

ITEM 3

Dedicated Schools Grant – 2023/24 and 2024/25 Growth Budget

Recommendation

The Schools Forum is asked to:

- 1) Note the 2023/24 Growth Budget
- 2) Note paragraph 5.1 below and to provide direction of potential unclaimed therapies funds.
- 3) Approve the 2024/25 Growth Budget after updating the DfE Authority Proforma Tool
- 4) Approve the budget allocated to KS4 in table 2 to continue in 2024/5.
- 5) Approve the use of potential outstanding balance on the Growth budget estimated at 39k to support the outstanding therapy claims commissioned.

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.** 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 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).

2.3 Forecast Outturn for 2023/4 – The total forecast expenditure is £1.959m representing £435k direct payment to schools, £835k for KS4 and £689k towards to therapies commissioned through the locality project for schools. We envisage a potential underspend should all the therapies budget not be claimed by schools.

Table 1, 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)
1	Primary School	388.5	1.086	£1,520.00	£1,651	£641,305
2	Secondary School	576	1.086	£2,275.00	£2,471	£1,423,094
3	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:
- Must be consulted;
 - Must agree the total size of the growth fund;
 - Must be consulted before any expenditure from the growth fund is incurred.

3. Croydon Growth Funding Allocation for 2023/24

- 3.1 The growth budget for 2023/4 is £2.064m. This is allocated to Croydon from the DfE as explained at para [2.1]. This amount represents a £314k reduction compared to the £2,378m received in 2022/3 and remains the same following the recently published DfE DSG allocations. The local Authority, however, allocated the funding according to the agreed individual growth budget criteria in line with Schools Forum approval and DfE classifications. See the current budget column in Table 2.

Table 2. Forum agreed budget allocation 2023/24

	Growth Budget - Optional Projects	Approved by Forum	
Existing factors	Expenditure Type / Projects	Year	Reference
	Academy Expansion	25,000	DfE Operational Guide
	Start-Up	50,000	DfE Operational Guide
	Bulge	100,000	DfE Operational Guide
	Expansion	100,000	DfE Operational Guide
	KS4 Pupils in Alternative Provision* increased from £631k in 2022/3 (Year to date Jan 2024 spent is £185k)	850,000	DfE Operational Guide
	Equipment/Environment (mainly for school's block schools presently accommodating children with AEN)	250,000	
	Sub Total	1,375,000	
New factors	Therapies and Interventions**	689,000	DfE advises on legitimate spend of DSG
	Support falling roll fund	0	Reference. DfE Operational Guide
	Total	2,064,000	

- 3.2 **Growth Budget for 2024/5** - The final growth allocation for 2024/25 published by the DfE in December was £1.718m. As discussed in previous meetings the overall funding

shortfall of £304k was covered using some of the growth allocation for the 2024/25 school's budget. This means that the final growth budget available for 2024/25 is now £1,404m. The key requirement under the growth factors will still be met for 2024/25 financial year.

3.2.1 The completed DfE Authority Proforma Tool (APT) has now been sent to the DfE for approval to ensure the LA met the 22 January 2024 deadline. A separate paper was presented to Cabinet for Political approval as part of the governance process.

Table 3. Proposed budget allocation for 2024/5

	Growth Budget - Optional Projects	Require Forum Approval	
Existing factors	Expenditure Type / Projects	Year 2024/5	Reference
	Academy Expansion	25,000	DfE Operational Guide
	Start-Up	50,000	DfE Operational Guide
	Bulge	100,000	DfE Operational Guide
	Expansion	100,000	DfE Operational Guide
	KS4 Pupils in Alternative Provision* increased from £631k in 2022/3 (Year to date Jan 2024 spent is £185k)	850,000	DfE Operational Guide
	Equipment/Environment (mainly for school's block schools presently accommodating children with AEN)	250,000	
	Therapies and Interventions**	0	DfE advises on legitimate spend of DSG
	Sub Total	1,375,000	
New factors	Estimated allocated to schools through to balance the funding shortfall in the APT in the 2024/5 budget	304,000	Allowable during the budget modelling process
	Potential outstanding balance to be decided by Forum. Forum last years allocated the balance to fund Therapies and Interventions in 2023/4 budget * Estimated	39,000*	DfE advises on legitimate spend of DSG
	Total	1,718,000	

4. Acceptable criteria for allocating growth fund

4.1 Schools Forum has already agreed on standards criteria (**reference Appendix B, C and D**) and amounts to be awarded to qualified schools. These requirements are all in line with the DfE Operational guide.

4.2 The bullet points (DfE 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.

4.3 **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.

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

5.1 **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 underspend /over in growth funding will form part of the overall DSG surplus or deficit balance.

6. 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 underspent growth funding will form part of the overall DSG surplus or deficit balance. Last year all underspends in Croydon were directed to the High Needs budget.

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

Recommendation

The Schools Forum is asked to: -

- 1) Note the 2023/24 Growth Budget
- 2) Forum to note point under paragraph 5.1 and to provide direction of potential unclaimed therapies funds.;
- 3) Approve the 2024/25 Growth Budget after updating the DfE Authority Proforma Tool
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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 APWU x AEN
D	Expansion classes	As above
Reference Table 2	Equipment/Environment	£250k
Not Applicable	Split Site	£150k in the first year
Not Applicable	Contingency	Not Required

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 – APWU and lump sum. The funding would be based on the number of classes unfilled before Schools reach 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.

Appendix D

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. These primary schools are currently in years four, five and six of their establishment.

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.