability of the Mainstream Schools Funding Formula. As it is forecast that the High Needs Block will overspend at the end of 2023-24, it has been proposed to Schools Forum that there will be a transfer from the Schools Block to the High Needs Block of 0.5% in 2024-25.
 - d) Schools Forum to decide whether it will introduce a [Falling Pupil Roll Fund](#) following the DfE's decision to fund all local authorities for falling pupil roll for the first time in 2024-25.
 - e) All remaining funding in Schools Block will be allocated to the Growth Fund.
 - f) [Growth Fund Policy and Rates](#) remain the same as 2023-24.
 - g) [Permanent Exclusion Clawback Policy](#) remain the same as 2023-24 with updated factor rates.
 - h) Continuation of central services to be partly funded by Dedicated Schools Grant [Central School Services Block](#). Consideration by

Schools Forum whether to further de-delegate for Education Functions to cover the ongoing 20% reduction to Historical Commitment CSSB to address the shortfall in contribution to combined services.

- i) Continuation of the [De-delegation for Trade Union Facility Time](#) at the rate of £3.79 proposed at the December 2023 Schools Forum.
- j) Continuation of the [De-delegation for School Effectiveness](#) at the rate of £12.78 per pupil. Consideration by Schools Forum whether to create an additional maintained school improvement fund to address the cessation of School Improvement, Monitoring and Brokering Grant by the DfE.
- k) Consideration by Schools Forum whether to de-delegate the purchasing of [Maintained Schools Insurance Service](#).

3.13 The final schools funding formula ultimately remains a local authority decision having consulted with schools and the Schools Forum. The time between the final DSG settlement from Government on 18th December 2023 and the submission deadline to the ESFA for the individual schools' budgets on 19th January 2024 is tight to allow for adequate budget calculation, presentation to Schools Forum on the 18th January 2024 and presentation to North Northamptonshire Council Executive to review for final ratification. As a result of these short deadlines over a time when schools and academies usually have two weeks holiday, the LA therefore propose to delegate authority to the Executive Director of Adults, Health Partnerships & Housing (DASS) & Children's Services (Interim Director for Children's Services) in consultation with the Cabinet Member for Children, Education and Skills and the Executive Director of Finance and Performance (s151 Officer) in consultation with the Cabinet Member for Finance and Transformation following consultation with the Schools Forum and Schools Forum to determine:

- a) the 2024-25 school funding formula for Northamptonshire to enable the required submission to the Education and Skills Funding Agency on 19th January 2024;
- b) North Northamptonshire Council's funding arrangements for 2024-25 for pupils with high needs in line with Department for Education guidance; and
- c) North Northamptonshire Council's funding arrangements for 2024-25 for the Early Years National Funding Formula in line with Department for Education guidance.

3.14 North Northamptonshire Schools Forum have been briefed at the 2nd November 2023 Schools Forum and will be considering the announcements and impacts at the 14th December 2023 meeting where relevant approvals in principle will be sought, following which the LA will set the schools' budgets with the final approval being given by Schools Forum on the 18th January 2024 and by North Northamptonshire Council on 22nd February 2024.