

Dedicated Schools Grant (DSG) Overview and National Funding Formula (NFF) Models: Principles and Approach –2023/24

Schools Forum, 14 December 2022



Part 1 – DSG Overview

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2023/24 Allocation

- 2023/24 DSG allocation:
 - Currently indicative – awaiting final confirmation from the DfE – due end of December 2022.
 - Prior to the Chancellor’s Autumn budget.
 - Additional funding of £2.3b (£2b net) not included as no further information available as yet
 - Based on October 2021 Census.



DSG Provisional Allocation 2023/24

	22/23 £000's	Ind. 23/24 £000's	Variance £000's	% Change
Schools Block	396,705	407,796	11,091	2.80%
Supplementary Grant	11,960	11,960		
Schools Block Incl. Supp Grant	408,665	419,756	11,091	2.71%
<i>Growth for mainstream schools</i>	<i>2,285</i>	<i>2,285</i>		
High Needs Block	87,810	93,727	5,917	6.74%
CSSB	5,725	5,250	-475	-8.29%
EY 2 year old	5,336	4,565	-770	-14.44%
EY 3-4 year olds	30,129	30,899	770	2.56%
EYPP + Disability Access + MNS	1,038	1,300	262	25.28%
Pupil Premium	33,959	33,959	0	0.00%
Total	574,946	591,742	16,796	2.92%

Notes:

1 – 23/24 Provision allocation

2 – Early Years and Pupil Premium allocation not released for 23/24

3 – Growth- the expectation is that this figure is likely to reduce

Early Years Block 2023/24

- 2023/24 Early Years Funding allocation will be released along with the publication of the Early Years National Funding Formula (EYNFF) consultation results. The EYNFF indicative budget headlines:
 - 1% per pupil hourly rate increase across both age ranges.
 - DfE will return to funding based on formulaic basis in 2023-24 (EYNFF introduced 2017).
 - Teachers' Pay and Pension Grant (TPPG) to be rolled into Early Years Block - proposal to amend the operational guidance on the quality supplement to "encourage" LAs to consider using this due to additional pressures for ALL providers. LAs not encouraged to ring fence this funding to schools only.
 - Quality element could be used to include cost pressures faced by Private, Voluntary and Independent (PVI) providers in relation to qualified teaching staff, as well as within maintained nurseries.

Early Years Continued ...

- The Autumn 2021 statement announced a further £180m in 2023-24 and £170m in 2024-25 as compared to the 2021-22 financial year.
- This increase is for hourly rates paid to childcare providers and reflects cost pressures and proposals, and that there will be a 1% hourly rate increase across both age ranges.
- Indicative budget increase of £261k for maintained nurseries (includes TPPG).

High Needs Block

	22/23 £000's	23/24 £000's	Variance £000's	% Change £000's
High Needs Block	87,810	93,727	+5,917	6.74%

- Overall pressure on the High Needs Block – demand outstripping places – relying on additional places, integrated resources and out-of-city placements.
- Total pressure = £5.9m.

Description	DSG £000's
Placement Growth – SEND,	3,890
SEND Provider Fee uplift - Education Provision	318
Inflationary pressures across High Needs (Special Schools, IRs)	1,709
TOTAL	5,917

Central Services Schools Block (CSSB)

	22/23	23/24	Variance	% Change
	£000's	£000's	£000's	£000's
CSSB	5,725	5,250	-475	-8.3%

- **Ongoing commitments** likely to increase to account for the increase in pupil numbers.
- However, **historic commitments** could decrease by £610k – historic commitments include:
 - MAST - support for the Prevention and Early Intervention Strategy.
- Reduction in historical commitments to be considered as part of SCC's 2023/24 budget settlement. Previous cumulative reduction of £2.9m has been built into medium-term financial strategy for 2023/24 and covered through an SCC cash limit allocation.
- 2023/24 Ongoing Responsibilities £2.82m and Historical Commitments down to £2.43m.

Capital Allocation

- Maintained schools' building condition continues to remain under financial strain - £45m essential work against a £3.45m annual allocation. In 2022/23 an additional allocation of £447m to improve energy efficiency in 2022 to 2023.
- Funding to be spent on capital projects, prioritising projects that improve school estates' energy efficiency. If not appropriate, discretion to spend this on other capital projects.
- Allocations to be based on: $(£10,000 + £20.06 \times \text{weighted pupils}) \times \text{voluntary aided (VA) factor}$. This will give each institution at least £10,000 and an additional amount based on weighted pupil numbers.

Part 2 – Indicative Budget Share Modelling

Jacky Beatson



DSG Schools Block for Individual School Budgets (ISB): Provisional Allocation 2023/24 (Includes Supplementary Grant from 2022-23)

	£,000	£,000	£,000	
	2022-23	2023-24	Var	% Var
DSG Schools Block	396,705	419,756	23,051	5.8%
Add 22-23 Supplementary Grant	11,960		-11,960	-100.0%
Sub-total	408,665	419,756	11,091	2.7%
Add Growth	2,285	2,285	0	0.0%
less <i>Growth Used</i>	-671	0	-671	100.0%
Sub-total	410,280	422,042	10,420	5.6%
Less High Needs Transfer	-1,500	-1,500	0	0.0%
Growth	-2,285	-2,285	0	0.0%
Total ISB 2023-24	406,494	418,256	10,420	2.6%

Funding Group Recommendation for continued transition to NFF: Model 4

Key Changes in 2023-24

- All LAs to move 10% closer to NFF and use ALL factors.
- Minimum Funding Guarantee (MFG) maximum national level 0.5%.
- The Supplementary Grant from 2022-23 has been rolled into the DSG from 2023-24 and is put through Age Weighted Pupil Unit (AWPU) and Minimum Per Pupil Funding Levels (MPPFLs).
- Autumn 2022 Budget Statement additional funding of £2.3b (£2b net) not included as no further information available as yet.

Funding Group Recommendation – continued...

How we propose spending the £22.4m (£10.4m excl. Supplementary Grant) increase and why:

- **Sector Ratio:** As we move in line with NFF using DfE mandatory thresholds, the ratio moves for Sheffield to 1:1.34.
- **AWPU** – Primary AWPU is moved to 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 £6.9m in secondary AWPU/MPPFL in line with the NFF.
 - Investing £2.6m in the primary AWPU/MPPFL within the DfE threshold to support small primary schools with low levels of social deprivation.
 - Sheffield Primary AWPU £3,463, NFF £3,394 with variance £69 = £3m.

Funding Group Recommendation – continued....

- **Social Deprivation** - we are investing £11.7m 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

Investment Required for Full NFF					
	NFF	Sheffield	to NFF	Pupil Nos.	£ Investment Required for full NFF
Primary					
AWPU	£3,394	£3,463	-£69	44,108	-£3,037,673
SD - FSM					£2,514,314
SD - IDACI					£234,048
Total Primary					-£289,311
Secondary					
Sec - KS3	£4,785	£4,785	£0	17,853	£0
Sec - KS4	£5,393	£5,393	£0	11,299	£0
SD - FSM					£1,033,659
SD - IDACI					£980,582
Total Secondary					£1,435,619

Distribution of Additional Funding by Sector £,000			
	Model 4, MFG 0.5%		
	Pri	Sec	Total
AWPU	2,205,413	7,766,610	9,972,023
MPPFL	356,661	-908,348	-551,687
SD - FSM	2,317,643	5,175,028	7,492,671
SD - IDACI	2,798,548	1,423,716	4,222,264
Prior Attain	329,010	275,335	604,346
EAL	86,697	28,280	114,977
Mobility	9,441	3,100	12,541
Lump Sum	897,613	194,487	1,092,100
Premises	0	0	0
MFG	-579,511	0	-579,511
Totals	8,421,514	13,958,209	22,379,723

Summary of Modelling

- Model 1 - Primary AWPUP has remained stable, but KS3 & KS4 AWPUP has been brought up to NFF levels.
- Model 2 - AWPUP has increased by £50 for all primary, KS3 & KS4 above NFF levels.
- Model 3 - AWPUP has increased by £100 for all primary, KS3 & KS4 above NFF levels.
- Model 4 - AWPUP has increased by £50 for all primary schools only, KS3 & KS4 are at NFF levels

Summary of Modelling continued...

School	Est. 2023-24 Pupil No.	2022-23		Model 1			Model 2			Model 3			Model 4						
		£ Budget Share	Supplementary Grant £	AWPU £0 both, Even out % move towards NFF SD			AWPU £50 both, Even out % move towards NFF SD			AWPU £100 both, Even out % move towards NFF SD			AWPU £50 Primary Only, Even out % move towards NFF SD						
				£ / Pupil	£/pupil Change	£ Cash Change	£ / Pupil	£/pupil Change	£ Cash Change	£ / Pupil	£/pupil Change	£ Cash Change	£ / Pupil	£/pupil Change	£ Cash Change				
School A - Small Primary low SD	126	604,549	16,752	4,884	-47	-1.0%	-5,944	4,927	-4	-0.1%	-541	4,969	38	0.8%	4,848	4,923	-8	-0.2%	-996
School B - Mid Primary Mid SD	318	1,435,750	41,028	4,602	-42	-0.9%	-13,249	4,630	-14	-0.3%	-4,546	4,657	13	0.3%	4,012	4,624	-20	-0.4%	-6,243
School C - Large Primary high SD	413	2,186,390	70,042	5,643	179	3.4%	74,000	5,610	147	2.8%	60,640	5,574	111	2.1%	45,820	5,610	147	2.8%	60,572
School A - Small Sec low SD	1081	6,434,186	181,067	6,148	29	0.5%	30,931	6,180	60	1.0%	65,385	6,211	91	1.5%	98,705	6,148	29	0.5%	30,997
School B - Sec mid SD	1074	6,381,623	202,806	6,431	301	5.1%	322,814	6,438	307	5.2%	330,202	6,444	313	5.3%	336,442	6,431	301	5.1%	322,866
School C - Large Sec high SD	1142	7,420,215	249,026	7,157	441	6.8%	504,176	7,121	405	6.2%	462,406	7,085	369	5.7%	421,311	7,157	441	6.8%	504,072

Discussion ...

- We have worked with the Funding Working Group over the autumn term to progress budget share modelling.
- Due to the announcement of the additional £2.3b in the Chancellor's Autumn Statement we may review models when further information is released.
- Ask of the Forum is to recommend any final model produced via email or to delegate the approval to the Funding Working Group by 6th January, in order to meet the DfE deadline of 20th January for submission of school budget shares.

Timeline

- By 16th 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.
- 6th January – Model to be used decided upon (via Funding Working Group in early January and outcome shared with the Forum).
- 20th January – Submit school budgets to DfE via Authority Proforma Tool (APT).
- 23rd February – Schools Forum and political ratification.
- 28th February – Statutory deadline for publication of maintained school budget shares.
- 31st March – DfE publish academy budget shares.