

REPORT:	CABINET	
DATE OF DECISION	31 January 2024	
REPORT TITLE:	Dedicated Schools Grant (DSG) School Funding 2024/25 Formula Factors	
CORPORATE DIRECTOR / DIRECTOR:	Debbie Jones, Interim Corporate Director of Children, Young People & Education	
LEAD OFFICER:	Shelley Davies, Director of Education	
LEAD MEMBER:	Cllr Gatland – Cabinet Member for Children, Young People & Learning	
AUTHORITY TO TAKE DECISION:	Cabinet as required in line with the DSG grant conditions. Ref. ESFA Operational Guide published on the 11th of October 2023	
KEY DECISION?	Yes	REF. NO: 8723EM This is a statutory requirement under the DfE governance process in setting and allocating the annual Schools Block funding allocation of £319.1m for 2024/25
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:	All	

1 SUMMARY OF REPORT:

- 1.1 Dedicated School Grant (DSG) is a ring-fenced grant of which the Schools Block element is used to fund individual school's budgets for both Croydon maintained schools and academies.
- 1.2 This report provides the basis for the final funding allocation across Croydon individual school budgets approved by Schools Forum on 6 November 2023. This paper is to inform cabinet about how the budget was set and to seek cabinet approval before the final submission of the completed DfE Authority Proforma Tool (APT), which is a model used in setting the school's budget, to the DfE by the January 2024 deadline. Cabinet approval is the final governance process embedded in the steps outlined by the DfE in setting the annual School's Budget Setting.
- 1.3 The key budget change for 2024/25 includes:
- The introduction of a formulaic approach to allocating split sites funding to schools,
 - Primary Schools current basic funding is much closer to the maximum allowable national funding rate (see table 3, Appendix A) which means that the growth in their budget is restricted,
 - Finally, Schools voted to allow the local authority to transfer £1.2m from the school's

block to the High Needs through the disapplication process in support of the DfE High Needs Safety Valve Deficit Recovery Strategy. The DfE rule allows Local authorities continue to be able to transfer up to 0.5% of their school's block to other blocks of the DSG, with school's forum approval. A formal disapplication request from the local authority to the Secretary of State is required for any transfers above 0.5% of the total schools block budget. The £1.2m request is, however, only 0.39% hence below the 0.5% threshold.

- 1.4 The local authority is responsible for setting the £319.1m 2024-25 school's budget for Croydon. There are currently 109 schools with a total pupil population of 50,476 as reported in the most recent DfE National Funding Formulae data. The 109 schools comprise 86 Primary schools and 22 secondary schools. There is only one all-through (combined primary and secondary) school making a total of 109 schools.

2 RECOMMENDATIONS

The Executive Mayor in Cabinet is recommended:

- 2.1 To approve the statutory spend of £319.1m of DSG funding for the period 2024-25,
- 2.2 to approve the provisional funding formula for Croydon schools for the financial year 2024/25 for both maintained schools and academies in line with the recommendations voted by Schools Forum on 6 November 2023,
- 2.3 to support the local authority strategic decision to transfer £1.2m from the school's block to the High Needs through the disapplication process as part of DfE High Needs Safety Valve DSG Deficit Recovery Strategy,
- 2.4 to note the DfE optional factors values reported in appendix D and E. Appendix E provides additional insight into the how Schools Forum evaluated the three main DfE options for each factor shown appendix D before selecting the final factor which forms the bases underlying the draft budget for 2024/25,
- 2.5 to finally note the three key changes required in setting the 2024/25 school's budget.

3 REASONS FOR THE RECOMMENDATIONS

- 3.1 The DSG governance arrangements referred to in section 40.5 of the 2024/25 ESFA operational guide published on 11 October 2023 clearly states that the local authority needs to seek political approval for the formula factors prior to submitting the final budget to the DfE by mid-January 2024 or latest 22 February 2024 if a disapplication request forms part of your budget setting process.
- 3.2 Schools Forum has already discussed and considered all the optional factor values and the £1.2m disapplication request and its implications and thereafter voted for the options which best support the needs of our school community. Their recommendations are all in line with the DfE strategic approach of further aligning schools' budget closer to the DfE National Funding Formula.
- 3.3 The DfE has additionally introduced a new methodology for calculating and allocating split sites funding in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor. The new factor is made up of a basic rate of £58,185 and an additional rate of £29,147 per 100 metres based on distance.

The distance-based funding must be paid out in addition to the basic rate (lump sum) for schools whose eligible sites are separated by more than 100 metres up to a maximum limit of 500 metres (see Appendix B).

- 3.4 The removal of the restriction that disqualifies certain schools from being awarded a fall in roll funds is a new rule. This new guideline is being introduced for the first time from 2024-25. The restriction that schools were previously only eligible for falling rolls funding if they were judged 'good' or 'outstanding' by Ofsted is now removed from 2024 to 2025. This new rule is not applicable to Croydon because Croydon School's Forum no longer uses that factor in allocating funding.
- 3.5 Local Authorities must follow the 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 funding model.

4. BACKGROUND AND DETAILS

- 4.1 Local Authorities receive annual notification of funding as well as funding methodology from the Department for Education (DfE) as part of the School's Annual Budget Setting process. The DfE provides this data via their information sharing portal as well as published in the DfE Annual Schools Block Operational Guide. The guide provides useful updates from the DfE regarding the National Funding Formula for the following year and how local authorities are required to calculate their individual schools' budgets.
- 4.2 The report outlines the factors agreed at Schools Forum on 6 November 2023, which were proposed by the Schools Block Working Group for setting up the schools' budget for 2024/25 through the Authority Proforma Tool (APT). These factors were consulted on, discussed, and finally voted on at Schools Forum meeting held on 6 November 2023.
- 4.3 The next stage is to seek political approval of the formula factors listed in appendix E, table 2. This paper highlights the voting results by the members of the school's forum regarding the chosen optional factor value assigned.
- 4.4 **Important information** – Schools Forum was asked to note that primary schools are already close to the maximum allowable Age Weighted Pupil Unit (AWPU) of £4,008.64 based on the national funding formula, therefore any real increase in their budget will come from the other factors. For example, the expected AWPU increase per pupil for Croydon primary schools is only £9.50 per pupil (£3,859.50 less £3,850) compared to £316.16 minimum rise per pupil for Key Stage 3 (KS3).
- 4.5 **Schools Forum Voting Results** The number of qualified Schools Forum members who were able to vote on that day were 12. The results regarding which options were chosen by Schools Forum have been underlined. (See Appendix E).
- 4.6 The school's block DSG is a ring-fenced grant, but local authorities can transfer up to 0.5% of their school's block funding into another block, with the approval of their school's forum. The NFF provisional allocation for 2024/25 is below in Table 1. The funding is an indicative allocation and subject to change. The latest allocation was published on 19th December. The movement shows an indicative increase of £5.700m

from the 2023/24 final allocation. The overall net growth is therefore £4.500m after the £1.2m disapplication request deducted.

Table 1. Schools Block provisional allocation 2024/25

	Total 2023/24 final allocation	Provisional funding in 2024/25	Movement
Schools block allocation	£313,433,377	£319,133,852*	£5,700,475

*ESFA 19th December 2023 Published data**

5 OTHER OPTIONS CONSIDERED

5.1 Given the provisional allocations there is no requirement for additional action at this time.

6. CONTRIBUTION TO COUNCIL PRIORITIES

6.1 The rigorous process and careful consideration of the individual National Funding Formula factors used in setting the 2024/25 schools' budget as well as the successful approval of the DfE disapplication by Schools Forum to support the High Needs strategy and final submitted to the DfE to support the Safety Valve (Dedicated Schools Grant Deficit) ensures that the council is on target in delivering against the Executive Mayor's priorities in the following areas:

- (a) Children and young people in Croydon have the chance to thrive, learn and fulfil their potential,
- (b) Ensure children and young people have opportunities to learn, develop and fulfil their potential.

7. IMPLICATIONS

7.1 FINANCIAL IMPLICATIONS

7.1.1 Whilst acknowledging the financial position of the council in respect of the General Fund, the approval of the recommendations in this paper for the school's block have no direct bearing on the council's finances.

7.1.2 Primary Schools current AWPU is much closer than secondary schools to the maximum allowable national funding rate (Reference Table 3) which means that their budget can only increase significantly through the other factors listed in appendix E.

7.1.3 Schools Forum voted to allow the local authority to transfer £1.2m from the school's block to the High Needs through the disapplication process. This leaves less to distribute via the formula.

7.1.4 The local authority is seeking cabinet approval as part of the governance process outlined by the DfE operational guide.

7.1.5 All the £319.1m Schools Block grant will be paid to the schools and it's a ring-

fenced Dedicated Schools Grant used for the purposes of providing education to pupils in the London borough of Croydon in accordance with The School and Early Years Finance (England) Regulations and DfE guidance.

Approved by: Allister Bannin, Director of Finance (Deputy s151 Officer).
(27/11/2023)

7.2 LEGAL CONSIDERATIONS

7.2.1 The Head of Litigation and Corporate Law comments on behalf of the Council 's Director of Legal Services and Monitoring Officer.

7.2.2 Dedicated Schools Grant (DSG) is paid to the Council by the Secretary of State under Section 14 of the Education Act 2002, and Section 16 of the Act provides that financial assistance under Section 14 may be given on such terms as the Secretary of State considers appropriate. Under Section 45 of the School Standards and Framework Act 1998 (SSFA), every maintained school must have, for each funding period, a budget share which is allocated to it by the authority which maintains it. Under Section 47 of the SSFA, a maintained school's budget share for a funding period is such amount as the local authority may determine, in accordance with regulations, to allocate to the school out of the authority's individual schools' budget for that period, (which budget includes DSG paid to the authority under Section 14 of the Education Act 2002). Regulations have been made annually under Section 47 of the SSFA, entitled The School and Early Years Finance (England) Regulations, but there are currently no regulations for the funding period starting on 1 April 2024.

7.2.3 However, the Council must have regard to the Education and Skills Funding

7.2.4 Agency Guidance "Schools Operational Guide: 2024 to 2025" updated on 1 October 2023. Section 6 of the Guidance provides as follows.

"Local authorities must engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their schools' forums, about any proposed changes to their local funding formulae, including the principles adopted and any movement of funds between blocks.

Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies.

Local authorities also need to set out how their proposals meet the requirements to move the local formulae towards the NFF.

Local authorities should communicate proposed formula changes to all bodies affected by the changes.

The local authority is responsible for making the final decisions on their formula; each local authority's process should ensure that there is sufficient time to gain political approval before the APT deadline in January 2024.

Political approval means approval in line with the local authority's local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council. The school's forum does not decide on the formula".

7.2.5 The decisions recommended in this report are in respect of executive functions, and therefore approval is sought in accordance with the Executive Mayor's scheme of delegation.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Council's Director of Legal Services and Monitoring Officer ((28/11/2023)

7.3 HUMAN RESOURCES IMPACT

7.3.1 There are no direct Human Resources considerations arising from this report. If there are subsequent proposals that affect the workforce as a result of the budget limit set, consultation and planning must be in line with the relevant HR policies and procedures and HR advice must be sought from the assigned provider.

Approved by: Deborah Calliste, Head of HR CYPE, on behalf of the Chief People Officer. (24/11/2023)

7.4 EQUALITIES IMPACT

7.4.1 The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must, in the performance of its functions, therefore, have due regard to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.4.2 The funding allocations and formulae are set nationally and are therefore already subject to an equality assessment. The Council is also committed to the government's vision - an education system that works for everyone. No matter where they live, whatever their background, ability or need, children should have access to an excellent education that unlocks talent and creates opportunity. We want all children to reach their full potential and to succeed in adult life.

7.4.3 In setting the Education Budget 2023/24 the Council has taken into account the need to ensure targeted funding is available for work on raising the attainment of disadvantaged pupils who are likely to share a "protected characteristic" (as defined in the Equality Act 2010) and close the gap between them and their peers.

7.4.4 The Council will ensure that the system for distributing funding is fair in order to support the life chances of our most vulnerable children and young people; a fairer funding system will help provide all schools and all areas with the resources needed to provide an excellent education for all pupils irrespective of their background, ability, need, or where in the country they live.

7.4.5 This will help the Council meet its equality objective "to improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked after Children.

Approved by: Naseer Ahmad for the Equalities Manager. (23/11/2023)

7.5 CRIME AND DISORDER REDUCTION IMPACT

7.5.1 There are no direct implications contained in this report.

7.6 DATA PROTECTION IMPLICATIONS

WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

8 APPENDICES

Appendix A - Explanation to key factors

Appendix B - DfE new guideline of Split Site funding

Appendix C - Other key changes to the schools NFF

Appendix D - DfE NFF table for Croydon for 2024/25

Appendix E - Formula factors used in setting the 2024/25 Budget.

CONTACT OFFICER: Charles Quaye (Interim) Head of Finance – Education