



Department
for Education

Area cost adjustment for national funding formula 2024 to 2025: technical note

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Introduction

1. This note describes the area cost adjustments (ACAs) for the national funding formulae for schools, high needs and central school services.
2. The ACA is a multiplier applied to funding factors to reflect geographical variation in labour market costs.

The hybrid ACA

3. The schools and high needs national funding formulae (NFFs) have a hybrid ACA which reflects a combination of
 - a. the four geographical pay bands for teachers and
 - b. regional variations in the labour market for non-teaching staff.

The central schools services block has an ACA based purely on the general labour market specific cost adjustment, which is described below.

The teacher pay element of the ACA

4. The teacher pay element of the ACA is derived from the autumn 2021 School Workforce Census, which is the latest available at the time of publication of the 2024-25 NFF.
5. The methodology for the teacher pay ratio is designed to bring out the differences in pay ranges between the four regional pay bands (Inner London, Outer London, Fringe and Rest of England)¹, but not to reflect any regional differences in distribution along the pay ranges. We do not want the teacher pay cost adjustment to reflect regional differences in staffing choices; we only want it to reflect the differences in pay ranges between the four regional pay bands. E.g. if in Inner London there are fewer teachers in the leadership grade compared to the national average, we do not want this to skew the teacher pay cost adjustment.
6. We calculate a notional average salary for each regional pay band to

¹ These areas are defined in Annex 2 of the [School teachers' pay and conditions \(www.gov.uk\)](https://www.gov.uk).

measure the differences between pay bands. The first step in this calculation is to create four data sets, one for each regional pay band. We include actual or notional pay for all teachers in England in each dataset. To do this we need four versions of pay data for each teacher, their actual basic pay (used to populate the dataset of the regional pay band they work in) and three notional pay figures (used to populate the datasets for the other three regional pay bands). The notional pay is the pay a teacher would receive if they worked in a different regional pay band at the same level (see paragraph 8). The notional average salary for each regional pay band is the mean of each dataset. As we include all teachers in each dataset, the only difference between the notional average salaries is the variations between the regional pay bands.

7. The basic pay is the gross salary minus allowances (allowances are classified into teaching and learning responsibilities, special educational needs, recruitment and retention, and other).
8. The calculation used to transform the basic pay of each teacher in England from the teacher's actual pay band to the notional pay for the other three regional pay bands is set out in an example below. This transformation is repeated for all teachers and all regional pay bands. E.g. the transformation to Inner London notional basic pay for a teacher who is in the Rest of England, is calculated as follows:
 - a. First, calculate the difference between the actual basic pay for the teacher and the bottom of the teacher's actual pay range (the Rest of England range in this case) for this teacher's grade (leadership, leading practitioner, upper pay range, main pay range or unqualified teacher). The pay ranges are as defined in the School Teachers' Pay and Conditions Document (STPCD) for the relevant year (e.g. STPCD 2021 if November 2021 salaries are used).
 - b. Then calculate the difference between the top and bottom of the Inner London pay range for this teacher's grade and divide by the difference between the top and bottom of the teacher's actual pay range (the Rest of England in this case). This gives an uplift which is used to convert the teacher's actual basic pay to their Inner London notional basic pay.
 - c. Apply the uplift calculated in step b to the distance from the bottom of the pay range to the teacher's actual basic pay, calculated in step a.

- d. Add the figure calculated in step c to the bottom of the pay range for Inner London for this teacher's grade. This gives the Inner London notional pay for this teacher.
9. The following groups of staff are included in our calculation of the ACA teachers' pay cost adjustment:
 - a. Qualified and unqualified teachers
 - b. Full-time and part-time teachers
 - c. Classroom teachers and leaders
 - d. Teachers in mainstream (i.e. primary, secondary, middle and all-through) schools and in special schools and in alternative provision.
10. The following groups of staff are not included in our calculation of the ACA teachers' pay cost adjustment:
 - a. Centrally employed teachers
 - b. Some supply teachers (those who are not included in the School Workforce Census)
 - c. Teachers with incomplete or unreliable pay data
11. The following caveats apply:
 - a. Data is collected in the School Workforce Census in early November each year, at a time when not all schools have held pay determination meetings for their teachers. This means that salaries of some teachers may reflect the previous academic year.
 - b. Approximately 1-2% of schools do not provide School Workforce Census data each year.
12. The teacher pay ratio for each regional pay band is calculated by dividing the mean notional basic pay for that pay band by the mean notional basic pay for the Rest of England pay band. This results in a teacher pay ratio of 1 for most of England, and more than 1 for London and the Fringe.

The non-teaching staff element of the ACA

13. The non-teacher pay element of the national funding formula ACA is based on the general labour market specific cost adjustment calculated for 2013-14 by what is now the Department for Levelling Up, Housing & Communities (DLUHC). DLUHC published updated 2021 GLM data on 29 March 2022. As last year, we have decided not to use the updated data because it is compiled in a different way from the earlier data. We are in discussion with DLUHC with a view to making the data suitable for our use in future.

Combining the teacher and non-teacher elements

14. For the mainstream schools NFF, the teacher and non-teaching staff elements are weighted in proportion to actual expenditure on teaching and non-teaching staff in mainstream schools and academies.
15. For the high needs NFF, the teacher and non-teaching staff elements are weighted in proportion to actual expenditure on teaching and non-teaching staff in special schools and alternative provision establishments.
16. The data source is [Schools financial benchmarking](#). The latest data for maintained schools and academies is combined to calculate the weightings.
17. The teacher proportion is the total expenditure on teachers divided by total expenditure on teachers, non-teaching staff and non-pay combined.
18. The non-teaching staff proportion is the total expenditure on non-teaching staff divided by total expenditure on teachers, non-teaching staff and non-pay combined.
19. The ACA weightings, based on the above expenditure proportions, are set out in Figure 1.

Figure 1: Teacher and non-teacher weightings

Expenditure type	Weightings for schools NFF	Weightings for high needs NFF
Teaching staff	52.82%	42.60%
Non-teaching staff	28.74%	43.30%
Non-staff	18.44%	14.10%

Figure 1: This table shows the teaching staff and non-teaching-staff weightings for the schools and high needs ACAs

20. The hybrid ACAs for schools and high needs are given by

$$A = (T - 1) W_T + (G - 1) W_G + 1$$

where

A is the ACA

T is the teacher pay ratio for the geographical area

W_T is the weighting for teaching staff (for schools or high needs as applicable)

G is the general labour market specific cost adjustment for the geographical area

W_G is the weighting for non-teaching staff (for schools or high needs as applicable).

Implicitly non-staff costs are given a weighting of 0.

ACA for the central school services block

21. The ACA for the central school services block (CSSB) is simply the general labour market specific cost adjustment, as used for the non-teaching staff element of the other NFFs.

ACAs for part-fringe local authorities

22. Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex fall partly

in the Fringe teacher pay band and partly in the Rest of England pay band. Each of these local authorities (LAs) has one teacher pay ratio (and one general labour market cost adjustment) for its schools in the Fringe area and another for the rest.

23. For the schools NFF, this results in one ACA for schools in the Fringe and another for the rest, in each of these five LAs.
24. For the high needs NFF, each LA has a single ACA, based on an average of the fringe and non-fringe ACAs, weighted by the population aged 2 to 18² in the respective districts.
25. For the CSSB, the ACA for the part-fringe LAs is an average of the two general labour market cost adjustments for the respective districts, weighted by the number on roll in mainstream schools from the October 2022 School Census.
26. For schools growth funding in the 2024-25 dedicated schools grant, the ACA for the five part-fringe LAs will be the average of the two schools ACAs for the respective districts, weighted by the number on roll in mainstream schools from the October 2023 School Census.

² From the [Mid-2020 lower layer Super Output Area population estimates \(www.gov.uk\)](https://www.gov.uk/government/statistics/mid-2020-lower-layer-super-output-area-population-estimates) for Buckinghamshire and [Mid-Year Population Estimates, UK, June 2021](https://www.gov.uk/government/statistics/mid-year-population-estimates-uk-june-2021) for Essex, Hertfordshire, Kent and West Sussex

Table of ACAs

27. The ACAs for the schools, high needs and central school services blocks of the 2023-24 national funding formulas are shown below.

Local authority name	Districts	ACA for schools	ACA for high needs	ACA for central school services
Barking and Dagenham	Barking and Dagenham	1.13054	1.12704	1.10813
Barnet	Barnet	1.10046	1.11463	1.16706
Barnsley	Barnsley	1.00000	1.00000	1.00000
Bath and North East Somerset	Bath and North East Somerset	1.01517	1.02286	1.05279
Bedford	Bedford	1.01627	1.02451	1.05662
Bexley	Bexley	1.08352	1.08911	1.10813
Birmingham	Birmingham	1.00351	1.00528	1.01220
Blackburn with Darwen	Blackburn with Darwen	1.00000	1.00000	1.00000
Blackpool	Blackpool	1.00000	1.00000	1.00000
Bolton	Bolton	1.00567	1.00854	1.01972
Bournemouth, Christchurch and Poole	Bournemouth, Christchurch and Poole	1.00000	1.00000	1.00000
Bracknell Forest	Bracknell Forest	1.05840	1.07696	1.14842
Bradford	Bradford	1.00017	1.00025	1.00058
Brent	Brent	1.14748	1.15255	1.16706
Brighton and Hove	Brighton and Hove	1.00176	1.00265	1.00611
Bristol, City of	Bristol	1.01517	1.02286	1.05279
Bromley	Bromley	1.08352	1.08911	1.10813
Buckinghamshire Fringe	Areas covered by the former Chiltern and South Bucks districts	1.04775	1.04967	1.10590
Buckinghamshire non-Fringe	Areas covered by the former Aylesbury Vale and Wycombe districts	1.02977	1.04967	1.10590
Bury	Bury	1.00567	1.00854	1.01972
Calderdale	Calderdale	1.00017	1.00025	1.00058
Cambridgeshire	All	1.01333	1.02008	1.04637
Camden	Camden	1.18666	1.21157	1.30337
Central Bedfordshire	Central Bedfordshire	1.01627	1.02451	1.05662
Cheshire East	Cheshire East	1.00377	1.00567	1.01310
Cheshire West and Chester	Cheshire West and Chester	1.00377	1.00567	1.01310
Cornwall	Cornwall	1.00000	1.00000	1.00000
Coventry	Coventry	1.00351	1.00528	1.01220

Local authority name	Districts	ACA for schools	ACA for high needs	ACA for central school services
Croydon	Croydon	1.08352	1.08911	1.10813
Cumberland	Cumberland	1.00000	1.00000	1.00000
Darlington	Darlington	1.00000	1.00000	1.00000
Derby	Derby	1.00000	1.00000	1.00000
Derbyshire	All	1.00000	1.00000	1.00000
Devon	All	1.00000	1.00000	1.00000
Doncaster	Doncaster	1.00000	1.00000	1.00000
Dorset	Dorset	1.00000	1.00000	1.00000
Dudley	Dudley	1.00351	1.00528	1.01220
County Durham	Durham	1.00000	1.00000	1.00000
Ealing	Ealing	1.14748	1.15255	1.16706
East Riding of Yorkshire	East Riding of Yorkshire	1.00000	1.00000	1.00000
East Sussex	All	1.00176	1.00265	1.00611
Enfield	Enfield	1.08352	1.08911	1.10813
Essex Fringe	Basildon, Brentwood, Epping Forest, Harlow	1.03825	1.01975	1.03534
Essex non-Fringe	Braintree, Castle Point, Chelmsford, Colchester, Maldon, Rochford, Tendring, Uttlesford	1.00368	1.01975	1.03534
Gateshead	Gateshead	1.00000	1.00000	1.00000
Gloucestershire	All	1.00654	1.00985	1.02275
Greenwich	Greenwich	1.18666	1.21157	1.30337
Hackney	Hackney	1.18666	1.21157	1.30337
Halton	Halton	1.00377	1.00567	1.01310
Hammersmith and Fulham	Hammersmith and Fulham	1.18666	1.21157	1.30337
Hampshire	All	1.01472	1.02218	1.05123
Haringey	Haringey	1.13054	1.12704	1.10813
Harrow	Harrow	1.10046	1.11463	1.16706
Hartlepool	Hartlepool	1.00000	1.00000	1.00000
Havering	Havering	1.08352	1.08911	1.10813
Herefordshire, County of	Herefordshire	1.00000	1.00000	1.00000
Hertfordshire Fringe	Broxbourne, Dacorum, East Hertfordshire, Hertsmere, St Albans, Three Rivers, Watford, Welwyn Hatfield	1.04775	1.05435	1.10161
Hertfordshire non-Fringe	North Hertfordshire, Stevenage	1.01627	1.05435	1.10161
Hillingdon	Hillingdon	1.10046	1.11463	1.16706
Hounslow	Hounslow	1.10046	1.11463	1.16706

Local authority name	Districts	ACA for schools	ACA for high needs	ACA for central school services
Isle of Wight	Isle of Wight	1.01472	1.02218	1.05123
Islington	Islington	1.18666	1.21157	1.30337
Kensington and Chelsea	Kensington and Chelsea	1.18666	1.21157	1.30337
Kent Fringe	Dartford, Sevenoaks	1.03825	1.00856	1.01392
Kent non-Fringe	Ashford, Canterbury, Dover, Gravesham, Maidstone, Folkestone and Hythe, Swale, Thanet, Tonbridge and Malling, Tunbridge Wells	1.00073	1.00856	1.01392
Kingston upon Hull, City of	Kingston upon Hull, City of	1.00000	1.00000	1.00000
Kingston upon Thames	Kingston upon Thames	1.10046	1.11463	1.16706
Kirklees	Kirklees	1.00017	1.00025	1.00058
Knowsley	Knowsley	1.00116	1.00175	1.00405
Lambeth	Lambeth	1.18666	1.21157	1.30337
Lancashire	All	1.00000	1.00000	1.00000
Leeds	Leeds	1.00017	1.00025	1.00058
Leicester	Leicester	1.00000	1.00000	1.00000
Leicestershire	All	1.00000	1.00000	1.00000
Lewisham	Lewisham	1.18666	1.21157	1.30337
Lincolnshire	All	1.00000	1.00000	1.00000
Liverpool	Liverpool	1.00116	1.00175	1.00405
Luton	Luton	1.01627	1.02451	1.05662
Manchester	Manchester	1.00567	1.00854	1.01972
Medway	Medway	1.00073	1.00110	1.00255
Merton	Merton	1.14748	1.15255	1.16706
Middlesbrough	Middlesbrough	1.00000	1.00000	1.00000
Milton Keynes	Milton Keynes	1.02977	1.04485	1.10358
Newcastle upon Tyne	Newcastle upon Tyne	1.00000	1.00000	1.00000
Newham	Newham	1.13054	1.12704	1.10813
Norfolk	All	1.00000	1.00000	1.00000
North East Lincolnshire	North East Lincolnshire	1.00000	1.00000	1.00000
North Lincolnshire	North Lincolnshire	1.00000	1.00000	1.00000
North Northamptonshire	North Northamptonshire	1.00341	1.00514	1.01186
North Somerset	North Somerset	1.01517	1.02286	1.05279
North Tyneside	North Tyneside	1.00000	1.00000	1.00000
North Yorkshire	All	1.00000	1.00000	1.00000
Northumberland	Northumberland	1.00000	1.00000	1.00000
Nottingham	Nottingham	1.00287	1.00432	1.00999

Local authority name	Districts	ACA for schools	ACA for high needs	ACA for central school services
Nottinghamshire	All	1.00287	1.00432	1.00999
Oldham	Oldham	1.00567	1.00854	1.01972
Oxfordshire	All	1.02304	1.03471	1.08016
Peterborough	Peterborough	1.01333	1.02008	1.04637
Plymouth	Plymouth	1.00000	1.00000	1.00000
Portsmouth	Portsmouth	1.01472	1.02218	1.05123
Reading	Reading	1.03606	1.05433	1.12548
Redbridge	Redbridge	1.08352	1.08911	1.10813
Redcar and Cleveland	Redcar and Cleveland	1.00000	1.00000	1.00000
Richmond upon Thames	Richmond upon Thames	1.10046	1.11463	1.16706
Rochdale	Rochdale	1.00567	1.00854	1.01972
Rotherham	Rotherham	1.00000	1.00000	1.00000
Rutland	Rutland	1.00000	1.00000	1.00000
Salford	Salford	1.00567	1.00854	1.01972
Sandwell	Sandwell	1.00351	1.00528	1.01220
Sefton	Sefton	1.00116	1.00175	1.00405
Sheffield	Sheffield	1.00000	1.00000	1.00000
Shropshire	Shropshire	1.00000	1.00000	1.00000
Slough	Slough	1.05840	1.07696	1.14842
Solihull	Solihull	1.00351	1.00528	1.01220
Somerset	All	1.00000	1.00000	1.00000
South Gloucestershire	South Gloucestershire	1.01517	1.02286	1.05279
South Tyneside	South Tyneside	1.00000	1.00000	1.00000
Southampton	Southampton	1.01472	1.02218	1.05123
Southend-on-Sea	Southend-on-Sea	1.00368	1.00554	1.01279
Southwark	Southwark	1.18666	1.21157	1.30337
St. Helens	St Helens	1.00116	1.00175	1.00405
Staffordshire	All	1.00000	1.00000	1.00000
Stockport	Stockport	1.00567	1.00854	1.01972
Stockton-on-Tees	Stockton-on-Tees	1.00000	1.00000	1.00000
Stoke-on-Trent	Stoke-on-Trent	1.00000	1.00000	1.00000
Suffolk	All	1.00002	1.00004	1.00009
Sunderland	Sunderland	1.00000	1.00000	1.00000
Surrey	All	1.05840	1.07696	1.14842
Sutton	Sutton	1.10046	1.11463	1.16706
Swindon	Swindon	1.00744	1.01121	1.02590
Tameside	Tameside	1.00567	1.00854	1.01972
Telford and Wrekin	Telford and Wrekin	1.00000	1.00000	1.00000

Local authority name	Districts	ACA for schools	ACA for high needs	ACA for central school services
Thurrock	Thurrock	1.03825	1.04661	1.07832
Torbay	Torbay	1.00000	1.00000	1.00000
Tower Hamlets	Tower Hamlets	1.18666	1.21157	1.30337
Trafford	Trafford	1.00567	1.00854	1.01972
Wakefield	Wakefield	1.00017	1.00025	1.00058
Walsall	Walsall	1.00351	1.00528	1.01220
Waltham Forest	Waltham Forest	1.08352	1.08911	1.10813
Wandsworth	Wandsworth	1.18666	1.21157	1.30337
Warrington	Warrington	1.00377	1.00567	1.01310
Warwickshire	All	1.00727	1.01096	1.02531
West Berkshire	West Berkshire	1.03606	1.05433	1.12548
West Northamptonshire	West Northamptonshire	1.00341	1.00514	1.01186
West Sussex Fringe	Crawley	1.05840	1.01197	1.02454
West Sussex non-Fringe	Adur, Arun, Chichester, Horsham, Mid Sussex, Worthing	1.00000	1.01197	1.02454
Westminster	Westminster	1.18666	1.21157	1.30337
Westmorland and Furness	Westmorland and Furness	1.00000	1.00000	1.00000
Wigan	Wigan	1.00567	1.00854	1.01972
Wiltshire	Wiltshire	1.00744	1.01121	1.02590
Windsor and Maidenhead	Windsor and Maidenhead	1.05840	1.07696	1.14842
Wirral	Wirral	1.00116	1.00175	1.00405
Wokingham	Wokingham	1.03606	1.05433	1.12548
Wolverhampton	Wolverhampton	1.00351	1.00528	1.01220
Worcestershire	All	1.00000	1.00000	1.00000
York	York	1.00000	1.00000	1.00000

Abbreviations

Abbreviation	Stands for
ACA	Area cost adjustment
CSSB	Central school services block
DLUHC	Department for Levelling Up, Housing & Communities
STPCD	School Teachers' Pay and Conditions Document



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