ITEM 2

Dedicated Schools Grant – 2024/25 and 2025/26 Growth Budget

Schools Forum

Recommendation
The Schools Forum is asked to: -

1) Note the forecast outturn 2024/25 Growth Budget.
2) Approve the 2025/26 Growth Budget after updating the DfE Authority Proforma Tool
3) Review the growth fund factors shown in Appendices B to D below as they no longer reflect the situation in Croydon's Schools.

1. Introduction

1.1 This report sets out three essential updates and a recommendation for the School's Forum to note the following:

(a) Background of (Schools Block) Growth funding,
(b) Determination of growth funding allocation,
(c) Croydon growth funding allocation for 2023/24 through NFF,
(d) Accounting Treatment of under/Overspend at the end of year.

1.2 **Background of (Schools Block) Growth funding**

1.3 Growth funding forms part of the Dedicated Schools Grant (DSG) and falls under the Schools Block allocation. The grant is allocated through the national funding formula (NFF), and each local authority's school block allocation is determined by the government. The amount payable is a provisional growth allocation published in December of each year. The funding is based on the latest census data recorded and it is calculated using the growth in pupil (increase) numbers between two years of October census data.

2. Determination of Growth Funding Allocation

2.1 The methodology used by the DfE in calculating the growth funding allocation was introduced for the 2019 to 2020 financial year and has remained the same since then.

2.2 Table 1 below illustrates how the funding allocation for 2023/24 is determined. This is based on – [Increased in pupil number between two years using October census x Area Cost Adjustment x rate (£1,520 for Primary) and (£2275 for secondary]. This information comes from the Middle-level aggregation table (MOSA).

Table 1. Example of 2023/24 DfE Funding Methodology

Expenditure Type / Projects (A)	Estimated Based line (B)	ACA (C)	Rate Per Pupil FOR 2022/23 (D)	Rate post-ACA per Pupil E = (C X D)	Total per Pupil F = (B X E)
Primary School	388.5	1.086	£1,520.00	£1,651	£641,305
Secondary School	576	1.086	£2,275.00	£2,471	£1,423,094
Lump sum for new school					
					£2,064,399

2.4 Block Transfer - As growth funding is within the school's block, the DfE does not consider any funding movement from the school's formula into the growth fund as a transfer between blocks. This means there is no need for a disapplication request with such transfers.

2.5 Role of Schools Forum - The DfE Operational guide, however, suggest that Schools Forum:
a) Must be consulted.
b) Must agree the total size of the growth fund.
c) Must be consulted before any expenditure from the growth fund is incurred.

3. Croydon Growth Funding Allocation and forecast outturn for 2024/25

3.1 The growth allocation for 2024/25 published by the DfE in December 2023 was £1.718m. The Schools Forum at its meeting in February 2024 agreed the following:

- £304k to cover the shortfall in schools budget allocation (actual used is £229k)
- £250k for purchase, repair and refurbishment of equipment for schools with additional educational needs (AEN).
- £850k KS4 pupils in Alternative Provision

The remaining balance was earmarked to be spent as shown in Table 2 below.

Table 2. 2024/25 Growth Fund Budget allocation

	Growth Budget - Optional Projects	Require Forum Approval	
Existing factors	**Expenditure Type / Projects**	**Year 2024/5**	**Reference**
	Expansion and bulge	275,000	DfE Operational Guide
	KS4 Pupils in Alternative Provision	850,000	DfE Operational Guide
	Equipment/Environment (mainly for school's block schools presently accommodating children with AEN)	250,000	
	Outstanding balance to be decided by Forum. Forum last years allocated the balance to fund Therapies and Interventions in 2023/4 budget	114,352	DfE advises on legitimate spend of DSG
	2024/25 Growth Fund Available Fund	**1,489,352**	
	Allocated to schools through to balance the funding shortfall in the APT in the 2024/5 budget	229,151	Allowable during the budget modelling process
	Total	**1,718,503**	

3.2 The forecast spends and balance available (of £503,345) till end of the year is as shown in Table 3 below:

Table 3. 2024/25 Growth Fund Forecast Spend

2024/25 forecast outturn	**£**	**£**	**£**	**£**
2024/25 Growth Fund Available Fund			1,489,352	
Payments to Schools:				
Archbishop Tenison (permanent expansion - last payment to be made in 2025/26)	106,545			
Gresham Primary School (bulge class funding until 2029/30)	5,000			
Total Payments to Schools		**111,545**		
Equipment/Environment (mainly for school's block schools presently accommodating children with AEN)		250,000		
KS4 Pupils in Alternative Provision		850,000		
Forecasts spend in 2024/25			**-1,211,545**	
Forecast underspend from 2024/25 growth Fund				**277,807**
2023/24 Underspend b/f			1,245,111	
Spend already committed:				
Legacy SAL Therapy invoices		373,522		

Transfer to Education Earmarked Reserve for 2 years Schools Improvement		646,050		
			-1,019,572	
				225,538
Balance of funds available in 2024/25				**503,345**

4. Croydon Growth Proposed Budget 2025/26

4.1 The 2025/26 growth fund provisional allocation (announced in December 2024 by DfE) was £1.22m. Of this amount, £415k was used to supplement the allocation to all schools leaving a balance of £805k

4.2 The schools block working group have requested that underspend from previous year (currently forecast at £503k) should be added to the proposed allocation to KS4 pupils in Alternative Provisions/therapies. This has resulted in an increase in funding available to £1.308m in 2025/26. The proposed budget for 2025/26 Growth fund is therefore presented in Table 4 below.

Table 4. 2025/26 Proposed Growth Fund Budget

	Growth Budget - Optional Projects	Require Forum Approval	
Existing factors		Year 2025/26	Reference
	2025/26 DfE Allocation	**1,220,051**	
	Amount already used in APT to balance School's Allocation	**-415,028**	
	Balance left	**805,023**	
	Expenditure Type / Projects		
	Expansion and bulge	275,000	DfE Operational Guide
	Match funding for the AP taskforce	50,000	
	KS4 Pupils in Alternative Provision/therapies	733,368	DfE Operational Guide
	Equipment/Environment (mainly for school's block schools presently accommodating children with AEN)	250,000	
	Total	**1,308,368**	

4.3 The completed DfE Authority Proforma Tool (APT) has been sent to the DfE for approval to ensure the LA meet the 22 January 2024 deadline. A separate paper has been presented and approved by Cabinet for Political approval as part of the governance process.

5. Acceptable criteria for Allocating growth fund

5.1 Schools Forum agreed on expanded criteria (**see Appendices B to D below**) and amounts to be awarded to qualifying schools. These requirements are all in line with the DfE Operational guide. However, these requirements are over 5 years old, and the forum is asked to consider whether they are still relevant and useful. If the school's forum is desirous of reviewing the criteria, this will be only applicable to new growth (expansion and bulge schools items) and will not affect existing commitment made to schools. Extracts from the Schools Operational guidance is as shown in the paragraphs below.

5.2 The criteria below are extracted from the DfE operational guide:

a) Support where a school or academy has agreed with the local authority to provide an extra class.
b) Additional support where a school has extended its age range.

c) Support where a school has temporarily increased its pupil admission numbers (PAN), by a minimum number of pupils in agreement with the local authority.
d) Support for KS1 classes where overall pupil numbers exceed a multiple of 30 by a minimum number of pupils.
e) Pre-opening costs, initial equipping allowance, or diseconomy of scale allowance for newly maintained schools and academies, including new academies where the school is opening in response to basic need.

5.3 **Funding for Expansion and Bulge Class -** These pupils (growth in pupil number) are funded based on the Average Weighted Pupil Unit (AWPU) rate, from the growth fund. The funding is provided to cover the period from September to March, as the class will then be recorded on the October census.

6. Accounting Treatment of under /Overspend at year-end.

6.1 **Underspend** - The DfE Operational guide requires Local authorities to report any unspent growth funding remaining at the year's end to the school's Forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any under/overspend in growth funding will form part of the overall DSG surplus or deficit balance.

7. Conclusion and recommendations

6.1 Schools' Forum members to note the following:

Local authorities should report any unspent growth funding remaining at the year's end to the school's Forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.

6.2 The local authority and Schools Forum should consider a future review of all the growth factors (appendices B to D) as they no longer particularly reflect the situation in Croydon's schools.

Recommendation

The school's Forum is asked to: -
1) Note the forecast outturn 2024/25 Growth Budget.
2) Approve the 2025/26 Growth Budget after updating the DfE Authority Proforma Tool
3) Review the growth fund factors shown in Appendices B to D below as they no longer reflect the situation in Croydon's Schools.

Appendix A: Croydon historical agreed growth factors

	Criteria	2019/20 Criteria
B	Start-Up	£150k for both primary and secondary
C	Inefficiency Factors	To reduce the current lump sum in equal instalments over the remaining forms post-year 1. As laid out in tables two and three below.
D	Bulge	Allocate based on 30 pupils x AWPU x AEN
D	Expansion classes	As above
Reference Table 4	Equipment/Environment	£250k
Not Applicable	Split Site	£150k in the first year

Appendix B: Start Up - Inefficiency factor for new build schools.

The principle is that when Schools get to a total of 7 classes, Schools are funded entirely from formula factors – AWPU and lump sum. The funding would be based on the number of classes unfilled before Schools reach years 7 (primary) or 5 (secondary) as a percentage of the initial sum. All calculations are rounded to the nearest £1K.

Years after establishment	Primary	
Year 1	Startup	£150K
Year 2	5/6 – Inefficiency	£125K
Year 3	4/6 - Inefficiency	£100K
Year 4	3/6 - Inefficiency	£75K
Year 5	2/6 - Inefficiency	£50K
Year 6	1/6 - Inefficiency	£25K
Year 7	0 - Inefficiency	£0

Years after establishment	Secondary	
Year 1	Startup	£150K
Year 2	3/4 - Inefficiency	£112.5K
Year 3	2/4 – Inefficiency	£75K
Year 4	1/4 - Inefficiency	£37.5K
Year 5	0 - Inefficiency	£0

Appendix C: Start-Up Inefficiency factor for annexes

The principle is that the inefficiency factor reduces until it reaches the same level as the split-site factor.

Years after establishment	Split Site Primary Annex	
Year 1	Startup	£150K
Year 2	5/6 – Inefficiency	£125K
Year 3	4/6 - Inefficiency	£100K
Year 4	3/6 - Inefficiency	£75K
Year 5	Split-site factor (distance dependent)	£30 / (£35k)
Year 6	Split-site factor (distance dependent)	£30 / (£35k)

Years after establishment	Split Site Secondary Annex	
Year 1	Startup	£150K
Year 2	3/4 - Inefficiency	£112.5K
Year 3	2/4 – Inefficiency	£75K
Year 4	1/4 - Inefficiency	£37.5K
Year 5	Split-site factor (distance dependent)	£30/ (£35k)

The differences between split site and start-up funding in years 1 to 4 would be funded from the growth fund.

<u>Appendix D</u>

Academy Expansion - Academies who take on an expansion class are entitled to receive pupil funding from April to August. The April to August payment is not made in the same LA financial year as the budget, so there is a lag between budget and payment.

Start-Up - Start-up funding is given to newly opened schools, and the income is allocated based on the number of empty classes. Funding in Year One begins at £150K and decreases by £25k until Year Six, when the last payment is made.

Bulge - Bulge class funding is allocated to schools that enrol an additional class of pupils. In the first year, the additional pupils enrolled in September are not counted on the previous October census, meaning this cohort of pupils is not funded within the school's current budget. From year 2 to year 7 of the bulge, there is funding provided in respect of equipment, in which Croydon allocates £5k per year until the bulge class leaves.