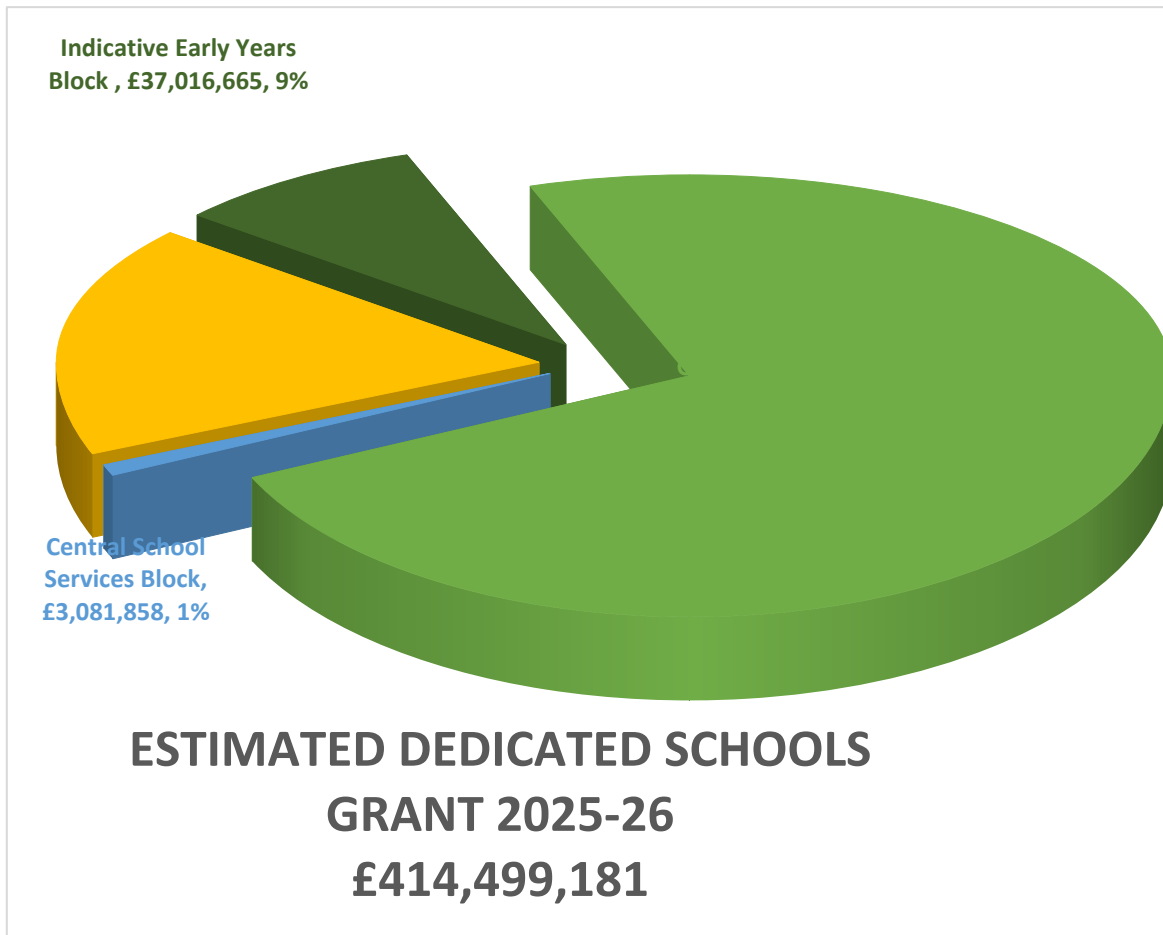


## Appendix C

### 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 under 25). 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, school insurance service 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 Department for Education (DfE). 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 following chart sets out the indicative disaggregated DSG funding based on the provisional National Funding Formula (NFF) settlement announced on 28<sup>th</sup> November, a further announcement will be made alongside the provisional financial settlement which is expected week commencing 16<sup>th</sup> December 2024. At this stage no announcements have been made for the Early Years Block and the current years allocation has been assumed for 2025-26.

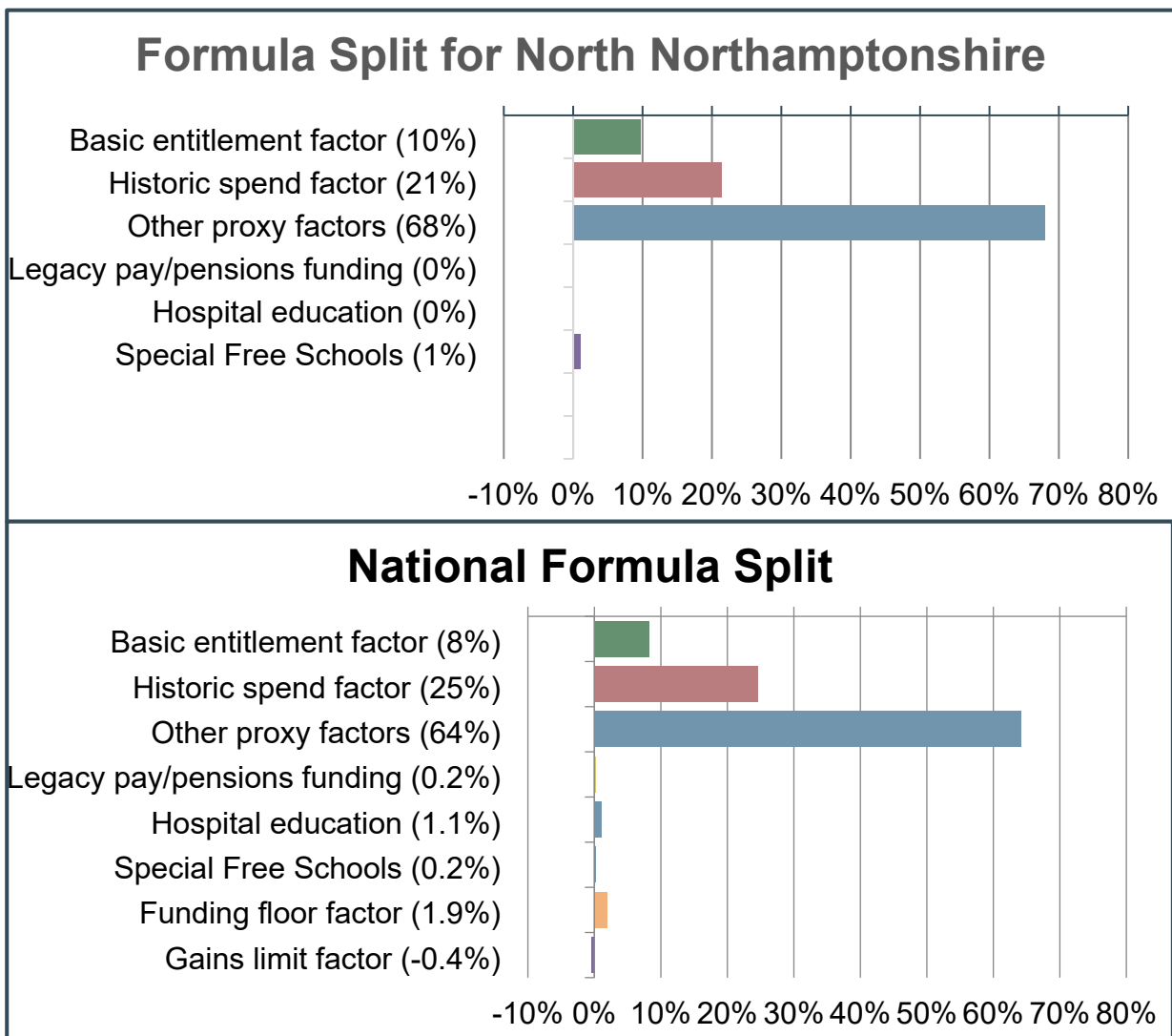


- 1.4 Each of the blocks covers different elements of education funding with the respective funding allocations being based on different underlying formulae and data sets.
- 1.5 The total DSG that the Authority receives is based on all schools' pupil numbers as per census data for the county irrespective of whether it is a maintained school or an academy. Each of the four blocks is allocated to the local authority on the following basis.
- 1.6 **Schools Block**
- 99.28% 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 0.72% 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)**
- 70.1% of CSSB is for funding ongoing responsibilities of the LA based on the schools Autumn 2024 census data at £42.84 per pupil and 29.9% 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 to under 25 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 charts below.



### 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. The working parents' entitlements for under 2 year olds (from 9 months) and 2 year olds are based on termly census due to lack of available historic data.

- 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 other 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.
- 1.11 Within North Northamptonshire, there are currently 4 maintained nursery schools, 30 primary, 1 secondary and 1 special maintained school. There are also 81 primary, 19 secondary, 1 All-through and 7 special academies. At present there is no Alternative Provision within North Northamptonshire.
- 1.12 Schools Forum membership is made up of representatives from maintained and academy primary and secondary schools, nurseries and 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, which when it is due to expire each role will go out to recruit following the standard Schools Forum and Operational Good Practice Guide.

## **2. 2025-26 Funding Summary**

- 2.1 The Department for Education initially published the 2025-26 summary policy note for schools and high needs national funding formula on 6<sup>th</sup> November 2024.
- 2.2 The DfE also published the updated [National funding formula for schools and high needs: 2025 to 2026](#) for three of the four DSG funding blocks at the end of November 2024. 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 2025-26 are provisional [National funding formula tables for schools and high needs: 2025 to 2026](#). The Schools, Central School Services and High Needs Block allocations will be confirmed with the finalised October 2024 census pupil numbers with an announcement published by the DfE expected week commencing 16th December 2024. This is the point at which individual school budgets can be set through North Northamptonshire's schools' funding formula known as the DfE's Authority Proforma Tool (APT).

### **2025-26 schools budget settlement**

#### [Pre-16 schools funding: local authority guidance for 2025 to 2026](#)

- 2.4 The 2024 Autumn budget allocated an overall increase of £2.3 billion to the core schools budget, bringing the total for 2025-26 to almost £63.9 billion.
- 2.5 Of this increase of £2.3 billion, almost £1 billion is for the high needs budget, which brings total high needs funding in 2025-26 to £11.9 billion.
- 2.5 The remaining £1.3 billion will cover the remaining costs of the 2024 teachers' pay award and support staff pay offer in mainstream schools.
- 2.6 This is reflected by an increase to the mainstream schools national funding formula (NFF).
- 2.7 There will also be increases to the pupil premium and other elements of core funding.

### **The Schools NFF: no significant structural changes in 2025-26**

- 2.8 The structure of the schools NFF will remain largely unchanged in 2025-26. Key changes include:
- a. Rolling in the 2024-25 teachers pay additional grant (TPAG), the teachers pay employer contribution grant (TPECG) and the core schools budget grant (CSBG) into the NFF.
  - b. A further uplift to NFF factor values.
  - c. Changes to the PFI factor.
  - d. Technical changes to the split sites factor.

- 2.9 In addition to the funding allocated through the NFFs, further funding in respect of the increase in National Insurance contributions will be provided in 2025-26 by a grant outside of the NFF.

### **The Schools NFF: rolling in grants**

- 2.10 Teachers Pay Additional Grant (TPAG) and Teachers Pension Employer Contribution Grant (TPECG) are being rolled in to the schools NFF in the same way as the mainstream schools additional grant (MSAG) was included in the NFF in 2024-25. This means that:
- a. added an amount representing what schools received through the grants to their 2024-25 baselines
  - b. added the value of each grant's lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) per pupil rates onto the respective factors in the NFF
  - c. uplifted the NFF minimum per pupil level (MPPL) factor values by the average amount of funding schools funded through the MPPLs last year received through the grants
- 2.11 For the Core Schools Budget Grant (CSBG), the 2024-25 allocations have been recalculated on an annualised basis, and then rolled into the NFF in the same way as TPAG and TPECG. Doing so provides a funding uplift which covers the remaining costs of the 2024 teachers' pay award in mainstream schools, so that the full 12 months of salary costs are fully funded at a national level. This means that an annual funding uplift has been incorporated into the baseline, which is used to calculate the NFF floor protection.

### **The Schools NFF: further factor value increases**

- 2.12 On top of the factor value increases applied in respect of the grants:
- a. a further overall increase has been applied to the school and pupil-led factors.
  - b. as in previous years, the PFI factor has increased by the Retail Prices Index excluding mortgage interest payments (RPIX) measure of inflation (2.3%) to reflect cost increases built into the PFI contract itself. This does not affect North Northamptonshire as we do not have any PFI contract.
  - c. the funding floor will be set at 0.0%. This protects schools from sudden drops in pupil-led per pupil funding compared to the baseline. As an uplift has already been incorporated into the baseline, a 0.0% floor still represents an uplift compared to what schools attracted in 2024-25.

### **The Schools NFF: changes to the PFI factor**

- 2.13 In previous years, the NFF PFI factor has been set at the level of the local authority's 2024-25 PFI premises factor (as given on the 2024-25 APT); uplifted by the RPIX measure of inflation.

From 2025-26:

- a. DfE will be providing pro-rata funding when a PFI contract is coming to an end in the financial year (such that funding is only provided for the part of the year when the contract is still in place) and
- b. in calculating a school's PFI funding, the lower of the local authority's 2024-25 PFI premises factor (as given on the 2024-25 APT) and the school's PFI funding from the 2024-25 NFF will now be taken as the baseline for calculating the 2025-26 PFI factor. As in previous years, this baseline will then be uplifted in line with RPIX growth
- c. exceptions to this are made for local authorities that have provided the Department for Education (DfE) with an affordability model which demonstrates that a different amount is required.

This does not affect North Northamptonshire as we do not have any PFI contract.

### **The Schools NFF: technical changes to the split sites factor**

- 2.14 The split sites factor was first formularised in the 2024-25 NFF. This year, the DfE are making 2 technical changes to this factor:

- a. Removing the transitional floor protection. This was only needed in 2024-25 to avoid schools losing out from the transition to formularisation.
- b. Merging or amalgamating schools will not start attracting split sites funding until after they stop attracting 70% of an additional lump sum.

Funding for split sites through the NFF to local authorities will be based on the department's recorded list of eligible schools. Local authorities must notify the department of any changes in split site eligibility.

### **Local formulae: requirements to continue moving towards the NFF**

- 2.15 The DfE continue to require local authorities to move their local formulae closer to the NFF:

- a. local authorities that are not already mirroring the NFF will be required to move their factor values 10% closer to NFF factor values this will be calculated relative to how far they were from the NFF in 2024 -25. (As the TPAG, TPECG and CSBG grant uplifts have been incorporated into the NFF values, this means that local authority formulae will also need to incorporate them into their local formulae)
- b. the threshold for mirroring will continue to be set at +/- 2.5% of the NFF factor values (including area cost adjustment (ACA))

- c. as previously announced, the 'reception uplift' will be removed. This means that local authorities will no longer be allowed to increase the pupil number count for schools with higher reception pupil numbers in the January 2024 census. Only 8 local authorities made use of this flexibility in 2024-25.

**North Northamptonshire Council currently mirrors the NFF.**

**Local formulae: minimum funding guarantee and block transfers**

- 2.16 The allowable range for the Minimum Funding Guarantee (MFG) will be between **minus 0.5% and 0%** compared to the baseline.
  - a. As in the NFF, the baseline will include funding in respect of the additional grants, including the CSBG annualised uplift.
  - b. The annualised CSBG rates in the baseline means that the baseline itself will include a funding uplift compared to 2024-25.
  - c. Technical changes: split sites and PFI funding will be excluded from the calculation of the MFG.
- 2.17 Block transfer limits will remain unchanged from last year, with:
  - a. no disapplication required for transfers up to 0.5% of the DSG with schools forum approval; and
  - b. disapplication required for transfers above 0.5% of the DSG (or any amount without schools forum approval).

North Northamptonshire have submitted a disapplication request to transfer 0.5% of the Schools Block DSG in the event that North Northamptonshire Schools Forum do not approve the 0.5% transfer from Schools Block to High Needs Block

**Central School Services NFF: ongoing responsibilities**

- 2.18 The CSSB formula for ongoing responsibilities will remain largely unchanged from 2024 to 2025:
  - a. TPECG and CSBG (annualised) will be rolled into the CSSB. This will be added to each local authority's baseline, which is used to calculate the cap and the floor
  - b. the total provisional budget for ongoing responsibilities will be £342 million in 2025 to 2026:
    - i. £338 million of this will be allocated using the same simple formula as in previous years, with 90% of the funding distributed through a basic per-pupil factor, and 10% of the funding through a FSM6 deprivation factor – with ACA applied
    - ii. local authorities will have the same funding floor of minus 2.5% as in previous years



- iii. the gains cap will be set at the maximum affordability rate of 2.98%
- c. an additional circa £4 million will be allocated for increases in copyright licence costs. (This is on top of the additional copyright licence funding allocated in 2024-25)

### **Central School Services NFF: historic commitments**

2.19 Central School Services Block (CSSB) funding for historic commitments are largely unchanged from previous years:

- a. there will continue to be a 20% cash reduction to each local authority's 2024 to 2025 allocation
- b. DfE will apply protections against these reductions on the same grounds as in previous years (historic termination of employment and prudential borrowing costs)

### **The High Needs NFF – no structural changes for 2025-26**

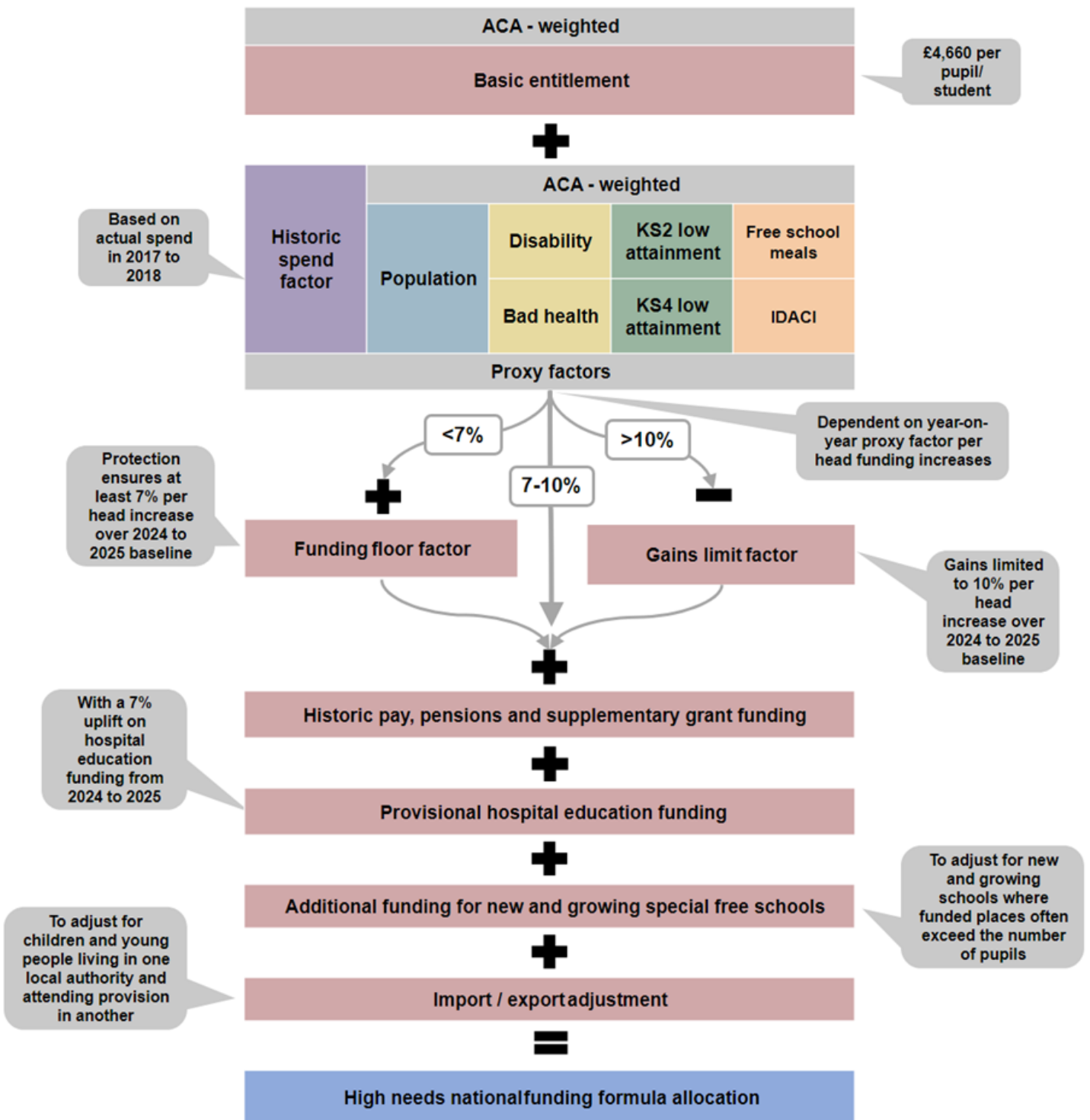
[High needs funding: 2025 to 2026 operational guide - GOV.UK](#)

2.20 Of the £11.9 billion total high needs funding, DfE have set aside:

- a. £480 million for a new single CSBG for special schools and alternative provision (AP).
- b. £145 million for later NFF adjustments and allocations outside the NFF.

2.21 This leaves £11.3 billion allocated through the NFF. The key differences from 2024-25 are:

- a. the funding floor and gains limit percentages – at 7% and 10% per head of local authorities' 2 to 18 projected population, respectively. All authorities will receive increases between these 2 percentages.
- b. The historic spend factor remains at the same cash level as in the 2024-25 NFF and will make up 25% of the total NFF allocations, down from 27% this year.



## Special schools MFG and allocation of additional legacy funding streams

### Special schools MFG

2.22 The MFG for special schools in 2025-26 will be 0%, which means that top-up funding rates must not be reduced such that overall place and top-up

funding for an individual special school is less in 2025-26 than in 2024-25 – assuming a like-for-like comparison with their pupil cohort in 2024-25.

- 2.23 All additional funding streams and grant allocations must be excluded from the calculation. The DfE are considering how they could be included in 2026-27 and will advise further in due course

### **Additional legacy funding streams**

- 2.24 The DfE are slightly changing the way that additional high needs funding streams within the DSG are to be allocated, covering both the historic pay and pensions funding for special schools and AP first paid to local authorities as separate grants in 2019-20, and the additional 3.4% increase for those schools allocated in 2023-24 and 2024-25.
- 2.25 For 2025-26, whatever of these additional funding streams is paid in 2024-25 must be converted to a per place amount and allocated to the schools on the basis of 2025-26 place numbers.

### **Core schools budget grant for special schools and AP in 2025-26**

- 2.26 The previous teachers' pay, pensions and core schools budget grants for mainstream schools are rolled into the schools NFF for 2025-26. However, for the high needs elements, it has not been possible to incorporate the funding for the 2024-25 TPAG, TPECG 2024 and CSBG into the NFF and place/top-up funding school-level allocations for 2025-26.
- 2.27 The DfE have decided to simplify the administration of these grants and, instead, combine them into a single CSBG for special schools and AP for 2025-26. The DfE have set aside £480 million out of the £11.9 billion for this combined CSBG in 2025-26. The rates used will combine the TPAG and TPECG 2024 rates with a full-year equivalent of the 2024-25 CSBG rate. The methodology will be published in December 2024 and make the first allocations and payments in May 2025.

### **Other high needs funding issues**

- 2.28 Local authorities will need to ensure that requests for payment of fees from high needs (top-up) funding from non-maintained special schools, independent schools, special post-16 institutions and other private sector educational providers clearly differentiate the VAT included from January 2025, so that authorities can claim VAT refunds in the normal way.
- 2.29 In addition, the DfE are working across a range of other finance and funding considerations, with the aim of providing more clarity on:
- a. how local authorities, schools and colleges will be compensated for the increase in employers' National Insurance contributions from April 2025.
  - b. how local authorities' commissioning of provision and placements under the Children and Families Act 2014 will interact with the delayed implementation of the Procurement Act 2023 in 2025.

- c. when recouplement of costs for looked after children placed by other authorities would be appropriate and what longer term changes may be introduced to avoid the disputes currently arising between authorities.
- d. the future of the safety valve programme, statutory override which is due to end at the end of 2025-26, and other measures to help local authorities manage their accumulated DSG deficits.
- e. what funding changes are being considered for 2026-27 and beyond to support wider SEND reforms.

2.30 Final allocations of mainstream schools and central schools services funding for 2025-26 will be calculated in December 2024, based on the latest October pupil census 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 census, but these are not final as there will be a further adjustment throughout the year in 2025. As normal, local authorities will use the December allocations to finalise their schools' and high needs budgets. The Estimated 2025-26 DSG funding is based on the provisional 2025-26 NFF allocation in November 2024 adjusted for estimated October 2024 census. The Early Years Block was estimated based on January 2024 census using the indicative rates issued by the DfE in November 2024.

2.31 The table below compares the Estimated 2025-26 against the current 2024-25 DSG allocation. It also includes the Teachers Pay Additional Grant (TPAG), Teachers Pension Employers Contribution Grant (TPECG) and Core Schools Budget Grant (CSBG) in the Schools Block and Central School Services Block as the DfE have incorporated these grants into the respective DSG blocks in 2025-26. The table below will be updated when the 2025-26 Indicative DSG Settlement is announced week commencing 16<sup>th</sup> December 2024.

Dedicated Schools Grant	2024-25 DSG Allocation at 19 Nov 2024	2024-25 DSG Allocation at 19 Nov 2024	2025-26 NFF Allocation at 28 Nov 2024	2025-26 NFF Allocation at 28 Nov 2024	Estimated Change	Estimated % Change
Schools Block (inc. Teachers Pay Additional Grant, Teachers Pension Employers Contribution Grant and Core Schools Budget Grant)	£303,593,588	75.02%	£308,316,224	74.38%	£4,722,636	-0.64%
Central School Services Block	£3,194,151	0.79%	£3,081,858	0.74%	-£112,293	-0.05%
High Needs Block	£60,867,773	15.04%	£66,084,435	15.94%	£5,216,662	0.90%
Indicative Early Years Block	£37,016,665	9.15%	£37,016,665	8.93%	£0	-0.22%
<b>Total DSG</b>	<b>£404,672,177</b>	<b>100.00%</b>	<b>£414,499,181</b>	<b>100.00%</b>	<b>£9,827,004</b>	<b>0.00%</b>

**Note:**

1. 2025-26 NFF Schools Block allocation excludes Growth Funding for 2025-26.
2. Funding for Historic Commitments for Central School Services Block continues to decrease by 20% year on year by the DfE.
3. Early Years Block in 2025-26 is estimated at 2024-25 allocation 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. Existing 2-year-old entitlement to 15 hours of free childcare for eligible children of disadvantaged parents.
  - d. New 2-year-old and under entitlement to 15 hours of free childcare for eligible children of working parents of 2-year-olds
  - e. New under 2-year-old entitlement to 15 hours of free childcare for eligible children of working parents of under 2 year olds (from 9 months)
  - f. Early Years Premium for under 2 year olds (from 9 months), 2 year olds and 3 and 4 year olds
  - g. Disability Access Fund for under 2 year olds (from 9 months), 2 year olds and 3 and 4 year olds
  - h. Maintained Nursery School Supplement

### 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 eight 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 \(publishing.service.gov.uk\)](#) 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. These issues have been further compounded by the COVID pandemic leading to an increase in number of requests for assessments for EHCP. 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 is causing North Northamptonshire High Needs Block to overspend the High Needs Block DSG budget allocation. In 2023-24 the High Needs Block overspend was £8.277m. In 2024-25 a deficit High Needs Block budget of £7.705m was set. However, the forecast at Quarter 2 in 2024-25 is forecasting an additional £9.639m deficit in addition to the £7.705m deficit budget set bringing it to a total of £17.344 in year deficit for 2024-25. Whilst officers are working hard to take mitigating actions to address this structural issue and to prevent further escalation of the deficit it is still on the upward trajectory as a consequence of lack of investment in ensuring sufficiency of available places to meet need.
- 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 transferred 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 2025-26 following consultation with schools are as follows:
- a) The adoption of the 2025-26 ACA adjusted National Funding Formula values in setting the 2025-26 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%.
  - d) It is forecast that the High Needs Block will continue to overspend at the end of 2024-25. It has been recommended to Schools Forum that a transfer of 0.5% from the Schools Block to the High Needs Block is adopted for 2025-26. In the event Schools Forum do not agree to the transfer, a disapplication request has been submitted to the Secretary of State requesting for this transfer of 0.5% from Schools Block to High Needs Block.
  - e) All remaining funding in Schools Block will be allocated to the Growth Fund in 2025-26.
  - f) Growth Fund Policy and Rates remain the same as 2024-25.
  - g) 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 going forward.
  - h) A decision to be made at 12<sup>th</sup> December Schools Forum meeting whether to continue to de-delegate for Trade Union Facility Time as well as to decide on the rate it should be de-delegated. It is a choice of either £3.79 or £4.00 per pupil being proposed for the De-delegation of Trade Union Facility Time to be decided at the December 2024 Schools Forum.
  - i) Schools Forum are also asked to decide on whether to continue with the De-delegation for School Effectiveness at the rate of £13.48 per pupil for 2025-26.
- 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 £1.541m in 2025-26. This figure will be updated once the Oct 2024 census is confirmed by the DfE in the 2025-26 Indicative DSG Settlement due to be announced week

commencing 16<sup>th</sup> December 2024. It is forecast that the High Needs Block will overspend at the end of 2024-25. Schools Forum is recommended to transfer 0.5% from the Schools Block to the High Needs Block in 2025-26.

- 3.9 North Northamptonshire Council has submitted a disapplication request to the Secretary of State to transfer 0.5% of the Schools Block funding to the High Needs Block. The Council had to submit a disapplication request as the delay by the DfE in publishing the 2025-26 Provisional National Funding Formula for Schools and High Needs did not enable the Council to model options for Schools Forum to make an informed decision at the October Schools Forum. Should Schools Forum decide not to agree to this transfer the Council can continue to progress the disapplication request but would welcome agreement through the Schools Forum in meeting the financial challenges within the High Needs Block.
- 3.10 The local authority also needs to decide the value at which the Minimum Funding Guarantee should be set for 2025-26 - this must be set between **minus 0.5% and 0%** which means that the per pupil funding must increase by between minus 0.5% and 0% from the 2024-25 level. A few options of MFG between minus 0.5% and 0% were modelled and will be discussed at the December 2024 Schools Forum to decide 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 back 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% capped at 0% and scaled at 25%.
- 3.11 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 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 12<sup>th</sup> December 2024. The votes on the following items will be taken.
- a) The adoption of the 2025-26 Area Cost Adjusted National Funding Formula values in setting the 2025-26 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%, capped at 0% and scaled at 25% to ensure affordability of the Mainstream Schools Funding Formula. As it is forecast that the High Needs Block will overspend at the end of 2024-25, it has been recommended to Schools Forum that there will be a transfer of 0.5% from the Schools Block to the High Needs Block in 2025-26.
  - d) All remaining funding in Schools Block will be allocated to the Growth Fund.

- e) Growth Fund Policy and Rates remain the same as 2024-25.
- f) 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.
- g) Continuation of the De-delegation for Trade Union Facility Time at the rate of either £3.79 or £4.00 to be decided at the December 2024 Schools Forum.
- h) Continuation of the De-delegation for School Effectiveness at the rate of £13.48 per pupil.

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 DfE week commencing on 16<sup>th</sup> December 2024 and the submission deadline to the ESFA for the individual schools' budgets on 22<sup>nd</sup> January 2025 is tight to allow for adequate budget calculation, presentation to Schools Forum on the 16<sup>th</sup> January 2025 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 break up for Christmas and New Year holidays, the LA therefore propose to delegate authority to the Executive Director of Children's Services in consultation with the Cabinet Member for Children, Education and Skills and the Executive Director of Finance (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 2025-26 school funding formula for North Northamptonshire to enable the required submission to the Education and Skills Funding Agency on 22<sup>nd</sup> January 2025;
- b) North Northamptonshire Council's funding arrangements for 2025-26 for pupils with high needs in line with Department for Education guidance; and
- c) North Northamptonshire Council's funding arrangements for 2025-26 for the Early Years National Funding Formula in line with Department for Education guidance.

3.14 North Northamptonshire Schools Forum will be considering the announcements and impacts at the 12<sup>th</sup> December 2024 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 16<sup>th</sup> January 2025 and by North Northamptonshire Council on 20<sup>th</sup> February 2025.