

## 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 meetings on 02 December 2024 and 14 January 2025.

### 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 2025-26 at £253.097m and approve the allocations between the four funding blocks as set out in this report.
- The Schools and Academies 2025-26 funding unit values as agreed by Schools Forum and detailed at Annex 1.
- Approve the 2025-26 hourly rates for all early years providers as follows:
  - £5.48 per hour including IDACI weighting, for 3 and 4 year olds;
  - £7.88 per hour including IDACI weighting, for 2 year olds; and
  - £10.50 per hour including IDACI weighting, 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 18 December 2024. The allocations for Bury are set out in the following table:

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)
	Final 2024-25 DSG, including additional in-year grants	166,733,379	1,089,065	47,578,209	22,602,115	238,002,768
	2025-26	169,600,036	1,123,603	50,736,577	31,636,291	253,096,507
	Variance to 2024-25 £	2,866,657	34,538	3,158,368	9,034,176	15,093,739
	Variance to 2024-25 %	1.7%	3.2%	6.6%	40.0%	6.3%

- 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 three-and-four-year-olds in schools and in the Private, Voluntary and Independent (PVI) sector as well as centrally retained expenditure for under-fives. Local Authorities must pass through a minimum of 96% of funding for each of the stated funding streams. This leaves a balance of up to 4% 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 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 four blocks. 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 2025-26, Bury's Schools' Forum approved a transfer of 0.11% from the Schools' Block to help support the pressures being faced on the High Needs Block. This equates to a £0.184m contribution to help sustain the recovery of the High Needs deficit. A transfer of 0.11% 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 14 January 2025, a transfer of £0.128m from the Central Services Block to the High Needs Block for 2025-26 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 2025-26 is £169.6m, this is an increase of £2.867m from 2024-25 (when including additional in-year grant allocations).
- 4.2. In September 2017, the National Funding Formula (NFF) for Schools and Central Services was introduced. The 2025-26 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 2024-25, schools received additional funding through the Core Schools Budget Grant and Teachers Pay and Pension Grants however, for 2025-26 this funding has been rolled into the baseline DSG allocation.
- 4.5. 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

- 4.6. The allocation of the Central School Services DSG (CSSB) block is £1.124m in 2025-26, this represents an increase of £0.034m from the 2024-25 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.
- 4.7. The planned use of this funding block in 2025-26 is:

<b>Central Schools Services Block (CSSB)</b>	2025-26
<b>Section 251 – Central Provision</b>	
1.4.2 Admissions	£220,400
1.4.3 Schools' Forum	£18,900
1.4.14 National Copyright Licences	£212,200
<b>Section 251 - Former ESG Services</b>	
1.5.1 Education Welfare	£298,500
1.5.2 Asset Management	£103,000
1.5.3 Statutory / Regulatory inc SACRE	£72,200
<b>Section 251 - Other</b>	
1.4.14 Teachers Pay and Pension Grant	£70,003
Transfer to High Needs	£128,400
<b>Total Central School Services Block (CSSB)</b>	<b>£1,123,603</b>

## High Needs Block Allocation

- 4.8. Additional funding has been provided in 2025-26 to help Councils meet increased demand. The 2025-26 allocation for High Needs DSG is £50.737m. This represents a £3.158m increase from the 2024-25 allocation.
- 4.9. 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.
- 4.10. High Needs funding is based on SEND pupil numbers as of October 2024 in special and resourced provision in maintained schools and academies, and SEND pupil numbers at January 2025 in independent provision.

### Early Years Block Allocation

- 4.11. The Early Years Block allocation for 2025-26 is £22.636m, an increase of £9.034m from 2024-25. The Early Years Block will be adjusted in-year in respect of fluctuations in Early Years participation. The final funding allocation is based on two sets of January census data: January 2025 accounts for April 2025 to August 2025 (5/12ths) January 2026 accounts for September 2025 to March 2026 (7/12ths). Therefore, the allocation identified in this report remains indicative.
- 4.12. For 2025-26, 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.
- 4.13. The initial indicative funding for 2025-26 is as follows:

DSG Early Years Block	2025-26
3&4 YO Basic Entitlement	£8,738,545
3&4 YO Extended Entitlement	£4,643,286
2-year-old disadvantaged entitlement	£2,138,531
2-year-old entitlement for working parents	£6,227,912
Under 2s entitlement	£9,217,120
Early Years pupil premium for 3 & 4-year-olds	£170,983
Early Years pupil premium for 2-year-olds	£64,980
Early Years pupil premium for under 2s	£5,849
Disability access fund for 3 & 4-year-olds	£129,444
Disability access fund for 2-year-olds	£30,016
Disability access fund for under 2s	£9,380
Maintained Nursery Supplementary Funding	£260,245
<b>TOTAL</b>	<b>£31,636,291</b>

- 4.14. For 2025-26, local authorities are required to pass through at least 96% 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.

4.15. The remaining grant, up to 4%, 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 2025-26, the retained funding totals 3.7%, with 96.3% being passported.

4.16. 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 2025. These are set out in the table below:

Factor	Hourly Rates
3 & 4 Year Olds	£5.48
2 Year Olds	£7.88
Under 2s	£10.50

The above rates include an average of £0.18 per hour for deprivation. Each child will attract deprivation funding according to the Income Deprivation affecting Children Index (IDACI). The average of £0.18 per hour covers the amounts in table below.

Weighting	2025-26 Supplement per hour
G	£0.00
F	£0.19
E	£0.23
D	£0.35
C	£0.38
B	£0.42
A	£0.54

## 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 2024-25 financial year standing at £18.459m. and is expected to be £19.986m as at 31<sup>st</sup> March 2025. 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 three 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. This is a challenging target given that the deficit is currently forecast to increase by £2.2m in 2025-26. More details can be found in the Schools Forum report 14<sup>th</sup> January 2025.

## Schools and Academies 2025-26 funding unit values

Factor	Sub-level	2024-25	2025-26	Variance to 2024-25		Of which = 24-25 grant transfer	Variance excl. grant transfer
		£	£	£	%	£	%
Basic Entitlement	Primary	3,562	3,847	285	8.0%	264	0.6%
Age Weighted Pupil Unit (AWPU)	Key Stage 3	5,022	5,422	400	8.0%	371	0.6%
	Key Stage 4	5,661	6,113	452	8.0%	419	0.6%
<b>Deprivation</b>							
Free School Meals	Primary FSM	490	495	5	1.0%	0	1.0%
	Secondary FSM	490	495	5	1.0%	0	1.0%
Free School Meals - Ever 6	Primary FSM 6	820	1,060	240	29.3%	233	0.9%
	Secondary FSM 6	1,200	1,555	355	29.6%	345	0.8%
Income Deprivation Affecting Children Indices (IDACI) Primary	IDACI F	235	235	0	0.0%	0	0.0%
	IDACI E	285	285	0	0.0%	0	0.0%
	IDACI D	445	445	0	0.0%	0	0.0%
	IDACI C	485	490	5	1.0%	0	1.0%
	IDACI B	515	520	5	1.0%	0	1.0%
	IDACI A	680	685	5	0.7%	0	0.7%
Income Deprivation Affecting Children Indices (IDACI) Secondary	IDACI F	340	340	0	0.0%	0	0.0%
	IDACI E	450	450	0	0.0%	0	0.0%
	IDACI D	630	635	5	0.8%	0	0.8%
	IDACI C	690	695	5	0.7%	0	0.7%
	IDACI B	740	745	5	0.7%	0	0.7%
	IDACI A	945	950	5	0.5%	0	0.5%
<b>Additional Education Needs Factors</b>							
English as an Additional Language (EAL)	EAL 3 Years Primary	590	595	5	0.8%	0	0.8%
	EAL 3 Years Secondary	1,585	1,595	10	0.6%	0	0.6%
Mobility	Pupils starting school outside normal entry	960	965	5	0.5%	0	0.5%
		1,380	1,385	5	0.4%	0	0.4%
Low cost, high incidence SEN	Low Attainment Primary (below expected EYFS)	1,170	1,175	5	0.4%	0	0.4%
	Pupils not achieving (KS2 level 4 English and Maths)	1,775	1,785	10	0.6%	0	0.6%
<b>School-Led Factors</b>							
Lump Sum	Primary	134,400	145,100	10,700	8.0%	9,921	0.6%
	Secondary	134,400	145,100	10,700	8.0%	9,921	0.6%
Split Site	Basic Eligibility	53,700	54,000				
	Distance Eligibility Minimum	0	0				
	Distance Eligibility Maximum	26,900	27,000				
Minimum Per Pupil Funding Levels	MFL - Primary	4,610	4,955	345	7.5%		
	MFL - Secondary	5,995	6,465	470	7.8%		