

## Dedicated Schools Grant

### 1. Executive Summary

- 1.1. The Dedicated Schools Grant (DSG) is the ringfenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils.
- 1.2. The DSG contains four blocks determined by a separate funding formula which calculates the total funding due to local authorities. In considering how the DSG is allocated it is necessary to consider each block separately. This report sets out the recommendations in relation to the Schools Budget for approval by Council. The detail set out in this report has been discussed and agreed by the Schools Forum at its meeting on 15 January 2024.

### 2. Recommendations:

#### 2.1. That Overview and Scrutiny:

- Note the content of this report.
- Consider whether to make any recommendations to Cabinet on the content of this report.

#### 2.2. That Cabinet approve and commend to Council:

- The Dedicated Schools Grant budget for 2024/25 at £228.326m and approve the allocations between the four funding blocks as set out in this report.
- The Schools and Academies 2024/25 funding unit values as recommended by Schools Forum and detailed at Annex 1.
- Approve the 2024/25 hourly rates for all early years providers as follows:
  - £5.28 per hour, for 3 and 4 year olds;
  - £7.52 per hour, for 2 year olds; and.
  - £10.00 per hour, for under 2s
- Note the position on the Dedicated Schools Grant deficit and Project Safety Valve.

### 3. Background

#### Dedicated Schools Grant

- 3.1. Details on the Dedicated Schools Grant were published by Government on 19 December 2023. The allocations for Bury are set out in the following table:

2024 to 2025 DSG allocations, before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA)						
Dedicated schools grant (DSG):		Schools block	Central school services block	High needs block	Early years block	Total DSG allocation
351	BURY	(£s)	(£s)	(£s)	(£s)	(£s)
	2023-24 DSG, including additional grants	154,929,419	1,037,945	45,243,107	14,570,700	215,781,171
	2024-25	157,626,868	1,077,628	46,967,042	22,654,385	228,325,923
	Variance to 2023-24 £	2,697,449	39,683	1,723,935	8,083,685	12,544,752
	Variance to 2023-24 %	1.7%	3.8%	3.8%	55.5%	5.8%

3.2. The 4 blocks that make up the DSG are:

- ***The Schools Block***

This provides funding for individual mainstream schools and academies as well as growth funding for any planned growth in schools. It is the responsibility of the Council to propose and decide any changes to the formula which is used to allocate Schools Block DSG to all primary and secondary schools. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

- ***The High Needs Block***

This provides funding for the education of pupils subject to Education, Health and Care plans from age 0-25 in a range of provision including special schools, mainstream schools, alternative provision, independent specialist provision and council centrally retained expenditure for high needs support and inclusion. It is the responsibility of the local authority to propose and decide the allocation of High Needs Funding. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

- ***The Early Years Block***

This now provides separate funding streams from nine months up to two years old, two-year olds and 3 and 4 year olds in schools and in the Private, Voluntary and Independent (PVI) sector as well as centrally retained expenditure for under 5s. Local Authorities must pass through a minimum of 95% of funding for each of the stated funding streams. This leaves a balance of up to 5% that can be retained by the Council to contribute to early years functions delivered by education services, for contingency to allow in-year funding to be provided to providers for increased early years pupil participation and for Early Years SEND inclusion funds. It is the responsibility of the local authority to propose and decide on the allocation of early years funding. The Schools Forum and all early year's providers are consulted annually and given an opportunity to give their view on the proposals.

- ***The Central Schools Service Block***

This provides funding for the local authority to carry out central functions on behalf of pupils in both maintained schools and academies. The local authority proposes the spending allocations funded from the Central Services Block but the final decision is made by the Schools Forum. Central Schools Services includes the admissions service, Schools Forum administration, National Copyright Licenses and other statutory and regulatory duties.

3.3. There is limited flexibility for councils to transfer funding between the 4 blocks. For 2024/25 the Education and Skills Funding Agency (ESFA) has limited the movement from the Schools Block to 0.5% of the total Schools Block allocation but only with the agreement of the Schools' Forum. Any proposed increase on this is subject to approval by the Secretary of State. Movements from the Central Services Block to any other block are not subject to any limit and can be made in consultation with Schools Forum.

3.4. For 2024/25, Bury's Schools' Forum approved a transfer of 0.39% from the Schools' Block to help support the pressures being faced on the High Needs Block. This equates to a £0.621m contribution to help sustain the recovery of the High Needs deficit. A transfer of 0.39% was recommended and approved on the basis that in order to transfer 0.5% this would not have left sufficient funding within the Schools Block to meet the national funding formula. This decision can only be made on an annual basis and will be reviewed again next year.

3.5. Furthermore, Schools Forum agreed on 15 January 2024, a transfer of £0.100m from the Central Services Block to the High Needs Block for 2024/25 to support with the council's deficit recovery programme on DSG.

## **4. DSG Allocation**

### **Schools Block National Funding Formula Allocation**

- 4.1. The Schools Block Allocation for 2024/25 is £157.627m, this is an increase of £2.697m from 2023/24 (when including the Mainstream Schools Additional Grant Allocation).
- 4.2. In September 2017, the National Funding Formula (NFF) for Schools and Central Services was introduced. The 2024/25 funding factors continue to comply with the national funding formula values.
- 4.3. Schools Forum has considered the allocation of the Schools Block and have made their recommendations. These have been applied to the formula used to determine individual school allocations and ensure full compliance with statutory requirements.
- 4.4. In 2023/24, schools received additional funding through the Mainstream Schools Additional Grant however, for 2024/25 this funding has been rolled into the baseline DSG allocation.
- 4.5. In July 2023 the government announced £525 million in 2023/24 to support schools with the September 2023 teachers' pay award, with a further £900 million in 2024/25. This is in addition to schools' allocations through the schools national funding formula. For Mainstream Schools and Academies, the 2024/25 indicative allocation for Bury is £2.6m.
- 4.6. A full summary of the funding formula factors is set out at Annex 1 and these are recommended for approval by Council.

### Central School Services Block Allocation

- 4.7. The allocation of the Central School Services DSG (CSSB) block is £1.078m in 2024/25, this represents an increase of £0.040m from the 2023/24 allocation. The use of the CSSB is determined by the Schools Forum based upon proposals from the Council in respect to funding ongoing responsibilities and central functions undertaken on behalf of schools and academies.
- 4.8. The planned use of this funding block in 2024/25 is:

<b>Central Schools Services Block (CSSB)</b>	<b>2024/25 £</b>
<b>Section 251 – Central Provision</b>	
1.4.2 Admissions	213,600
1.4.3 Schools' Forum	18,300
1.4.14 National Copyright Licences	185,000
<b>Section 251 - Former ESG Services</b>	
1.5.1 Education Welfare	289,200
1.5.2 Asset Management	99,800
1.5.3 Statutory / Regulatory inc SACRE	70,000
<b>Other</b>	
1.4.14 Teachers Pay and Pension Grant	101,428
Transfer to High Needs	100,300
<b>Total Central School Services Block (CSSB)</b>	<b>1,077,628</b>

### High Needs Block Allocation

- 4.9. The 2024/25 allocation for High Needs DSG is £46.967m. This represents a £1.724m increase from the 2023/24 allocation.
- 4.10. High needs funding is provided to local authorities through the high needs block of the DSG, enabling them to meet their statutory duties under the Children and Families Act 2014.

4.11. High Needs funding is based on SEND pupil numbers as of October 2023 in special and resourced provision in maintained schools and academies, and SEND pupil numbers at January 2024 in independent provision.

### Early Years Block Allocation

4.12. The Early Years Block allocation for 2024/25 is £22.654m, an increase of £8.084m from 2023/24. The Early Years Block will be adjusted in-year in respect to fluctuations in Early Years participation. The final funding allocation is based on two sets of January census data: January 2024 accounts for April 2024 to August 2024 (5/12ths) January 2025 accounts for September 2024 to March 2025 (7/12ths) Therefore the allocation identified in this report remains indicative.

4.13. For 2024/25, the additional funding increase relates to the free childcare offer which is to be extended so that eligible working parents in England will be able to access 30 hours of free childcare per week for 38 weeks per year from the term after their child turns 9 months to when they start school.

4.14. The initial indicative funding for 2024/25 is as follows:

<b>DSG Early Years Block</b>	<b>2024/25 £</b>
3&4 YO Basic Entitlement	8,669,976
3&4 YO Extended Entitlement	4,589,175
2-year-old disadvantaged entitlement	2,021,752
2-year-old entitlement for working parents	3,965,723
Under 2s entitlement	2,733,537
Early Years pupil premium for 3 & 4-year-olds	161,486
Early Years pupil premium for 2-year-olds	87,575
Early Years pupil premium for under 2s	4,380
Disability access fund for 3 & 4-year-olds	123,760
Disability access fund for 2-year-olds	32,760
Disability access fund for under 2s	11,830
Maintained Nursery Supplementary Funding	252,431
<b>TOTAL Early Years Block</b>	<b>22,654,385</b>

4.15. For 2024/25, local authorities are required to pass through at least 95% of funding for each of the following funding entitlement streams individually:

- 3 & 4 YO entitlements (no change)
- Under 2's
- 2 YO disadvantaged offer
- 2 YO working parents

Bury Council continues to meet this requirement.

4.16. The remaining up to 5% can be retained by the council to contribute to central early years functions, contingency for in year increases to early years participation in settings and an Early Years SEND Inclusion Fund. For 2024/25, the retained funding totals 3.4%, with 96.6% being passported.

4.17. In accordance with the statutory requirements, Council is required to approve the hourly rates for Early Years providers which will be applicable from 1 April 2024, as recommended by Schools Forum. These are set out in the table below:

<b>Factor</b>	<b>2023/24 Hourly Rate</b>	<b>2024/25 Hourly Rate</b>	<b>Variance £</b>	<b>Increase %</b>
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3&4 Year Olds	£4.74	£5.28	£0.54	11.4
2 Year Olds	£5.62	£7.52	£1.90	33.8
Under 2s	N/A	£10.00	N/A	N/A

The above rates include an average of £0.17 per hour for deprivation. Each child will attract deprivation funding according to the Income Deprivation affecting Children Index (IDACI). The average of £0.17 per hour covers the amounts in table below.

IDACI Weighting	Supplement per hour
G	£0.00
F	£0.18
E	£0.22
D	£0.34
C	£0.37
B	£0.40
A	£0.52

## 5. Dedicated Schools Grant Recovery Plan

- 5.1. Costs of high needs have exceeded the available budget for several years with the DSG deficit at the start of the 2023/24 financial year standing at £18.601m. This deficit has accrued for a number of reasons including increasing volumes of pupils receiving Education, Health and Care Plans (EHCPs), increasing complex needs, increasing costs of provision, increased numbers of pupils in out of borough placements, as well as investment made into in-borough inclusion.
- 5.2. The Department for Education (DfE) established a DSG Safety Valve Programme to work with councils with the greatest deficits to develop an agreed recovery plan with Bury being one of the first five local authorities to develop an agreement with the DfE.
- 5.3. Bury entered into a formal Safety Valve agreement on 19 March 2021. This original agreement aimed to eradicate the DSG deficit by the end of the 2024/25 with the council to receive an additional £20m of revenue funding to support with its recovery programme.
- 5.4. The council has undertaken extensive work in repairing and rebuilding Special Educational Needs and Disabilities (SEND) services within the borough over the last two years as part of the Safety Valve programme which has included rebuilding the Education Health and Care Plan (EHCP) team, reworking the EHCP process and launching a graduated approach. In addition, there has been extensive work to reduce the cost of provision in borough and there continues to be work on improving sufficiency in Bury.
- 5.5. The work undertaken to date has had an impact and has started to reduce the DSG deficit position, however this has been against a backdrop of unprecedented demand. This increase in demand has resulted in a necessary change in the deficit reduction profile with the council working with the DfE to devise a revised DSG Management Plan which proposes to eradicate the deficit by the end of the 2028/29 financial year.
- 5.6. The DSG Management Plan was submitted to the DfE in October 2023. The DfE have submitted this plan for Ministerial consideration with a decision on the revised plan anticipated in the first quarter of 2024/25.

## Schools and Academies 2024/25 funding unit values

Factor	Sub-level	2023/24	2024/25	Variance to 2023/24		Of which = MSAG transfer	Variance excl. MSAG transfer
		£	£	£	%		
Basic Entitlement	Primary	3,394	3,562	168	4.9%	119	1.4%
Age Weighted Pupil Unit (AWPU)	Key Stage 3	4,785	5,022	237	5.0%	168	1.4%
	Key Stage 4	5,393	5,661	268	5.0%	190	1.4%
<b>Deprivation</b>							
Free School Meals	Primary FSM	480	490	10	2.1%	0	2.1%
	Secondary FSM	480	490	10	2.1%	0	2.1%
Free School Meals - Ever 6	Primary FSM 6	705	820	115	16.3%	104	1.6%
	Secondary FSM 6	1,030	1,200	170	16.5%	152	1.7%
Income Deprivation Affecting Children Indices (IDACI) Primary	IDACI F	230	235	5	2.2%	0	2.2%
	IDACI E	280	285	5	1.8%	0	1.8%
	IDACI D	440	445	5	1.1%	0	1.1%
	IDACI C	480	485	5	1.0%	0	1.0%
	IDACI B	510	515	5	1.0%	0	1.0%
	IDACI A	670	680	10	1.5%	0	1.5%
Income Deprivation Affecting Children Indices (IDACI) Secondary	IDACI F	335	340	5	1.5%	0	1.5%
	IDACI E	445	450	5	1.1%	0	1.1%
	IDACI D	620	630	10	1.6%	0	1.6%
	IDACI C	680	690	10	1.5%	0	1.5%
	IDACI B	730	740	10	1.4%	0	1.4%
	IDACI A	930	945	15	1.6%	0	1.6%
<b>Additional Education Needs Factors</b>							
English as an Additional Language (EAL)	EAL 3 Years Primary	580	590	10	1.7%	0	1.7%
	EAL 3 Years Secondary	1,565	1,585	20	1.3%	0	1.3%
Mobility	Pupils starting school outside normal entry	945	960	15	1.6%	0	1.6%
		1,360	1,380	20	1.5%	0	1.5%
Low cost, high incidence SEN	Low Attainment Primary (below expected EYFS)	1,155	1,170	15	1.3%	0	1.3%
	Pupils not achieving (KS2 level 4 English and Maths)	1,750	1,775	25	1.4%	0	1.4%

School-Led Factors							
Lump Sum	Primary	128,000	134,400	6,400	5.0%	4,510	1.5%
	Secondary	128,000	134,400	6,400	5.0%	4,510	1.5%
Split Site	Basic Eligibility		53,700				
	Distance Eligibility Minimum		0				
	Distance Eligibility Maximum		26,900				
Minimum Per Pupil Funding Levels	MFL - Primary	4,405	4,610	205	4.7%		
	MFL - Secondary	5,715	5,995	280	4.9%		