

Report Title	Update on the affordability of the 2024/25 schools block (for information only)
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1. Summary

- 1.1. As part of the move to a fully national funding formula the DfE have introduced a nationally set growth policy which will replace the local area growth policy from 2024/25.
- 1.2. Until recently, Sutton had received sufficient growth funding to cover the costs of the growth in the Borough according to the local policy (£57k per 30 pupils) without having to 'cap' or 'scale' the gains made by school from one year to the next. In 2023/24, the growth factor allocation was not sufficient to cover the cost of growth.
- 1.3. Initially, officers thought that the national funding formula policy on growth was commensurate with the approach in Sutton because it appeared to equal £51k which was less than that provided by Sutton (£57k). In a meeting with the DfE, it has recently been established that the figures quoted by the DfE are *part year*, *NOT full year* calculations. Instead the national growth funding formula provides £87k per 30 pupils.
- 1.4. The LA is obliged to accept the national growth funding formula and in any case the payments to schools are made directly by the ESFA. This has had the effect of making the growth fund unaffordable for 2024/25, unless the Local Authority scales back the gains that schools make through the national funding formula.
- 1.5. Due to mandatory changes impacting how growth payments must be made to schools for 2024/25, this has had the effect of increasing the growth the LA will need to pay out to schools from £386,136 under the existing Sutton Growth Fund policy to £585,230 across a full year period for the NFF growth factor. This exceeds the allocation and creates a pressure on the Schools Block. There is also a further complication that impacts the affordability of NFF due to increasing complexity of needs, which makes the primary and secondary funding rates based on the previous years' census below NFF affordability against a current school census that has on average a higher complexity of pupil additional needs.
- 1.6. It was agreed at the December 2023 Schools Forum to scale back all the Key Stage Basic Entitlement Factors by the same proportion to release funding from the NFF enable a 0.5% transfer from the Schools Block to the High Needs Block, to support mounting pressures on the provision for children with High Needs.
- 1.7. The mandatory growth payments required, along with the schools budgets with a top-slice applied for 0.5% transfer to the High Needs Block, exceeds the Sutton area schools block allocation. Therefore, for the mandatory growth funding to be affordable, further funding must be released from school NFF allocations.

- 1.8. It is proposed the local funding formula for Sutton is adjusted further from NFF to ensure affordability of the required growth payments to schools for additional places added in September 2024.

2. Recommendation

- 2.1. To note the update to the draft budget which applies an adjustment to average school level funding increases from 4.82% (Primary and KS3), and 4.84% (KS4) to 4.2% for all phases, to ensure that growth funding, and the transfer to the High Needs Block, is affordable.

Background

- 2.2. In July 2023 the Department for Education (DfE) announced that for 2024 to 2025 funding would be allocated through the schools block national funding formula based on both growth and falling rolls.
- 2.3. In September the DfE released the Schools Funding Operational Guide that announced that for the first time, in 2024/25, local authorities will be required to provide growth funding where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class (temporary), or as an ongoing commitment (permanent)).
- 2.4. In December 2023, the DfE Confirmed that Sutton as an area will receive £121,283 through the growth factor within the local area to support pupil growth.
- 2.5. A minimum funding level for growth has been introduced as mandatory, alongside this requirement. This minimum funding rate must be compliant with:

Min. growth funding rate = Primary growth factor value (£1,550) x number of pupils x ACA

where ACA is the Area Cost Adjustment factor applicable to the home LA. This applies to all types of school (i.e. not just primary).

- 2.6. It must be noted that the min. growth rate (MGR) above applies only to the period covering September to March. This is because funding for maintained schools is provided to cover this period before the lagged funding system 'catches up' from the subsequent April through the subsequent year's NFF. Since academies are funded on an academic year basis, they would receive additional funding (at a rate of an additional five-sevenths of the allocation) to cover a full year's growth funding before the system 'catches up'. In other words, the 'full year' growth funding rate would be equal to:

Academy min. growth funding = MGR x 12 / 7.

2.7. As a result of this mandatory change, the cost to the Growth fund for 24/25, based on agreed mainstream growth, is £301,637. The impact of this requirement is that this growth is not affordable within the growth factor allocation within the NFF. To ensure the Growth Fund is affordable, school level allocations would need to be reduced down accordingly.

2.8. The growth payments required for 24/25 at school level are set out in Appendix A.

3. Actions taken in the 2023/24 APT (Authority Proforma Tool)

3.1. In order to set an affordable schools block, which the LA must do as a condition of DSG funding, the following action has been taken:

- scale back Basic Entitlement rates to release required funding to make growth affordable (note: this is the same approach that has been taken to release funding from NFF for the 'top-slice').

3.2. Other approaches to releasing funding from the NFF to ensure School Block affordability were considered including scaling and capping of gains, however they were discounted as less favourable options compared with the approach taken above.

3.3. Please note the LA is proposing to set a growth fund as per Appendix A. This growth fund does not reflect the cost of commissioning mainstream year 11 places for unplaced children. At the moment we haven't decided what to do with the projected £115k overspend. We will discuss in February whether to roll forward the overspend to come out of the schools budget.

3.4. The resultant changes to the Basic Entitlement rates are:

Base Funding (Based on 100% NFF (V1))

Factor	original % 24-25 uplift from 23-24	24-25 NFF including ACA
Primary basic entitlement	4.82%	£3,919.84
KS3 basic entitlement	4.82%	£5,526.51
KS4 basic entitlement	4.84%	£6,229.70

HNB Transfer (0.5%) - Adjusted Basic Entitlement (4.15%) Nothing for Growth

Factor	Uplift Amendment %	To Cover: HNB Transfer (0.5%)	Change v NFF £
Primary basic entitlement	4.15%	£3,894.95	(24.89)
KS3 basic entitlement	4.15%	£5,491.26	(35.25)
KS4 basic entitlement	4.15%	£6,188.99	(40.71)

Additional adjustment needed (4.02%) to cover Growth fund (V3)

Factor	Uplift Amendment %	To Cover: HNB Transfer (0.5%) Growth Fund £336k	Change v NFF £	Change v 4.15% £
Primary basic entitlement	4.02%	£3,890.09	(29.75)	(4.86)
KS3 basic entitlement	4.02%	£5,484.40	(42.11)	(6.85)
KS4 basic entitlement	4.02%	£6,181.26	(48.44)	(7.73)

The Local Funding Formula continues to deliver per pupil funding rates that are considerably above the national minimum allowable funding levels.

Appendix A - School Level Growth payments for 24/25 financial year

NEW	Apr-Aug 24/25	Sep-Mar 24/25	Notes
Avenue	24,083		Year 5 bulge class 23/24
Carshalton Boys Sports College	36,551		Year 7 bulge class 30 places) 23/24
Carshalton High School for Girls	36,551		Year 7 bulge class (30 places) 23/24
Cheam High School	24,367		Year 7 20 places 23/24
Glenthorne High School	52,390		Year 7 43 places 23/24
Oaks Park High School	73,102		Year 7 60 places 23/24
Overton Grange School	36,551		Year 7 bulge class (30 places) 23/24
Carshalton Boys Sports College		51,171	Year 7 bulge class (30 places) 24/25

Carshalton High School for Girls		51,171	Year 7 bulge class (30 places) 24/25
Cheam High School		34,114	Year 7 20 places 23/24
Oaks Park High School		114,009	Year 7 60 places 23/24
Overton Grange School		51,171	Year 7 bulge class (30 places) 23/24
	283,594	301,636	585,230

3.5. The impact of option 1 on school level budgets is set out in Appendix B

School	Base Funding V1 (Based on 100% NFF) £	V2 HNB Transfer (0.5%) - Adjusted Basic Entitlement (4.15%) Nothing for Growth £	V3 Additional adjustment needed (4.02%) to cover Growth fund @ £336k £	Total HNB Transfer (0.5%) and Growth covered by BE adjustment £
Primary	4,689,975	(24,094)	(4,704)	(28,798)
Primary	4,136,115	(21,729)	(4,243)	(25,972)
Primary	3,821,851	(18,070)	(3,528)	(21,599)
Primary	3,610,285	(17,971)	(3,509)	(21,480)
Primary	3,364,870	(16,278)	(3,178)	(19,457)
Primary	3,334,748	(16,129)	(3,149)	(19,278)
Primary	3,244,217	(15,133)	(2,955)	(18,088)
Primary	3,196,232	(15,656)	(3,057)	(18,713)
Primary	3,044,052	(16,228)	(3,169)	(19,397)
Primary	2,516,349	(12,345)	(2,411)	(14,756)
Primary	2,427,196	(11,120)	0	(11,120)
Primary	2,329,932	(10,678)	(2,085)	(12,763)
Primary	2,323,255	(9,657)	(1,886)	(11,543)
Primary	2,232,282	(10,105)	(1,973)	(12,079)
Primary	2,132,934	(10,429)	(2,036)	(12,465)
Primary	2,124,199	(10,379)	(2,027)	(12,406)
Primary	2,081,288	(10,728)	(2,095)	(12,822)
Primary	2,080,934	(10,553)	(2,061)	(12,614)
Primary	2,068,182	(8,960)	(1,750)	(10,710)
Primary	2,062,830	(10,230)	(1,997)	(12,227)

Primary	2,002,245	(2,445)	0	(2,445)
Primary	1,970,701	(9,533)	(1,861)	(11,394)
Primary	1,967,895	(10,429)	(2,036)	(12,465)
Primary	1,904,280	(9,682)	(1,891)	(11,573)
Primary	1,891,308	(8,911)	(1,740)	(10,651)
Primary	1,830,963	(8,761)	(1,711)	(10,472)
Primary	1,812,235	(8,911)	(1,740)	(10,651)
Primary	1,778,383	(9,234)	(1,803)	(11,037)
Primary	1,771,990	(8,786)	(1,716)	(10,502)
Primary	1,750,299	(8,936)	(1,745)	(10,680)
Primary	1,570,550	(6,223)	(1,215)	(7,438)
Primary	1,560,981	(7,293)	(1,424)	(8,717)
Primary	1,450,388	(6,546)	(1,278)	(7,824)
Primary	1,449,856	(6,521)	(1,273)	(7,795)
Primary	1,440,554	(6,720)	(1,312)	(8,033)
Primary	1,434,107	(988)	0	(988)
Primary	1,375,797	(6,521)	(1,273)	(7,795)
Primary	1,362,410	(6,695)	(1,307)	(8,003)
Primary	1,330,116	(5,998)	(1,171)	(7,170)
Primary	1,004,892	0	0	0
Primary	983,290	(2)	0	(2)
Primary Total	90,464,963	(415,608)	(78,309)	(493,917)
Secondary	11,026,299	(58,144)	(11,198)	(69,342)
Secondary	10,935,523	(61,453)	(11,837)	(73,291)
Secondary	9,317,161	(52,540)	(10,121)	(62,661)
Secondary	9,169,200	(47,392)	(9,127)	(56,518)
Secondary	8,772,802	(46,439)	(8,949)	(55,387)
Secondary	8,590,421	(44,604)	(8,599)	(53,203)
Secondary	8,138,070	(45,067)	(8,680)	(53,747)
Secondary	7,812,502	(39,530)	(7,618)	(47,147)
Secondary	7,009,275	(38,785)	(7,466)	(46,251)
Secondary	6,700,120	(40,446)	(7,785)	(48,230)
Secondary	6,672,243	(39,129)	(7,534)	(46,664)
Secondary	6,279,512	(34,817)	(6,703)	(41,519)
Secondary	5,954,735	(35,622)	(6,860)	(42,481)
Secondary	4,751,998	(28,070)	(5,405)	(33,475)

Secondary	4,247,618	(25,444)	(4,900)	(30,344)
Secondary Total	115,377,480	(637,481)	(122,780)	(760,262)
All Schools Total	205,842,443	(1,053,089)	(201,089)	(1,254,178)
High Needs Block	0	1,038,819	1,038,819	1,038,819
Growth Fund* (& see note 1 below)	121,283	135,554	336,642	215,359
				1,254,178

*Please note that the growth fund is still part of Schools Block Funding

Note 1 -

- £121k is the growth fund budget value that would be applied if NFF was followed 100%.
- £135k is the growth fund budget value that would be applied if just the HNB transfer of 0.5% was taken and no other adjustment, due to changes in growth fund guidelines, was applied.
- £336k is the growth fund budget value needed to cover growth fund commitments for additional places due to new guidelines (not including Unplaced Year 11 funding commitment) A further adjustment to Basic Entitlement has been made (+0.13%) to cover the cost.