

**CUMBERLAND COUNCIL SCHOOLS FORUM**

**Report Title:** Dedicated Schools Grant – School Budgets 2024-25

**Meeting date:** 15 January 2024

**Report of:** Heather Loveridge, Interim Assistant Director, SEND, Education & Inclusion

**1.0 Executive Summary**

- 1.1 This paper informs the Schools Forum that the 2024/25 Dedicated Schools Grant (DSG) Schools Block allocation for Cumberland is £211.546m.
- 1.2 Approval is being sought from the Schools Forum to set the growth fund budget at £0.362m in 2024/25 to support schools experiencing a growth in pupil numbers in their own catchment areas above their Published Admission Numbers (PAN).
- 1.3 Schools Forum support is also sought for the continued use of the optional exceptional circumstances factor in the 2024/25 school funding formula for Ireby CE School relating to rent costs of £3,254.
- 1.4 After calculating the school budget shares using the national funding formula and after taking into account the proposed growth fund budget there is a balance remaining in the Schools Block of £0.224m (0.11%) which will be transferred to the High Needs Block to support the budget pressures.
- 1.5 The paper also confirms the maintained schools de-delegated budgets for 2024/25 and the primary and secondary per pupil rates.

**2.0 Link to Council Plan Priorities**

- 2.1 Ensuring that schools are funded appropriately is supportive of the Council Plan “to improve the health and wellbeing of its residents” and the priority to “address inequalities and enable its residents to access opportunities that will empower them to achieve their goals.”

**3.0 Recommendation**

- 3.1 The Schools Forum is recommended to:

- support the continued use of the optional exceptional circumstances factor in the 2024/25 school funding formula for Ireby CE School rent costs of £3,294;

and approve:

- a growth fund budget of £0.362m;
- the growth fund allocation criteria at Appendix 2.

## 4.0 Rationale & Evidence for the Recommendation

### Background

4.1 On 2 November 2023, following the outcome of the consultation with all maintained schools and academies Schools Forum agreed to recommend to Executive that Cumberland should adopt the National Funding Formula (NFF) in 2024/25 and that if there was any surplus balance remaining in the Schools Block, after taking into account the growth fund budget, up to a maximum of 0.5% should be transferred to the High Needs Block with any residual balance after that to be allocated to schools through the school funding formula by increasing the basic per pupil unit factor. Executive subsequently approved this recommendation on 15 December 2023.

4.2 The Education and Skills Funding Agency (ESFA) published the final 2024/25 DSG allocations for local authorities on 20 December 2023. The Schools Block funding for Cumberland is £211.546m and funds mainstream maintained schools and academies. This represents an increase of £12.646m compared to 2023/24 as shown in the table below:

	23/24	24/25	Movement
	£m	£m	£m
Core NFF	195.729	207.569	11.840
Premises factor	2.322	2.594	0.272
Growth Fund factor	0.849	1.383	0.534
Total	198.900	211.546	12.646

4.3 The Core NFF funding has increased by £11.840m compared to 2023/24 of which £11.175m relates to an increase in the Primary and Secondary Units of Funding (PUFs and SUFs) and £0.664m is due to a net increase in pupil numbers between the October 2022 and 2023 census dates:

	Primary Unit of Funding (PUF)	Secondary Unit of funding (SUF)	Primary head count	Secondary head count	Primary funding £m	Secondary Funding £m	Total £m
2023/24	£5,247	£6,162	19,925	14,799	104.539	91.190	195.729
2024/25	£5,554	£6,500	19,890	14,937	110.473	97.096	207.569
increase/decrease	£308	£338	- 36	138	5.934	5.906	11.840

- 4.4 The ESFA calculate the PUFs and SUFs by applying the 2024/25 NFF at school level using October 2022 pupil data. The total funding relating to primary pupils is then aggregated and divided by the total primary pupil numbers to arrive at a primary unit of funding. Likewise, the same methodology is applied to calculate the secondary unit of funding. These units of funding, which were published in July 2023, are then multiplied by the October 2023 pupils numbers to form the final core NFF funding at Local Authority level in 2024/25 and published in December 2023. The implications of this funding methodology means that local authorities' Core NFF funding allocations are adjusted for increase or decreases in pupil numbers between years but not for any changes in pupil characteristics, such as increases/decreases in eligibility for Free Schools Meals, Low Prior Attainment and this can create a pressure or surplus when calculating school budget shares using the national funding formula as the October 2023 pupil characteristics must be applied to the formula factors but this is not reflected in the PUF and SUF values used to allocate funding to local authorities.
- 4.5 The premises factor at LA level, which has increased by £0.272m as shown in the table at para 4.2, is based on estimated National Non-Domestic Rates (NNDR) costs in 2024/25 for each maintained school and academy in Cumberland plus any rates adjustments for 2022/23 (either positive or negative) and exceptional rents costs for 2023/24 as submitted in the 2023/24 Authority Proforma Tool (APT).
- 4.6 The growth fund factor at LA level, which for the first time includes funding for falling rolls in 2024/25, has increased by £0.534m compared to 2023/24. The funding is calculated by the ESFA based on observed differences between primary and secondary pupil numbers on roll between October 2022 and October 2023 school censuses in each middle-layer super output area (MSOA) multiplied by a primary and secondary unit of funding. The units of funding have increased from £1,520 to £1,550 for primary and £2,275 to £2,320 for secondary compared to 2023/24. It also includes a lump sum of £140,000 where the reduction in primary and secondary pupil numbers in each MSOA is at least 10% of the October 2022 pupil number count. The growth fund factor is not ring-fenced and can be used to support the school funding formula, is required.

#### **Proposed Growth Budget Requirements for 2024/25**

- 4.7 Local authorities are permitted, with the agreement of their Schools Forum, to retain a growth fund to support mainstream maintained schools and academies in its area in meeting increased local pre-16 demand for school places resulting from 'natural' demographic changes (i.e. unusually large cohorts) or nearby housing developments within a school's own catchment area.
- 4.8 As in previous years, the budget required for the growth fund is deducted from the Schools Block before calculating the school budget shares. In 2023/24 the Cumbria Schools Forum approved a budget of £0.343m for Cumberland of which £0.415m has been allocated year to date, a pressure of £0.072m. A summary of the allocations are attached at Appendix 1. The pressure in 2023/24 has mainly arisen due to growth funding for the period 1 April 2023 to 31 August 2023 allocated to Workington academy which exceeded its PAN in September 2022 at the request of the local authority.

4.9 Work is ongoing to identify potential growth funding requirements in 2024/25 however approval is sought from the Schools Forum to increase the growth fund budget to £0.362m in 2024/25 to fund ongoing and new growth in schools that are admitting pupils over PAN at the LA's request to meet basic need. As in previous years, any under or overspend against the Growth Fund budget will transfer to the DSG reserves.

4.10 The Cumberland growth fund criteria for allocating funding to mainstream maintained schools and academies in 2023/24 was approved the Cumbria Schools forum in January 2023. In 2024/25 local authorities must follow the ESFA's new local formula requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the following funding calculation:

Primary growth factor value (£1,550) x number of pupils x ACA

4.11 The ESFA have set the primary growth factor of £1,550 as a minimum value for all school types (both primary and secondary). As Cumberland's current 2023/24 growth funding criteria is based on either:

- Age-Weighted Pupil Unit (AWPU) used in the school funding formula x number of pupils over PAN x 7/12ths or:
- the cost of a new class based on the cost of a teacher and teaching assistant with associated equipment where agreed x 7/12ths;

both of which are in excess of the minimum level of £1,550 requirement it is not proposed to make any changes to the existing growth fund criteria in 2024/25, as attached. When considering growth fund allocations in 2024/25 a check will be completed to ensure that all allocations comply with the new minimum requirement.

4.12 Local authorities are also permitted to have a discretionary falling rolls fund. In 2024/25 local authorities must follow the new requirement that support can only be provided to schools where the School Capacity survey (SCAP) data 2022 shows that school places will be required in the subsequent 3 – 5 years. It is not proposed to have a falling rolls fund in 2024/25 as Cumberland and formerly Cumbria has not had a falling rolls fund in previous years as the expectation is that falling rolls are foreseen and planned for by schools and academies by adjusting staffing levels accordingly and for maintained schools support for costs associated with staff restructuring such as redundancies costs can be provided on a case-by-case basis through the De-delegated Contingency Fund in accordance with the LA Scheme for Financing Schools.

### **School Budget Shares 2024/25**

4.13 The school budget shares for 2024/25 (impacting maintained schools from 1 April 2024 and academies from 1 September 2024) have been calculated using the NFF as recommended by Schools Forum and agreed by Executive. As in previous years, the school funding formula includes the use of the optional exceptional circumstances factor for Ireby CE School that meets the previously ESFA approved criteria for rents funding. The use of this factor can only apply to fewer than 5% of schools in the local authority area and the additional cost to the school must be more than 1% of its school budget share in order to qualify for funding. Approval to use the factor for rents costs was provided by the ESFA prior to 2019/20 but there is now a new requirement to re-apply for this approval again for 2024/25. The funding through this factor

for Ireby CE School relates to the cost of hiring a hall in order to carry out its curriculum as the school does not have its own hall and is estimated to be £3,294 in 2024/25. Funding for this cost has already been included in the premises funding element of the Schools Block in 2024/25 and therefore the use of this factor in the formula does not impact on any other maintained school or academy. Schools Forum support for the continued use of this factor is sought pending the outcome of the request from the ESFA.

- 4.14 On calculating the budget shares on this basis and after taking into account the proposed growth fund budget of £0.362m, there is a balance remaining of £0.224m equating to 0.11% of the Schools Block, as summarised below:

	2024/25
	£m
Proposed Growth Budget	0.362
NFF	210.961
	211.322
Schools Block Allocation	211.546
Balance Remaining	0.224
Balance as % of Schools Block	0.11%

- 4.15 The balance of £0.224m will be transferred to the High Needs Block in 2024/25 to support the budget pressures as recommended to by Schools Forum on 2 November 2023 and decided upon by Executive at its meeting on 15 December (see para 4.1 of this paper).

### De-delegation

- 4.16 As required by the DfE regulations, the total to be delegated to schools includes those budgets that the maintained school representatives of the Schools Forum agreed to be de-delegated back to the local authority for 2024/25 at its meeting held on 2 November 2023. It should be noted that the de-delegation does not apply to academies.
- 4.17 The services that the de-delegated budgets apply to also impact maintained special schools and nursery schools and therefore an element is centrally retained in both the Early Years and HN Blocks for these services, although there is no de-delegation process for these two areas.
- 4.18 The table below presents the final breakdown of the de-delegated budgets for 2024/25 for the Schools Block only and is compared to 2023/24:

Budget	Schools Block Element Only		
	Total	Total	Variance
	2024/25	2023/24	
	£m	£m	£m
Contingencies	0.348	0.348	0.000
Insurance	0.405	0.373	0.033
Staff Costs	0.517	0.517	0.000
Library Services	0.250	0.250	-0.000
School Improvement	0.311	0.311	-0.000
<b>Total De-Delegated Budgets</b>	<b>1.832</b>	<b>1.799</b>	<b>0.033</b>

- 4.19 The Library Services and School Improvement budgets only apply to primary schools. The Insurance budget has increased by £0.033m since the

estimated de-delegated budgets for 2024/25 were presented to Schools Forum at 2 November 2023 meeting. Although the insurance budget line has been adjusted to reflect that one school has converted to an academy during 2023/24 the insurance costs have risen due to inflation.

4.20 The de-delegated budgets are split between primary and secondary maintained schools on the basis of October 2023 pupil numbers and weighted based on the AWPU ratios. The per pupil amounts that will be applied to mainstream maintained school budgets in 2024/25 are shown in the table below and compared to 2023/24:

	2024/25		2023/24	
	Primary	Secondary	Primary	Secondary
Contingencies	£16.10	£23.78	£16.00	£23.61
Insurance	£18.72	£27.66	£17.12	£25.27
Staff Costs	£23.88	£35.28	£23.74	£35.03
Library Services	£15.96	n/a	£15.78	n/a
School Improvement	£19.82	n/a	£19.60	n/a

4.21 The school budget shares calculated by the local authority are due to be submitted to the ESFA via the 2024/25 Authority Proforma Tool by 22 January 2024 and will be subject to validation and approval by the ESFA before final school budget shares can be confirmed.

4.22 The deadline set by the DfE for mainstream maintained schools to be notified of their budget by the Local Authority is 29 February 2024. Academies will be informed of their budgets by the ESFA by 31 March 2024.

4.23 In addition to the funding through the school funding formula in 2024/25 schools and academies will also continue to receive the Teachers' Pay Additional Grant as a separate grant and there will also be an additional grant to reflect the additional costs of the increase of 5 percentage points to 28.6% to the employer contribution rates to the teachers' pensions scheme from April 2024. Further detail of this new grant has not yet been announced by the DfE.

## 5.0 Options

5.1 Schools Forum can:

- Support the use of the optional exceptional circumstances factor for Ireby School rent costs of £3,294 in 2024/25;

and

- Approve the Growth Fund budget of £0.362m;

Or

- Propose an alternative Growth Fund budget;

and

- Approve the growth fund allocation criteria at Appendix 2;

Or

- Propose an alternative growth fund allocation criteria.
- 5.2 It should be noted that if Schools Forum decide not to approve a growth fund budget in 2024/25 or approve a lower amount than the local authority's proposed budget of £0.362m there is a risk that it would have a detrimental impact on those schools experiencing growth in pupil numbers above their PAN levels at the local authority's request in 2024/25 and schools will be much less willing to admit additional pupils which will impact on the local authority's ability to fulfil its school place planning responsibilities in the future.
- 5.3 This would also increase the balance available to transfer to the High Needs Block.

## 6.0 Financial & Other Relevant Implications

- 6.1 Financial implications are considered throughout this report. No equality/legal implications have been identified.

10 January 2024

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Appendices:

1. Growth Fund Budget Allocations 2023/24
2. Proposed Growth Fund Allocation Criteria 2024/25

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