

Schools Management Forum

Report of: James Glover

Subject: 2024/25 Dedicated Schools Grant (DSG)
Schools Block

Date: 17th January 2024

1.0 Purpose of the report

1.1 The purpose of this report is to provide an update to the forum on the Dedicated Schools Grant (DSG) Schools Block, National Funding Formulae (NFF) 2024/25.

2.0 Summary

2.1 2024/25 DSG Schools Block allocation, after business rate deduction, is £139.135m.

2.2 SMF to agree funding formula.

2.5 SMF to agree growth fund budget for 2024/25.

2.7 Submission of Authority Pro-forma Tool (APT) to the ESFA by 22nd January, 5pm deadline.

3.0 Background

3.1 The DSG is a ring-fenced grant of which the Schools Block is part thereof. The Schools Block is funding for schools. The only other funded elements allowed from the Schools Block is the growth fund and any transfer of funds from the Schools Block to another block (High Needs, Early Years or Central School Services Block). The growth fund, and any transfer from the Schools Block, requires agreement by the Schools Management Forum.

4.0 Schools Block National Funding Formula changes for 2024/25

4.1 The ESFA have confirmed the following key elements for the schools NFF in 2024/25.

- introducing a new **formulaic approach to allocating split sites** funding in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor
- rolling the 2023 to 2024 mainstream schools additional grant (**MSAG**) into the NFF by:
 - adding an amount representing what schools receive through the grant into their baselines
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - uplifting the minimum per pupil values by the MSAG's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grant
- **increasing NFF factor values** (on top of the amounts we have added for the MSAG) by:
 - 1.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum
 - 1.4% to the minimum per pupil levels (MPPL)
 - 0.5% to the funding floor
 - 1.6% to the free school meals (FSM) factor value
 - 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formularised
- introducing, for the first time, a methodology for calculating and allocating funding for falling rolls.

4.0 Application of NFF

- 4.1 Following the 2022 consultation on implementing the direct national funding formula (NFF), it has confirmed the plan is to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula.
- 4.2 To ensure a smooth transition towards the direct NFF, local authorities will continue to be required to bring their own formulae closer to the schools NFF, a further 10% closer in 24/25.

5.0 Middlesbrough's Schools Block 2023/24 and 2025/25

- 5.1 The following table below summarises the NFF unit rates issued by the ESFA for 2024/25:

Factor	23-24 NFF including ACA	Difference between 23-24 APT and 23-24 NFF	24-25 NFF including ACA	24-25 APT minimum	24-25 APT maximum	23/24 NFF vs 24/25 NFF Difference
Primary basic entitlement	£3,394.00	£0.00	£3,562.00	£3,472.95	£3,651.05	£168.00
KS3 basic entitlement	£4,785.00	£-41.70	£5,022.00	£4,896.45	£5,147.55	£237.00
KS4 basic entitlement	£5,393.00	£-46.85	£5,661.00	£5,519.48	£5,802.53	£268.00
Primary FSM	£480.00	£0.00	£490.00	£477.75	£502.25	£10.00
Secondary FSM	£480.00	£0.00	£490.00	£477.75	£502.25	£10.00
Primary FSM6	£705.00	£0.00	£820.00	£799.50	£840.50	£115.00
Secondary FSM6	£1,030.00	£0.00	£1,200.00	£1,170.00	£1,230.00	£170.00
Primary IDACI F	£230.00	£0.00	£235.00	£229.13	£240.88	£5.00
Primary IDACI E	£280.00	£0.00	£285.00	£277.88	£292.13	£5.00
Primary IDACI D	£440.00	£0.00	£445.00	£433.88	£456.13	£5.00
Primary IDACI C	£480.00	£0.00	£485.00	£472.88	£497.13	£5.00
Primary IDACI B	£510.00	£0.00	£515.00	£502.13	£527.88	£5.00
Primary IDACI A	£670.00	£0.00	£680.00	£663.00	£697.00	£10.00
Secondary IDACI F	£335.00	£0.00	£340.00	£331.50	£348.50	£5.00
Secondary IDACI E	£445.00	£0.00	£450.00	£438.75	£461.25	£5.00
Secondary IDACI D	£620.00	£0.00	£630.00	£614.25	£645.75	£10.00
Secondary IDACI C	£680.00	£0.00	£690.00	£672.75	£707.25	£10.00
Secondary IDACI B	£730.00	£0.00	£740.00	£721.50	£758.50	£10.00
Secondary IDACI A	£930.00	£0.00	£945.00	£921.38	£968.63	£15.00
Primary EAL	£580.00	£0.00	£590.00	£575.25	£604.75	£10.00
Secondary EAL	£1,565.00	£0.00	£1,585.00	£1,545.38	£1,624.63	£20.00
Primary LPA	£1,155.00	£0.00	£1,170.00	£1,140.75	£1,199.25	£15.00
Secondary LPA	£1,750.00	£0.00	£1,775.00	£1,730.63	£1,819.38	£25.00
Primary mobility	£945.00	£0.00	£960.00	£936.00	£984.00	£15.00
Secondary mobility	£1,360.00	£0.00	£1,380.00	£1,345.50	£1,414.50	£20.00
Primary lump sum	£128,000.00	£0.00	£134,400.00	£131,040.00	£137,760.00	£6,400.00
Secondary lump sum	£128,000.00	£0.00	£134,400.00	£131,040.00	£137,760.00	£6,400.00
Primary sparsity	£56,300.00	£0.00	£57,100.00	£55,672.50	£58,527.50	£800.00
Secondary sparsity	£81,900.00	£0.00	£83,000.00	£80,925.00	£85,075.00	£1,100.00
Middle-school sparsity	£81,900.00	£-81,900.00	£83,000.00	£9,290.00	£85,075.00	£1,100.00
All-through sparsity	£81,900.00	£-81,900.00	£83,000.00	£9,290.00	£85,075.00	£1,100.00
Split sites basic eligibility funding			£53,700.00	£52,357.50	£55,042.50	£53,700.00
Split sites distance funding			£26,900.00	£26,900.00	£27,572.50	£26,900.00
London fringe	1.0000	0.0000	1.0000	1.0000	1.0000	

6.0 Funding Allocations

- 7.1 2024/25 DSG Schools Block allocation, after business rate deduction, is £139.135m (compared to 2023/24 allocation after business rate deduction of £130.912m).

DSG Schools block funding is allocated based on the National Funding Formula (NFF), which is based on the October 23 census:

	October 2023 census numbers	October 2022 census numbers	Difference
Primary	13,728	13,692	36
Secondary	8,720	8,575	145
Total	22,448	22,267	181

7.0 APT Submission

- 7.1 The DSG allocation was received on 19th December 2023, and the modelling tool (APT) was received on the 20th December 2023 to enable local authorities to submit their funding formula in line with the 22nd January 2023 deadline. Once submitted no changes can be made.
- 7.2 The final funding formula used the datasets provided by the ESFA, collected at the October 2023 census. The regulations stipulate that these datasets applied in completing the funding formula.

8.0 Modelling options

- 8.1 The School management forum agreed in December 23, to make a transfer of 0.5% of schools block to the High needs block. This is calculated as £699,460.25 from Schools Block to High Needs in 2023/24.
- 8.2 The required changes before modelling options are:
- Deduction of the 0.5% HN transfer;
 - Addition of 110 new places;
 - Increased numbers for the existing new school;
 - Addition of a Growth fund (contingency in year fund) of £146,729.90.

After changes, based on 0.5% MFG, NFF application, increased places and the growth fund, this left an over allocation of £1,111,493.92 needing to be reduced address to meet the budget.

- 8.3 Keeping aligned to the prescribed NFF, we can make changes by:
- Increasing the AWPU, if in excess of funding needed;
 - Reduce the growth funding to the level required;
 - Cap schools that make the largest gains;
 - Move the MFG to between 0% and 0.5%.
- Alternatively, the option of deviating from the NFF is possible.

- 8.4 Budget control options available in the APT are, scale and capping of gains, which can be best described as follows.

Capping will set a limit on the percentage increase any school can receive compared to the previous year. Any gains above this percentage will be scaled back.

The scaling factor sets how much of the additional gain is deducted from a schools allocation. It can allow a school e.g. to keep 50% of anything over the cap, nothing, or something in between.

In the case of a new and growing school, they are exempt from the cap / scaling impact. In this case we have Outwood Riverside academy that meets this criteria. As a new school they have growing pupil numbers and protected funding, which distorts changes in the modelling.

9.0 Middlesbrough's Schools Block Formula 2023/24

8.2 Option 1 –

0.5% Minimum funding Guarantee (MFG),
147k Growth funding,
0.5% HN transfer.
Additional places included.

ALL NFF values, except a decrease in all AWPU levels but between NFF and the minimum allowed values.

The AWPU rates are reduced by the following amounts:

Primary -63
KS3 -88.27
KS4 -98.90

The AWPU is reduced so that the overall funding is met.

8.3 Option 2 –

0.25% MFG,
147k Growth funding,
0.5% HN transfer.
Additional places included.

ALL NFF values, except a decrease in all AWPU levels but between NFF and the minimum allowed values.

The AWPU rates are reduced by the following amounts:

Primary -54.4
KS3 -72.44
KS4 -86

Option 2 reduces the MFG, meaning that the AWPU rates are reduced by less than option 1, as there is more funding freed up by reducing the MFG.

8.4 **Option 3 –**

0.5% MFG,
147k Growth funding,
0.5% HN transfer.
Additional places inc.

ALL NFF
Capping factor 0.75%
Scaling factor 73.03%

Please see tables in presentation for impact on individual schools in Appendix A.

- 8.5 It is the case that due to the complexities of how the formula is calculated and schools individual characteristic it is not possible to 100% compare previous years formula's with proposals for 2024/25 though the formula is moving fully towards this. An increase in one unit value will mean a school receives more/less funding, however due to how this affects the MFG any gain a school may receive from one unit maybe offset by the change in MFG. Therefore, when reviewing changes in individual schools budgets, consideration needs to be given to the overall formula changes. The biggest change from one year to the next are pupil numbers.
- 8.7 The reason why some schools budgets do not change is due to the MFG and NFF when the rates are updated in scenario's within the LA parameters set in the APT.
- 8.8 Once the formula is agreed, APT submission to ESFA by the 22nd January 2024 deadline. There may be the requirement from ESFA to make some minor adjustments on submission, after which this will become the budget allocations for schools in 2024/25.

9.0 **Growth Fund**

- 9.1 The funding set aside for Middlesbrough's Growth Fund in 2023/24 underspent by £20,352.98, and was rolled forward in to 2024/25 to create the 2024/25 Middlesbrough Growth Fund budget (Reserve).
- 9.2 A funding requirement from the 23/24 growth fund of £104,747.88, has been brought forward to be funded from the 24/25 growth fund.
- 9.3 An anticipated 30 KS2 places from Sep 24, costed at KS2 AWPU have been built into the growth fund (in year contingency), at a cost of £62,335.00.
- 9.4 The net impact of this is the underspent of £20,352.98, reduces the 23/24 growth fund requirement of £104,747.88 and is added to the £62,335.00

24/25 requirement. This gives a total 24/25 growth fund requirement of £146,729.90. Any unspent funds is carried forward into the following year and offsets any requirements.

10.0 Recommendations

10.2 School Management Forum (primary, secondary, special and PVI) vote on the funding formula options:-

- Option 1 – (all key stage schools) Apply 0.5% MFG, reduction of all key stages AWPU.
- Option 2 – (all key stage schools) Apply 0.25% MFG, lesser reduction of all key stages AWPU.
- Option 3 – (all key stage schools) Apply 0.5% MFG, all NFF. Cap and scaling to limit gains.

10.3 Schools Management Forum to note that if no option is approved, in order to enable the NFF rates to be applied in full and 0.5% MFG, there would still a requirement reduce the rates somewhere or to review places.

10.4 Schools Management Forum members to approve the 2023/24 School Formula and submission of the final APT pro-forma to the ESFA.

10.5 Schools Management Forum members agree to roll forward any reserve balance in schools block from recoupment calculations in 2023/24 and create the 2024/26 Growth Fund budget in schools block to potentially support any additional required above those identified in report or for subsequent APT support.