

Dedicated Schools Grant (DSG) Overview and National Funding Formula (NFF) Models: Principles and Approach –2024/25

Schools Forum

Monday, 18th December 2023



2024/25 Allocation

- 2024/25 DSG allocations:
 - Currently indicative – awaiting final confirmation from the Department for Education (DfE) – due end of December 2023.
 - Based on October 2022 Census.

DSG+ Provisional Allocation 2024/25

	Actual	Indicative		
	23/24 £000's	24/25 £000's	Var £000's	% Change
Schools Block	426,956	438,342	11,386	2.67%
Mainstream Schools Additional Grant	14,512	14,512		
Schools Block Incl. MSAG	441,468	452,854	11,386	2.58%
<i>Growth for mainstream schools</i>	2,952	2,952	-	0.00%
*Teachers Pay Additional Grant	4,783	8,200	3,417	71.43%
High Needs Block	99,035	103,740	4,705	4.75%
CSSB	5,297	4,901	- 396	-7.48%
EY Under 2 Year Olds - (New from Sept 24)		5,759	5,759	100.00%
**EY 2 Year Olds - Funded (disadvantaged)	4,425	6,248	1,823	41.21%
EY 2 Year Olds - Extended (New working parents)		8,328	8,328	100.00%
**EY 3-4 Year Olds	31,147	34,360	3,214	10.32%
**EYPP & Disability Access & MNS	258	334	76	29.26%
***EY Teacher Pay Additional Grant	154	264	110	71.43%
Pupil Premium	35,249	35,249	-	0.00%
Total Schools Funding	624,767	663,189	38,422	6.15%

Sep-24

Apr-24

* Mainstream/Special TPAG 23/24 covers September to March 2024, 2024/25 is estimated FYE

** Early Years 2023-24 allocations include the EY Supplementary Grant (EYSG)

*** Early Years TPAG 23/24 covers September to March 2024, 2024/25 is estimated FYE

Early Years Funding Headlines

- DfE Consultation Response 2-year-old Working Parents EYNFF
 - DfE to implement all proposals, to include extending Disability Access Fund (DAF) and Early Years Pupil Premium (EYPP) to all 2-year-old and under eligible pupils.
 - Exception is Deprivation factor for 2-year-olds and under NOT mandatory.
 - DSG to be based on termly Headcount for new Extended Entitlement and Under 2s only.
 - Funding will have Base Rate + Additional Needs + ACA.
 - SEN Inclusion Fund (SENIF) to be set up for 2-year-olds and under.
- Childcare Grants - £600 to new childminders; £1200 for childminders registering with childminder agency.
- Extended Entitlements – 2-year-olds working parents.
 - Funded = disadvantaged original 2-year-olds.
 - Extended = Working Parents - new stream.
- DfE has confirmed rates 2024-25.
- Wraparound September 2024 – 20 hours childcare, pupils aged 4-11 term time only.

Extended Entitlements

All 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 old until when they start school. This will be rolled out in stages:

- **From April 24** – all working parents of 2-year-olds can access 15 hrs per week.
- **From Sept 24** – all working parents of children aged 9 months to 3-years-old can access 15 hrs per week.
- **From Sept 25** – all working parents of children aged 9 months to 3-years-old can access 30 hrs per week.

Early Years Funding Rates – 2024/25

Funding Type	2023/24	EYSG	Rates 1/9/23	2024/25	Increase from 1/9/23	% change (to rate 1/9/23)
3& 4 yo's	£ 5.04	£ 0.29	£ 5.33	£ 5.56	£ 0.23	4%
2yo	£ 5.63	£ 1.73	£ 7.36	£ 7.95	£ 0.59	8%
Under 2's	£ -	£ -	£ -	£ 10.85	£ 10.85	100%
MNS	£ 3.80	£ 0.21	£ 4.01	£ 4.64	£ 0.63	16%

- LA to consult on deprivation factor to be used, and gain views on proposed rates for providers
- LA will continue to model budgets for 2024/2025 to determine the final funding rates for providers

High Needs Block

	Actual	Indicative		
	23/24 £000's	24/25 £000's	Var £000's	% Change
High Needs Block	99,035	103,740	4,705	4.75%

- Continued increase in demand for SEND Places pre and post-16.
- Cash growth in the High Needs Block is not keeping pace with additional growth in provision.
- Higher exclusion numbers.
- Establishing a consolidated budget requirement for High Needs for 2024/25 and an update will follow in February.

Indicative Central Services Schools Block (CSSB)

CSSB	2023/24 £'000	2024/25 £'000	Var £'000	% Var
Ongoing Responsibilities	2,868	2,958	90	3.13%
Historic Commitments	2,429	1,943	-486	-20%
	5,297	4,901	-396	-7.48%

- **Ongoing commitments** likely to increase to account for the increase in pupil numbers.
- However, **historic commitments** expected to decrease by £486k – historic commitments include:
 - MAST - support for the Prevention and Early Intervention Strategy.
- Reduction in historical commitments to be considered as part of SCC's 2024/25 budget settlement. Previous cumulative reduction of £3.9m has been built into medium-term financial strategy for 2024/25 and covered through a Sheffield City Council (SCC) cash limit allocation.
- 2024/25 Ongoing Responsibilities £2.96m and Historical Commitments down to £1.94m.

Capital Allocation

Allocation	22/23	23/24 £'000	24/25 £'000	25/26 £'000
Basic Needs Allocation	0	9,693	125	26,089
Building Condition Allocation	3,561	3,593		
High Needs Provision Allocation	6,722	7,129		

- **Basic Needs Allocation** includes the confirmed figure of £26.09m announced for 2025-26. The major strategies for places required to the end of the decade is to be presented to Committee in June and indications are that the level of places required will account for the majority of these funds.
- **Building Condition:**
 - Over **£100M spend estimated to be needed** on meeting all building condition requirements with over **£45m of that total being considered a priority** need.
 - Phasing the works over multiple years does not provide sufficient funding to complete all the works in the programme. Construction costs are currently exceeding pre-tender estimates due to inflationary pressures.

DSG Schools Block for Individual School Budgets (ISB): Provisional Allocation 2024/25 (Includes Mainstream Schools Additional Grant from 2023-24)

		£'000	£'000	£'000	
		2023-24	2024-25	Var	% Var
	DSG Schools Block	426,956	452,854	25,899	6.07%
Add	23-24 Mainstream Schools Additional Grant (MSAG)	14,512		- 14,512	-100%
	Sub-total	441,468	452,854	11,386	2.58%
Add	Growth	2,952	2,952	-	0%
less	<i>Growth Used</i>	-	-	-	n/a
	Sub-total	444,420	455,806	11,386	2.56%
Less	High Needs Transfer	-1,500	-1,500	-	0%
	Growth	-2,952	-2,952	-	0%
Total ISB 2024-25		439,968	451,354	11,386	2.59%

DfE Continued Transition to the National Funding Formula (NFF)

Key Changes for 2024-25:

- Mainstream Schools Additional Grant (MSAG) rolled into DSG (Age Weighted Pupil Unit [AWPU], Free School Meals [FSM], Lump Sum).
- Split Site Factor formularised – loss protected by Minimum Funding Guarantee (MFG) – maximum funding £87k.
- Growth Factor tightened up.
- New Falling Rolls Fund as part of DSG TBC.
- Transfer of £1.5m for SEND Locality Funding.
- Notional SEN Changes optional.
- All local formulae factor values to continue to move at least 10% closer to the NFF, except where local formulae are already “mirroring” the NFF (2.5% within NFF absolute Values).
- Teachers’ Pay Additional Grant (TPAG) to continue 2024-25 (£8m FYE) £4.8m September to March.

Funding Group Recommendation – Model 3

Funding Working Group met autumn term – the recommended model focussed on increasing AWPU and targeting Social Deprivation due to increasingly complex needs of pupils.

Funding distributed as follows:

- **AWPU** – primary AWPU remained within the DfE threshold to ensure stability within the primary sector, and we continue to maintain NFF levels for secondary KS3 & KS4 rates:
 - We're investing £7.5m in secondary AWPU/Minimum Per Pupil Funding Level (MPPFL) in line with the NFF.
 - Investing £5.6m in the primary AWPU/MPPFL within the DfE threshold to support small primary schools with low levels of social deprivation.
 - Sheffield primary AWPU £3,582, NFF £3,562 - £20 over NFF = £890k over NFF levels.

Funding Group Recommendation – continued....

- **Social Deprivation** - we are investing £10.9m into schools with high levels of social deprivation in line with our strategic intent and the NFF.
- **MFG – a 0.5% increase** ensures all schools will see an increase, however AWPUP for primary schools has increased to support small primaries with lower levels of deprivation.
- The remaining balance will be invested across factors to ensure we continue to track the NFF.

Distribution of Funding (includes £14.9m MSAG)

Investment Required for Full NFF					
NFF	Sheffield	to NFF	Pupil Nos.	£ Investment Required for full NFF	
Primary					
AWPU	£3,562	£3,582	-£20	44,487.00	-£889,740
SD-FSM					£351,992
SD-IDACI					£745,998
Total Primary					£208,250
Secondary					
KS3	£5,022	£5,022		18,300.00	0
KS4	£5,661	£5,661		11,945.00	0
SD-FSM					£156,872
SD-IDACI					£220,959
Total Secondary					£377,831

Distribution of Additional Funding by Sector £			
	Pri	Sec	Total
AWPU	5,299,800	7,538,360	12,838,160
MPPFL	335,177	-15,881	319,296
SD - FSM	4,335,720	4,146,962	8,482,682
SD - IDACI	283,612	1,665,866	1,949,478
Prior Attain	204,301	176,359	380,660
EAL	64,106	20,277	84,383
Mobility	9,369	2,741	12,110
Lump Sum	857,314	185,886	1,043,200
Premises	484,612	518,805	1,003,417
MFG	-361,980	147,202	-214,777
Totals	11,512,031	14,386,577	25,898,607

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Summary of Modelling

- **Model 1 – sets all sectors' AWPU and FSM at the NFF Level.** Primary £99; KS3 £237; KS4 £268. Free School Meals factor is set at the full NFF level. This targets funding at schools with high levels of social deprivation, however, small primary schools receive little funding above the minimum funding value.
- **Model 2 – sets Primary AWPU at an additional £173 in total, (5%) increase in line with Secondary AWPU increases, FSM and IDACI are set at the maximum values affordable.** This model provides additional funding to all primary schools but does not target social deprivation as effectively due to affordability.
- **Model 3 – sets Primary AWPU at an additional £119 in total, FSM Mirrors NFF –** This model enables us to mirror NFF at 98% for FSM. **This is the recommended model** as it does provide additional funding to primary over the NFF rate and also targets high levels of social deprivation, in recognition of the additional complex needs of pupils, in this current financial climate.

Summary of Modelling continued...

School	2023-24 Pupil No.	2023-24		2024-25 Model 1 - AWPU/FSM set at NFF					2024-25 Model 2 - Pri AWPU +£173 - Mirror NFF					2024-25 Model 3 - Pri AWPU +£119 - FSM 98% NFF				
		£ Budget Share	£/pupil incl Supp Gr	£ Budget Share	Budget Share			£ Budget Share	Budget Share			£ Budget Share	Budget Share					
					£ / Pupil	£/pupil Change	£ Cash Change		£ / Pupil	£/pupil Change	£ Cash Change		£ / Pupil	£/pupil Change	£ Cash Change			
		Small Primary Low SD	122	671,479	5,504	677,898	5,557	53	1.0%	6,419	681,853	5,589	85	1.5%	10,374	679,268	5,568	64
Mid Primary	351	1,689,673	4,814	1,707,348	4,864	50	1.0%	17,675	1,722,292	4,907	93	1.9%	32,619	1,711,641	4,876	63	1.3%	21,967
Large Primary High SD	424	2,469,434	5,824	2,582,948	6,092	268	4.6%	113,513	2,563,755	6,047	222	3.8%	94,321	2,578,264	6,081	257	4.4%	108,830
Total Primary	43,411	224,322,173	5,167	228,288,697	5,259	91	1.8%	3,966,524	228,290,236	5,259	91	1.8%	3,968,062	228,290,799	5,259	91	1.8%	3,968,626
Secondary																		
Secondary Low SD	1065	6,936,566	6,513	7,140,078	6,704	191	2.9%	203,512	7,137,547	6,702	189	2.9%	200,981	7,139,061	6,703	190	2.9%	202,495
Secondary Mid SD	1025	8,593,881	8,384	8,993,764	8,774	390	4.7%	399,883	8,988,716	8,769	385	4.6%	394,835	8,991,719	8,772	388	4.6%	397,838
Secondary High SD	793	5,035,370	6,350	5,196,994	6,554	204	3.2%	161,624	5,194,325	6,550	200	3.2%	158,955	5,195,918	6,552	202	3.2%	160,548
Total Secondary	27,959	192,428,572	6,883	199,056,256	7,120	237	3.4%	6,627,684	199,052,617	7,119	237	3.4%	6,624,045	199,054,413	7,120	237	3.4%	6,625,840
Total All Schools	74,732	439,967,869	5,887	451,354,158	6,040	152	2.6%	11,386,289	451,354,158	6,040	152	2.6%	11,386,289	451,354,158	6,040	152	2.6%	11,386,289

Discussion ...

- We have worked with the Funding Working Group over the autumn term to progress budget share modelling.
- Ask of the Forum is to approve the recommended Model 3, which provides additional funding to smaller primary schools whilst targeting high levels of social deprivation in an effective way, to recognise the ever- increasing complex needs of pupils.

Timeline

- By 22nd December - DfE issue final DSG allocations.
- This will determine ISB level and whether there will be a Supplementary Grant or new funding is rolled into DSG.
- 22nd January – Submit school budgets to DfE via Authority Proforma Tool (APT).
- 26rd February – Schools Forum and political ratification.
- 28th February – Statutory deadline for publication of maintained school budget shares.
- 31st March – DfE publish academy budget shares.