

DARLINGTON SCHOOLS FORUM
16th January 2024

ITEM NO 5

SCHOOL FUNDING FORMULA 2024/25
AND GROWTH FUND 2024/25

Purpose of Report

1. To update and agree the school funding formula and the growth fund for 2024/25.

Forum Decision required

Forum is asked to:

- a) Note the report
- b) Discuss and agree the proposed budgets for 2024/25 for the School Budget Share and Growth Fund.

Background

2. The Local Authority received the school budget share tool on 19th December using the October 2023 census information. This tool and the enclosed datasets are required to be used to set the 2024/25 school budget formula.
3. The Local Authority also received the DSG allocations for 2024/25 on 19th December. The schools block allocation for 2024/25 of £85,642,394 is prior to the adjustment for rates. **Appendix 2**. Within the school's block allocation for 2024/25, Darlington is to receive £413,610 of funding for growth.
4. Mainstream schools received an additional grant of £2,810,288 in 2023/24 to recognise the increased costs schools were facing and this has been rolled in the NFF in 2024/25, a breakdown of the grant has been included in **appendix 2** to allow a like for like comparison of the overall funding. After the allowance for the MAG the average increase in funding is 2%, although this will differ between schools due to changes in pupil numbers and the application of the minimum funding guarantee.
5. Using the updated NFF unit values, for all the factors, but without applying an uplift to the PFI element, the cost of the Darlington school budget share for 2024/25 is £85,616,812 which leaves £25,582 unallocated, this is prior to setting a budget for Growth. The growth budget was set at £50,000 in 2023/24, although it is not anticipated that any growth payments will need to be made due to reducing pupil numbers.
6. We have not applied an uplift to the PFI element of the school budget share for a number of years and have seen a pressure within the affordability of the PFI arrangement. This has been due to inflationary increases applied over the last couple of years. The latest CPI rate (November) is 4.2% and if this is applied to the School Budget share it increases the overall costs to £85,634,967 which will reduce the unallocated amount to £7,427.
7. Therefore, the majority of the growth funding element is required to enable the school budget share to be affordable. As Forum members may recall, this year (2023/24) there was £169,000 available after the growth funding was set to enable a block transfer to the High Needs block, in order to support the Safety Valve programme. We are not in a position to do an in-year block transfer without effecting the funding that goes directly to schools and given that the average increase is 2%, we are not proposing this course of action.
8. This means that there are limited options to consider:

Option 1

Do not apply an uplift to the PFI element and set a Growth fund budget at £25,582. (The growth fund criteria is detailed within the report - point 17). This would mean that all the budget share is allocated, but ongoing pressures within the PFI contract will not be addressed.

Option 2

Increase the PFI element of the block by the current CPI levels of 4.2%, this would then be recouped from the three schools to fund some of the inflationary pressures in the contract. Do not set a specific budget for growth, due to it being unlikely that the criteria will be reached in 2024/25 to warrant payments being made. Transfer the remaining £7,427 to reserve to be held for future years.

Teachers' Pay Additional Grant

9. An additional grant for Teachers' pay has been announced for mainstream, special and AP schools that sits outside of the DSG. The allocations for Mainstream schools are due to be published in April 2024 and May 2024 for Special and AP provision. The funding will be incorporated into the core budget allocations in 2025/26.

The Formula

10. The revised datasets and modelling tool (APT) were provided by the Education, Skills Funding Agency (ESFA) on 19th December to enable local authorities to submit their revised funding formula in line with the 22nd of January deadline.
11. The final funding formula uses the datasets provided by the ESFA, collected at the October 2023 census. The regulations stipulate that these datasets must be used in completing the funding formula.
12. A minimum funding guarantee (MFG) of 0.5% has been used within the 2024/25 budget share calculation. This is the maximum MFG allowable under the ESFA formula rules for 2024/25.
13. All of the increased NFF unit values for 2024/25 have been included within the proposed Darlington formula for 2024/25 at the national rates and Mainstream additional grant has been rolled into the baseline figures.
14. The table below shows the 2024/25 and 2023/24 unit values used within the Darlington formula, this allows comparison to be made between the two years rates. In addition, the table shows the NFF unit values for 2024/25, which show that Darlington's unit values are the same as the NFF in 2024/25.
15. At this stage the Government has communicated that it still intends to implement the hard formula, though a date has not been fixed for this at present.
16. All academy schools are funded directly by ESFA, based upon the budget share calculated by the Local Authority. If there are any special funding arrangements between ESFA and the academy, the actual general academy grant (GAG) received by the academy may differ.

| Factor | Darlington Formula 2023/24 | Darlington Formula 2024/25 | National Funding Formula 2024/25 | Difference in the Darlington Formula to NFF |
|---------------------------|----------------------------|----------------------------|----------------------------------|---|
| Primary basic entitlement | £3,394.00 | £3,562.00 | £3,562.00 | £0.00 |
| KS3 basic entitlement | £4,785.00 | £5,022.00 | £5,022.00 | £0.00 |

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|-----------------------|-------------|-------------|-------------|-------|
| KS4 basic entitlement | £5,393.00 | £5,661.00 | £5,661.00 | £0.00 |
| Primary FSM | £480.00 | £490.00 | £490.00 | £0.00 |
| Secondary FSM | £480.00 | £490.00 | £490.00 | £0.00 |
| Primary FSM6 | £705.00 | £820.00 | £820.00 | £0.00 |
| Secondary FSM6 | £1,030.00 | £1,200.00 | £1,200.00 | £0.00 |
| Primary IDACI F | £230.00 | £235.00 | £235.00 | £0.00 |
| Primary IDACI E | £280.00 | £285.00 | £285.00 | £0.00 |
| Primary IDACI D | £440.00 | £445.00 | £445.00 | £0.00 |
| Primary IDACI C | £480.00 | £485.00 | £485.00 | £0.00 |
| Primary IDACI B | £510.00 | £515.00 | £515.00 | £0.00 |
| Primary IDACI A | £670.00 | £680.00 | £680.00 | £0.00 |
| Secondary IDACI F | £335.00 | £340.00 | £340.00 | £0.00 |
| Secondary IDACI E | £445.00 | £450.00 | £450.00 | £0.00 |
| Secondary IDACI D | £620.00 | £630.00 | £630.00 | £0.00 |
| Secondary IDACI C | £680.00 | £690.00 | £690.00 | £0.00 |
| Secondary IDACI B | £730.00 | £740.00 | £740.00 | £0.00 |
| Secondary IDACI A | £930.00 | £945.00 | £945.00 | £0.00 |
| Primary EAL | £580.00 | £590.00 | £590.00 | £0.00 |
| Secondary EAL | £1,565.00 | £1,585.00 | £1,585.00 | £0.00 |
| Primary LPA | £1,155.00 | £1,170.00 | £1,170.00 | £0.00 |
| Secondary LPA | £1,750.00 | £1,775.00 | £1,775.00 | £0.00 |
| Primary mobility | £945.00 | £960.00 | £960.00 | £0.00 |
| Secondary mobility | £1,360.00 | £1,380.00 | £1,380.00 | £0.00 |
| Primary lump sum | £128,000.00 | £134,400.00 | £134,400.00 | £0.00 |
| Secondary lump sum | £128,000.00 | £134,400.00 | £134,400.00 | £0.00 |
| Primary sparsity | £56,300.00 | £57,100.00 | £57,100.00 | £0.00 |
| Secondary sparsity | £81,900.00 | £83,000.00 | £83,000.00 | £0.00 |

Growth Fund

17. It is proposed that the growth fund will operate in 2024/25 in the same manner as to that agreed by Forum for 2022/23. The criteria for accessing the fund, is therefore proposed to operate in 2024/25 as follows:
- i. Schools/Academies will only be able access the fund where they have had an increase in their PAN at the request of the Local Authority to meet a lack of available space in the local area as part of the planned changes covered in the SOP.
 - ii. The actual funding allocated to a school will be based on the **actual** number of increased places on roll, not based on the increase in the PAN.
 - iii. For agreed growth in one year group, the additional number of places will be determined from the number of pupils on roll on the autumn census taking up a place in the additional class(s).
 - iv. For agreed growth across a number of year groups, the additional number of places will be determined by comparing the number of pupils on the roll at the census for each term in comparison to the number of pupils funded in the individual school budget share (i.e. the last October census).
 - v. All places are funded once the increase in the pupil admissions (in line with the PAN) reaches 10 places.
 - vi. The amount to be funded per a pupil will be based on the “Basic Entitlement Funding” (AWPU) for the age group of the pupil.

- vii. Funding will be made for each term within that financial year, the school/academy has not received funding for this growth in places. (i.e. not funded within their existing school budget share).
- viii. It is proposed that any increases in admissions that fully meet the agreed criteria are funded automatically, rather than to be considered by School Forum.
- ix. It is proposed that where a growth fund application requires a different approach, that these applications are presented to Forum with additional information in order that a separate decision can be made concerning that's schools access to the growth fund.
- x. Where there is a dispute over the funding amount, this will be presented to Forum for a final decision.
- xi. Schools Forum will be presented with updates on the spend against budget in year to allow budget monitoring and to inform for future years growth fund budget builds.

Recommendations

- 18. That Forum notes the funding formula budgets for 2024/25.
- 19. Option 2 is agreed, i.e not to set a growth fund for 2024/25 due to the current reducing pupil numbers and unlikely event that any growth payments will need to be made either this year or next year. To inflate the PFI factor in the budget share to allow for the inflationary increases within the contract and support the funding gap.

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