

## FINANCE &amp; GOVERNANCE REFRESHER

# Dedicated Schools Grant

*The four funding blocks, statutory duties and key governance considerations*

**Purpose** A concise refresher to support confident participation in Schools Forum, SEND governance and wider education finance discussions.

The **Dedicated Schools Grant (DSG)** is the ring-fenced grant paid by the Department for Education to local authorities to support the schools budget. It is divided into four blocks: Schools, High Needs, Early Years and Central School Services.

## The four DSG blocks

| Block                                | Primary purpose                               | Key points                                                                                                                                                    |
|--------------------------------------|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Schools Block</b>                 | Mainstream school budgets                     | Funds primary and secondary schools through the national and local funding arrangements. It also includes provision for growth and relevant premises factors. |
| <b>High Needs Block</b>              | SEND and alternative provision                | Funds provision for children and young people with high needs, including special schools, specialist provision, top-up funding and alternative provision.     |
| <b>Early Years Block</b>             | Early education entitlements                  | Funds eligible early years entitlements and is distributed to providers through the local early years funding formula.                                        |
| <b>Central School Services Block</b> | Local authority statutory education functions | Supports specified central functions for maintained schools and academies, including elements of admissions, Schools Forum and school organisation work.      |

**Simple explanation** DSG is the whole funding pot. The High Needs Block is the SEND and high-needs section of that pot.

## Statutory duties linked to each block

### 1. Schools Block

The local authority's wider duties include:

- Securing sufficient school places.
- Promoting high standards of education and fair access.
- Operating admissions and place-planning duties.
- Implementing a compliant local funding formula in accordance with the applicable regulations and grant arrangements.

**Discussion point** Schools Forum has consultative and decision-making roles over prescribed funding matters, while the local authority remains accountable for discharging its statutory duties.

## 2. High Needs Block

The local authority's SEND and alternative provision responsibilities include:

- Identifying and assessing children and young people who may have special educational needs.
- Undertaking ehc needs assessments where the statutory test is met.
- Issuing, maintaining and reviewing education, health and care plans.
- Securing the special educational provision specified in an ehc plan.
- Arranging suitable alternative education where statutory duties apply.

**Key message** High Needs expenditure is closely connected to statutory responsibilities and assessed need. It is therefore not wholly discretionary.

## 3. Early Years Block

The local authority must operate national early years entitlements and associated funding arrangements, including:

- Securing sufficient provision to support eligible funded entitlements.
- Operating a local early years funding formula.
- Distributing funding to providers in line with national requirements.
- Collecting and returning prescribed information to the department for education.

**Common discussion** Provider sustainability, sufficiency of places, local funding rates and the proportion of funding passed through to providers.

## 4. Central School Services Block

The Central School Services Block supports specified central functions. Depending on the applicable funding regulations and local arrangements, these may include:

- School admissions.
- Schools forum administration.
- School organisation functions.
- Other permitted central or historic commitments.

**Important distinction** The block supports eligible central functions, but it does not define the full range of the council's statutory education responsibilities.

## Governance essentials

|                                 |                                                                                                                                                                                                     |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ring-fenced grant</b>        | DSG must support the schools budget and must not be used for unrelated council purposes. The Secretary of State may recover grant where conditions are not met.                                     |
| <b>Transfers between blocks</b> | Transfers are governed by national rules. Depending on the type and scale of transfer, consultation, Schools Forum approval and/or Department for Education approval may be required.               |
| <b>Schools Forum role</b>       | Schools Forum advises on school funding matters, makes decisions where regulations prescribe and provides scrutiny and challenge. It does not set or remove the local authority's statutory duties. |
| <b>Financial accountability</b> | Local authority officers and the Chief Finance Officer retain formal responsibilities for proper deployment, reporting and assurance in relation to the grant.                                      |

## Questions members often ask

### Why is the High Needs Block under pressure?

Because local authorities must meet statutory SEND responsibilities and secure appropriate provision. Changes in assessed need, EHC Plan numbers, placement patterns and costs can therefore affect expenditure.

### Can Schools Block funding simply be moved into High Needs?

No. Transfers are subject to the national funding framework and may require Schools Forum and/or Department for Education approval.

### Can the council use DSG for other services?

No. DSG is ring-fenced for the schools budget and must be deployed in accordance with the conditions of grant.

### Does Schools Forum decide whether statutory duties apply?

No. Statutory duties arise from legislation. Schools Forum's role concerns consultation, prescribed decisions, scrutiny and advice on the use of education funding.

**One-sentence summary** The DSG is a ring-fenced education grant divided into four blocks: Schools, High Needs, Early Years and Central School Services. Together, the blocks support mainstream school funding, statutory SEND and high-needs provision, early years entitlements and eligible central education functions.

## Confident participation: a practical checklist

- Which DSG block is being discussed?
- Is the proposed expenditure linked to a statutory duty, a grant condition or a local policy choice?
- What decision is Schools Forum being asked to make: note, advise, approve or recommend?
- Are any block-transfer rules or Department for Education approvals relevant?
- What is the impact on children, settings, schools and longer-term financial sustainability?

## Key reference sources

Department for Education, **Dedicated schools grant (DSG): 2025 to 2026**

<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2025-to-2026>

Department for Education, **DSG: conditions of grant 2025 to 2026**

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**Note:** This is a concise governance refresher rather than legal advice. Current regulations, conditions of grant and Department for Education guidance should be checked for any live funding decision.