

# Schools Forum Agenda

Tuesday 17 January 2023 at 2.00 pm

This meeting will be held remotely. If you'd like to observe the meeting please contact: [David.Abbott@lbhf.gov.uk](mailto:David.Abbott@lbhf.gov.uk)

<u>Item</u>	<u>Pages</u>
1. APOLOGIES FOR ABSENCE	
2. MINUTES OF THE LAST MEETING	2 - 6
3. 2023-24 SCHOOLS FUNDING FORMULA	7 - 19
4. EARLY YEARS BUDGET 2023-24	20 - 27

Contact: [david.abbott@lbhf.gov.uk](mailto:david.abbott@lbhf.gov.uk)  
[www.lbhf.gov.uk/committees](http://www.lbhf.gov.uk/committees)

Date issued: 10 January 2023

# Agenda Item 2

London Borough of Hammersmith & Fulham

## Schools Forum Minutes

Thursday 17 November 2022

### PRESENT

Voting members	Non-voting members
<p><b>Schools Members</b> Claire Fletcher (St Pauls CE Primary) Joe Brown (Old Oak Primary) Sam Naismith (Flora Gardens Primary) Alan Campbell (Cambridge Special School) Michele Barrett (Randolph Beresford / Vanessa Nursery)</p> <p><b>Academies Members</b> Gary Kynaston (Chair) (Hammersmith Academy) Sally Brooks (Fulham Cross Academy and Fulham College) Daniel Upfield (Ark Swift Primary Academy)</p>	<p><b>Observers</b> Aiden Smith (Governor, Jack Tizard School) (attended remotely)</p>

### **Officers**

Jacqui McShannon (Strategic Director of Children's Services)  
Peter Haylock (Director of Education and SEND)  
Tony Burton (Head of Finance for Children's Services and Education)  
Daryle Mathurin (Strategic Lead - Education, Assets and Operations) (attended remotely)  
David Abbott (Head of Governance)

### 1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Alex Parker, Jacqueline Munroe, and Mary Berrisford.

### 2. **MINUTES OF THE PREVIOUS MEETING**

### **RESOLVED**

The minutes of the previous meeting held on 11 October 2022 were agreed as an accurate record.

Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

### **3. SCHOOLS BUDGET 2023/24 CONSULTATION RESPONSES**

Peter Haylock (Director of Education and SEND) discussed three major challenges for schools – falling rolls, a significant increase in the number of applications for Education, Health and Care Plans (EHCPs), and rising costs due to inflation:

- **Falling rolls:** While year 10 places were full this year, numbers were down at the lower stages with fewer children entering the primary school system.
- **Increase in EHCPs:** The borough had experienced a rapid increase in applications for EHCPs, rising from 1200 one and a half years ago to 1500 today. That increase was not reflected in additional funding from the Government and would have a significant impact on the High Needs Block.
- **Rising costs:** Steep increases in inflation was putting further pressure on schools – particularly around energy bills and wage bills. National funding was not matching these additional costs.

Members added that schools were still dealing with the longtail of the pandemic and younger children especially were showing greater levels of need. Peter Haylock said this had come up in school visits and, in response, officers were looking at what funding streams were available to access to pay for additional resources in schools to support areas of acute need. They planned to work with headteachers and nurseries to put a bid together before Christmas. The Chair requested a paper for the next meeting on what had been picked up at a high level and where triage was needed.

**ACTION: Peter Haylock**

Members asked if officers had any detail of the additional money for schools announced by the Chancellor in the 17 November 2022 budget. Tony Burton (Head of Finance for Children’s Services and Education) said the detail would come in the new year, but he expected it might come in the form of a supplementary grant, similar to the previous year. The Chair asked for a high-level analysis of the new funding in January.

**ACTION: Tony Burton**

Tony Burton introduced the consultation responses. He noted that the responses were broadly similar to previous years and feedback on the workshops and the approach taken within the budget constraints was positive. The Chair suggested gathering feedback at the end of the workshops in future, rather than afterwards, hoping it would improve engagement.

Tony Burton noted that maintenance and the rebuilding of schools came up as a key theme at the workshops. He wanted to clarify that school rebuilds were not part of schools capital maintenance or basic needs grant funded schemes. They were self-financing schemes, using the development of private housing and other amenities to fund the building of the school. Peter Haylock said he would speak about the policy at the next headteachers meeting. Jacqui McShannon (Strategic Director of Children’s Services)

suggested inviting a member of the Economy department to attend with him to explain the detail of the self-financing approach.

**ACTION: Peter Haylock**

A member of the forum said some headteachers had asked them if the borough was moving towards the National Funding Formula (NFF) too quickly. Tony Burton said that the alignment to NFF had been undertaken gradually over recent years during the 'soft' transition to a hard NFF from 2023/24. Whilst the proposed budget closely mirrored NFF funding factor rates after area cost adjustment, funding on a per pupil basis year on year was protected via the minimum funding guarantee mechanism in the NFF (albeit in cash terms). He added that in a sense, the NFF was moving towards the borough's funding model, as NFF funding had been increasing nationally in recent years, whilst funding growth in Hammersmith and Fulham has been constrained. This is resulting in the funding premium in Hammersmith and Fulham versus the NFF reducing over time, He noted that local authorities now had very limited local discretion within the NFF and the impacts of local discretionary changes on funding for individual schools was marginal in Hammersmith and Fulham.

A member of the forum asked why pupil numbers were decreasing and if they were attending private schools instead. Peter Haylock and the Chair said there were a number of factors, primarily that the birth rate was declining. The most recent census showed a 23% decline in the number of 0 to 4-year-olds.

#### **4. SCHOOLS BLOCK TO HIGH NEEDS 1% TRANSFER DISAPPLICATION PROPOSAL**

Peter Haylock (Director of Education and SEND) presented the report on the disapplication request for 2023/24 to support mitigating the High Needs Block (HNB) budget pressures over the medium term.

The Chair asked where schools could find the plan to mitigate cost pressures on the HNB. Peter Haylock recommended referring to the papers for the 11 October 2022 Schools Forum meeting.

Peter Haylock noted that there had been ongoing conversations with the Department for Education (DfE) about the HNB budget and officers had stressed the importance of protecting the existing good-quality services in schools. He added that it might be useful for some headteachers to attend meetings with the DfE to speak about the on-the-ground-impact of these decisions.

The Chair asked for a short report that outlined the short- and medium-term plan and explained what the consequences would be without the safety valve agreement. He felt it was important for schools to understand the reality of the situation.

**ACTION: Peter Haylock / Tony Burton**

Members discussed the disapplication proposal and unanimously agreed the recommendation in the report.

## **RESOLVED**

1. That Schools Forum approved the 1% disapplication request from Schools Block to High Needs for the 2023/24 financial year, totalling an estimated £1.154m in 2023/24 based on the provisional funding allocation.

## **5. DISCUSSION AND DECISION ON MERITS OF LIMITED FALLING ROLLS FUND IN 2023/24**

Tony Burton (Head of Finance for Children's Services and Education) opened the discussion on the falling rolls fund. He noted five primary schools had expressed interest in accessing funding.

Peter Haylock proposed an independent steering group be set up to look at falling rolls and de-delegated funding requests and then make recommendations to the Forum. A member of the forum suggested using anonymised data to ensure fair decision-making. Another suggested inviting headteachers from another part of the country to look at H&F's requests and H&F's headteachers could look at theirs.

Peter Haylock and Jacqui McShannon are meeting with Cabinet Member for Children and Education to sign-off the school organisation document. Following that, the school organisation paper would be sent out for consultation. Then Peter Haylock would write to schools about the potential membership of the steering group.

**ACTION: Jacqui McShannon / Peter Haylock**

The Chair asked officers if they could write to headteachers and governors at maintained schools with an analysis of the roll, what funding they qualified for, and an offer of support and guidance.

Daryle Mathurin (Strategic Lead - Education, Assets and Operations) said officers were preparing a data and support pack for schools to help them navigate financial challenges. Peter Haylock added that officers were also looking for consultants to support schools.

The Chair asked that officers sent a letter to schools on falling rolls and that a decision on falling rolls funding be made at the next meeting. A member of the forum requested to see data showing which schools had received de-delegated funds and falling rolls funding year-on-year.

**ACTION: Peter Haylock / Tony Burton**

**6. DEDICATED SCHOOLS GRANT MONITORING QTR1**

Tony Burton (Head of Finance for Children’s Services and Education) presented the report which provided an update on the 2022/23 quarter 1 budget monitoring position after updates to the allocation received in July 2022 from the Education and Skills Funding Agency. It also included the forecast accumulated Dedicated Schools Grant carry forward deficit position.

The Chair asked if officers were seeing PVI Nurseries closing. Peter Haylock said two were at risk of closing, but they weren’t anymore. The borough had 44 places for every 100 children which was close to the national average of 41 so it was well served in terms of childcare provision.

**7. UPDATED SCHEME FOR FINANCING SCHOOLS AND SCHOOLS FINANCIAL PROCEDURES**

Tony Burton (Head of Finance for Children’s Services and Education) presented the papers for formal confirmation.

**RESOLVED**

1. That Schools Forum formally confirmed that the updated Scheme for Financing Schools and Schools Financial Procedures were adopted following Autumn 2021 consultation and following Schools Forum in January 2022.

**Any other business**

A Schools Forum member asked for more information about notional funding as there were a lot of misconceptions about how it was calculated. Tony Burton explained that it was a part of the NFF, not a local decision, but officers could provide the Department for Education’s operational guidance on Schools Financing in respect of this.


Meeting started: 2.30pm  
Meeting ended: 4.00pm

Chair .....

Contact officer: David Abbott  
Governance and Scrutiny  
E-mail: david.abbott@lbhf.gov.uk

---

Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>SCHOOLS FORUM</b></p> <p align="center"><b>Tuesday, 17<sup>th</sup> January 2023</b></p>
<p align="center"><b>2023/24 Final Schools Block Budget Shares</b></p>	
<p><b>Open</b></p>	
<p><b>Classification - For Scrutiny Review &amp; Comment</b></p> <p><b>Key Decision: No</b></p>	
<p><b>Wards Affected: (All Wards); All</b></p>	
<p><b>Accountable Director:</b> Jacqui McShannon, Strategic Director of Children’s Services</p> <p><b>Report Authors:</b>          Peter Haylock, Operational Director of Education and SEND          Tony Burton, Head of Finance for Children’s Services and Education</p>	
<p><b>Purpose of the report</b></p> <p>The report provides a briefing on the final Schools Block allocation of the Dedicated Schools Grant for 2023/24, following the receipt of final funding allocations and the Authority Proforma Tool (APT) in December 2022.</p> <p>Schools Forum are asked to review and agree the recommendations following the Autumn budget consultation process. This will determine the final budget allocation for the financial year 2023/24.</p> <p>This paper also details:</p> <ul style="list-style-type: none"> <li>• the mainstream schools additional grant (MSAG) funding for mainstream schools in 2023/24 announced by The Education and Skills Funding Agency (ESFA) in December 2022.</li> <li>• The Proposed Central Services Schools Block Funding Allocations for 2023/24</li> </ul>	

## **Introduction**

- 1.1. The final allocation of the Schools Block of the Dedicated Schools Grant (DSG) has been received from the Education and Standards Funding Agency (ESFA) at £115.508m based on the updated October 2022 census numbers including growth funding of £0.568m. This includes the 2022 to 2023 School supplementary grant which is now incorporated into the 2023 to 2024 core budget allocations.
- 1.2. A further funding allocation announced in the 2022 Autumn Statement provides an increase in the core schools budget over and above the totals announced at the Spending Review 2021. This is being allocated through the mainstream schools additional grant (MSAG) for 2023 to 2024. This is in addition to schools' allocations through the national funding formula.

## **2. Mainstream Schools Additional Grant (MSAG)**

- 2.1. An indicative MSAG allocation has been announced by the ESFA for mainstream schools in Hammersmith and Fulham of £3.877m in 2023/24.
- 2.2. This grant was announced on 16<sup>th</sup> December 2022 by the ESFA. Final school-level allocations of the MSAG for the 2023 to 2024 financial year will be published by the ESFA in Spring 2023 for 2023 to 2024
  - funding for maintained mainstream schools will be paid to local authorities, who'll be required to pay it to individual schools at the rates published
  - The ESFA will pay funding at the published rates directly to mainstream academies
  - Local authorities and academies will receive their payments from spring 2023
  - The ESFA will confirm timings for the payment of the grant when we confirm school allocations
  - The ESFA will apply an area cost adjustment (ACA) to funding rates to take into account geographical variation in labour costs. The ACAs will be those used for the schools NFF for 2023 to 2024.
- 2.3. The ESFA have indicated that the additional funding will be provided as a separate grant for 2023 to 2024 only with the intention that the funding will be incorporated into core budget allocations for 2024 to 2025. For 5 to 16 schools, this will mean the funding being rolled into the schools national funding formula (NFF) for 2024 to 2025. This is on the same basis that the 2022 to 2023 Schools Supplementary Grant has been incorporated into the 2023 to 2024 core budget allocations.



- 2.4. In recognition of the funding cycle for academies, which follows the academic year (rather than the financial year, as for local authority-maintained schools), academies will receive an additional allocation of the schools supplementary grant to cover April to August 2023, this is the period in advance of the funding being rolled into academies' core budget allocations through the NFF.
- 2.5. Schools will have the flexibility to prioritise their spending of MSAG to best support the needs of their pupils and staff and address cost pressures.
- 2.6. Funding for 5 to 16 mainstream schools makes up the bulk of the additional funding to be allocated through the MSAG. The 5 to 16 funding rates consist of the following three elements, which are based on factors already in the schools' national funding formula:
- a basic per-pupil rate (with different rates for primary, key stage 3 and key stage 4)
  - a lump sum paid to all schools, regardless of pupil numbers
  - a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6), with different rates for primary and secondary pupils.
- 2.7. The H&F Education Finance Team have estimated the indicative MSAG at an individual school level. The annual values of MSAG for April 2023 to March 2024 have been calculated based on the methodology advised by the ESFA. The estimated allocation of the £3.8m indicative funding by individual schools is shown in Appendix 4.

### **3. Schools Block 2023/24 Budget Consultation Feedback**

- 3.1. A summary report of schools' feedback on the 2023 to 2024 schools budget consultation was provided to the extraordinary Schools Forum Meeting held on 17<sup>th</sup> November 2022.

### **4. 2023 to 2024 Final Budget Modelling**

- 4.1. The final modelling uses the ESFA's Authority Proforma Tool (APT) and operational guidance to update the models shared and discussed through the Autumn term. Pupil numbers have now been amended for the October 2022 census.

- 4.2. Three options were presented to the Schools Forum meeting on 11<sup>th</sup> October 2022. The final model has been produced consistent with the option agreed by Schools Forum which includes:
- Minimum funding guarantee (MFG) set at 0.5% on pupil led funding year on year – the maximum increase within the NFF
  - £0.200m allowance for Falling Rolls Provision
  - £1.154m Transfer of 1.0% from the Schools Block to support the High Needs Block
  - FSM factor set at hard NFF 2023-24 FSM 6 uplifted
- 4.3. In addition, the final model has additionally been produced on the assumption of a 0.5% transfer from the Schools Block to support the High Needs Block. The extraordinary Schools Forum held on 17<sup>th</sup> November 2022 agreed to a disapplication of grant regulations application to be submitted to the Department for Education (DfE) to request a 1% transfer from the Schools Block to support the High Needs Block. However, to avoid a delay in political approval, we are required to complete the APT based on both a 0.5% and 1% transfer pending the DfE decision.
- 4.4. The key elements of the model applicable for maintained primary schools only:
- De-delegated budget provision of £0.691m of maintained schools' budgets – see section 6 for details
  - Education functions fund of £0.262m of maintained schools' budgets – see section 7 for details
- 4.5. The full list of factor rates modelled can be found in Appendix 1 – Factor rates current and NFF values with area cost adjustment.
- 4.6. Appendix 2 shows how total funding is allocated across the factors in each model.
- 4.7. Appendix 3 shows the impact of the recommended model at school level, with a comparison to 2022 to 2023 final budget shares. The pupil numbers used for this modelling is from October 2022 pupil numbers on roll. Note:
- Per pupil funding rates given here are total funding divided by numbers on roll and not pupil led funding used for the minimum funding guarantee in the NFF
  - Final two columns show maintained de-delegation and education functions per sections 7 and 8.

## **5. Recommended Budget Model 2023 to 2024**

- 5.1. Following the schools budget consultation, it is recommended that the model with a minimum funding guarantee at 0.5% is adopted for the 2023 to 2024 schools budget shares.
- 5.2. On the assumption of a 1% transfer to the High Needs Block, this model mirrors the NFF factor rates during the transition to the hard national formula and allows for a 2% uplift on the inner London NFF rates.
- 5.3. The model showing a 0.5% transfer to the High Needs Block allows for a 3% uplift on the inner London NFF rates.

## **6. Falling Rolls Fund**

- 6.1. Following the Autumn consultation process it is recommended to create a falling rolls fund for mainstream schools of £0.200m. This would be established via a top slice of the mainstream school's budget for 2023 to 2024 and will be applied to roll falls between October 2021 and October 2022.
- 6.2. ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support good schools with falling rolls where local planning data shows that surplus places will be needed within the next three years.
- 6.3. The ESFA advise that the allocation of falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations.
- 6.4. Schools currently with Ofsted judgment of 'Requires Improvement' are not eligible to access any fund agreed.
- 6.5. Mainstream schools were asked for applications for falling rolls funding as part of the Autumn schools budget consultation.
- 6.6. It is proposed that the falling rolls applications will be considered by a sub-group of Schools Forum early with their decisions ratified by March 2023 if possible. Schools may be asked for supplementary information to support their applications.

## **7. Maintained Mainstream De-delegated Services**

- 7.1. De-delegated services are for maintained schools only. The funding is allocated through the schools funding formula but can be passed back for maintained schools

with Schools Forum approval. Table 3 sets out the proposed allocations for 2023 to 2024 following the Autumn schools' budget consultation. De-delegation is made from individual school budgets based on pupil headcount.

- 7.2. The de-delegated budgets proposed for 2023 to 2024 reflect the agreed 2022 to 2023 allocation of £665,900 with an agreed addition of £0.014m for School Effectiveness to offset the loss of the School Improvement grant of £0.145m. The 2023 to 2024 allocation has also been increased to allow for a 1.6% pay inflation in line with block growth. This is an additional £0.011m.

**Table 3 – Maintained Mainstream Schools De-delegated Budgets 2023 to 2024.**

Area of Expenditure	2022/23 final Maintained Mainstream Primary De-delegation £	2023/24 proposed Maintained Mainstream Primary De-delegation £	Change from 2022/23 £	Note
Schools in Financial Difficulty/Contingency	175,000	177,800	2,800	Propose to maintain de-delegation at 2022/23 level plus 1.6% uplift.
Maintained Schools Trade Union Facilities Cover	25,200	25,600	400	Maintained Mainstream Contribution to Trade union Facilities. 1.6% uplift applied.
Maintained Schools Maternity Cover Fund	130,000	132,100	2,100	Propose to maintain de-delegation at 2022/23 level plus 1.6% uplift.
Maintained Schools Licence Fees	32,000	32,500	500	Covers Capita licence costs based on pupil numbers, pending review of de-delegated arrangement. 1.6% uplift applied
Behavioural Support to mainstream (SEND)	52,000	52,800	800	Propose to maintain at 2022/23 levels plus 1.6% uplift
Free School Meals Eligibility	31,000	31,500	500	Contribution to benefits team for assessing FSM eligibility. 1.6% uplift applied
Subscription for Professional Development Centre & Learning Partnership	46,200	0	-46,200	This element of funding is included within the allocation for School Improvement from 2023/24. 1.6% uplift applied
School Improvement	174,500	238,400	63,900	Contribution to School Improvement and supplements School Improvement Grant. Increased by £0.014m to reflect loss of SIG. Uplifted by 1.6%.
<b>Total</b>	<b>665,900</b>	<b>690,700</b>	<b>24,800</b>	

## 8. Maintained Mainstream Schools Statutory Education Functions

- 8.1. Table 4 below details the Education Functions top-slice for maintained mainstream primaries in 2023 to 2024.
- 8.2. The Education functions top slice for 2023 to 2024 has increased overall by 1.6%. However, as the allocation is only deducted from the maintained primary schools, this represents a 4% per pupil increase compared to 2022 to 2023.

**Table 4 – Education Functions for Maintained Mainstream Schools**

Area of Expenditure	2022/23 final Maintained Mainstream Primary Education Functions £	2023/24 proposed Maintained Mainstream Primary Education Functions £	Change from 2022/23 £	Note
Finance	88,100	89,500	1,400	Local Authority statutory duties, advice and support for maintained schools
Asset Management	74,300	75,500	1,200	Local Authority statutory duties, advice and support for maintained schools
Asbestos Risk Management and Surveys	73,000	74,200	1,200	Risk management, surveys and re-inspections, advice and support for maintained schools.
Business Intelligence	22,800	23,200	400	To support Termly Census and workforce census
<b>Total</b>	<b>258,200</b>	<b>262,400</b>	<b>4,200</b>	

## 9. Central Services Schools Block 2023/24

9.1. In 2023/24 there is no change to the arrangements for Central Schools Services Block (CSSB) of the DSG. The CSSB allocation for 2023/24 provides funding for:

- The retained duties element of the Education Services Grant (ESG) for all schools
- Ongoing central statutory functions – for example Admissions – for maintained schools
- Ongoing historic commitments.

**Table 5 - Central Services Planned Expenditure 2023/24**

Area of Expenditure	2022/23 Agreed £m	2023/24 Proposed £m	Change £m
Copyright Licensing	0.110	0.126	0.016
Asset Management, Place Planning and Strategic Operations	0.165	0.165	0
Management, Support, Finance/Business Intelligence and SACRE	0.529	0.529	0
Virtual School	0.106	0.106	0
Professional Development Centre/Learning Partnership	0.060	0.060	0
Admissions and ACE	0.528	0.528	0
Contingency to support High Needs Block Expenditure	1.319	0.908	-0.411
<b>Total Spend/Funding</b>	<b>2.817</b>	<b>2.422</b>	<b>-0.395</b>

9.2. For historic commitments there will be a further reduction to this element of funding for all local authorities receiving it. For Hammersmith & Fulham this equates to a further reduction in grant of £0.363m in 2023/24 versus 2022/23 (a circa £1.9m reduction since 2019/20).

9.3. The CSSB budget for 2023/24 is presented below and agreed by Schools Forum on 17 January 2023.

## 10. Recommendations and Decisions Required

- 10.1. Recommendation 1: It is recommended that the January 2023 APT for the recommended model is submitted to the ESFA for the 2023 to 2024 school budget share. This is with the revised NFF rates in appendix 1 and an MFG value of 0.5% per pupil. There are two versions of this model to be agreed pending the DfE decision on the 1% disapplication of grant regulations request.
- 10.2. Recommendation 2: It is recommended that Schools Forum agree to the proposal to transfer 0.5% of the total Schools Block to the High Needs Block in 2023 to 2024 pending the outcome of the disapplication request to transfer 1% of the Schools Block to the High Needs Block. This equates to £0.577m. Should the DfE provide a positive response to the disapplication request, the 1% transfer is recommended to be approved at £1.154m.
- 10.3. Recommendation 3: It is recommended that Schools Forum agree a proposal to top-slice the 2023 to 2024 Schools Block to the value of £0.200m for the Falling Rolls protection fund in 2023 to 2024.
- 10.4. Recommendation 4: It is recommended that maintained school representatives at Schools Forum agree to the proposed de-delegated budgets proposed for 2023 to 2024 in Table 3 totalling £0.691m.
- 10.5. Recommendation 5: It is recommended that maintained school representatives at Schools Forum agree to the proposed Education Functions budgets proposed for 2023 to 2024 in Table 4 totalling £0.262m.
- 10.6. Recommendation 6: It is recommended that Schools Forum agree to the Central Services Schools Block budget allocations proposed for 2023/24 financial year as detailed in Table 5.

## 11. Key dates

**Table 6 – key dates and next steps**

Date	Activity
------	----------

20 <sup>th</sup> January 2023	Deadline for submission of the final 2023 to 2024 APT to the ESFA
February to March 2023	Council approval of the 2023/24 Schools budget
28 February 2023	Deadline for confirmation of school budget shares to maintained schools.

**Report ends**

# Item 2, Appendix 1 - Factor Rates 2023/24 Final Allocation

Area Cost Adjustment

1.18623

	2022/23 Final  A	2023-24 Recommended model 1% block transfer  B		2023-24 Recommended model 0.5% block transfer  C		
	22-23 Final factors	Recommended 0.5% MFG Model 23-24 with 1% SB to HNB transfer		Recommended 0.5% MFG Model 23-24 with 0.5% SB to HNB transfer		Rates pre- Weighting
Basic/pupil funding	2022/23 NFF ACA Weighted (ACA 1.18623) with Falling Rolls	2022/23 NFF ACA Weighted (ACA 1.18623) with Falling Rolls	22/23 H&F Unit vs 23/24 B-A	2022/23 NFF ACA Weighted (ACA 1.18623) with Falling Rolls	22/23 H&F Unit vs 23/24 C-A	NFF Unit Values 23- 24 from NFF for Schools and HN 23- 24
<b>MFG</b>	<b>1.50%</b>	<b>0.50%</b>		<b>0.50%</b>		
<b>AWPU</b>						
Primary AWPU	£4,095.86	£4,119.89	£24.02	£4,162.43	£66.57	£3,394
KS3 AWPU	£5,775.21	£5,808.39	£33.18	£5,868.37	£93.16	£4,785
KS4 AWPU	£6,508.57	£6,546.43	£37.86	£6,614.04	£105.47	£5,393
<b>Additional Needs Funding</b>						
<b>Deprivation</b>						
Primary FSM	£598.40	£570.68	-£27.72	£570.68	-£27.72	£480
Secondary FSM	£598.40	£570.68	-£27.72	£570.68	-£27.72	£480
Primary FSM6	£751.19	£855.78	£104.59	£864.62	£113.43	£705
Secondary FSM6	£1,101.31	£1,250.29	£148.98	£1,263.21	£161.89	£1,030
Primary IDACI A	£814.85	£813.30	-£1.55	£821.70	£6.85	£670
Primary IDACI B	£623.86	£619.08	-£4.79	£625.47	£1.61	£510
Primary IDACI C	£585.67	£582.66	-£3.02	£588.68	£3.00	£480
Primary IDACI D	£534.75	£534.10	-£0.65	£539.62	£4.87	£440
Primary IDACI E	£343.76	£339.89	-£3.87	£343.40	-£0.36	£280
Primary IDACI F	£280.10	£279.19	-£0.91	£282.07	£1.97	£230
Secondary IDACI A	£1,133.14	£1,128.91	-£4.23	£1,140.57	£7.43	£930
Secondary IDACI B	£891.24	£886.13	-£5.11	£895.28	£4.04	£730
Secondary IDACI C	£827.58	£825.44	-£2.14	£833.96	£6.39	£680
Secondary IDACI D	£757.55	£752.60	-£4.95	£760.37	£2.82	£620
Secondary IDACI E	£541.11	£540.17	-£0.94	£545.75	£4.64	£445
Secondary IDACI F	£407.42	£406.65	-£0.77	£410.85	£3.43	£335
<b>Low Prior Attainment</b>						
Primary LPA	£1,438.71	£1,402.02	-£36.69	£1,416.50	-£22.21	£1,155
Secondary LPA	£2,177.16	£2,124.28	-£52.88	£2,146.22	-£30.94	£1,750
<b>EAL</b>						
Primary EAL	£719.36	£704.04	-£15.31	£711.31	-£8.04	£580
Secondary EAL	£1,947.99	£1,899.71	-£48.27	£1,919.33	-£28.65	£1,565
<b>Mobility</b>						
Primary Mobility	£1,177.70	£1,147.11	-£30.59	£1,158.96	-£18.74	£945
Secondary Mobility	£1,693.35	£1,650.87	-£42.49	£1,667.92	-£25.44	£1,360
<b>Looked After Children</b>	£551.23	£0.00	-£551.23	£0.00	-£551.23	£0
<b>School Led Funding</b>						
<b>Lump Sum</b>						
Primary lump sum	£154,438.50	£155,375.92	£937.42	£156,980.61	£2,542.11	£128,000
Secondary lump sum	£154,438.50	£155,375.92	£937.42	£156,980.61	£2,542.11	£128,000
<b>Sparsity</b>						
Primary sparsity	n/a	n/a		n/a		n/a
Secondary sparsity	n/a	n/a		n/a		n/a



## Appendix 2 - Total Funding across the Final APT Models 2023,


(before maintained schools de-delegation and education functions)

School Block Allocation		£111,977,259.00	£115,508,117.00	£115,508,117.00
		22-23 Model 3	23-24 Recommended model - 1% Block transfer	23-24 Recommended model - 0.5% Block transfer
MFG		1.50%	0.50%	0.50%
AWPU	Primary (Years R-6)	£37,268,275.35	£36,502,182.68	£36,879,168.63
	Key Stage 3 (Years 7-9)	£25,872,947.37	£26,033,189.70	£26,302,054.35
	Key Stage 4 (Years 10-11)	£18,705,639.33	£19,580,369.84	£19,782,591.29
	<b>Total AWPU</b>	<b>£81,846,862.05</b>	<b>£82,115,742.22</b>	<b>£82,963,814.26</b>
Deprivation	FSM	£0.00	£2,647,955.20	£2,647,955.20
	FSM6	£5,000,692.08	£5,549,261.31	£5,606,572.77
	IDACI Band F	£598,321.35	£585,916.59	£591,967.80
	IDACI Band E	£1,306,074.90	£1,272,686.91	£1,285,830.92
	IDACI Band D	£1,018,886.89	£977,190.91	£987,306.99
	IDACI Band C	£1,351,150.78	£1,338,348.85	£1,352,171.00
	IDACI Band B	£906,477.61	£883,454.14	£892,578.24
	IDACI Band A	£187,854.41	£187,275.62	£189,209.76
<b>Total Deprivation</b>	<b>£10,369,458.02</b>	<b>£13,442,089.54</b>	<b>£13,553,592.70</b>	
Looked After Children (LAC)	£27,170.16	£0.00	£0.00	
EAL 3 Primary	£1,653,158.18	£1,622,885.57	£1,639,646.35	
EAL 3 Secondary	£865,494.60	£907,224.66	£916,594.26	
Mobility	£228,013.52	£298,956.21	£302,043.76	
	<b>£2,773,836.46</b>	<b>£2,829,066.44</b>	<b>£2,858,284.37</b>	
LPA	Primary	£3,462,787.72	£3,415,864.11	£3,451,142.35
	Secondary	£2,299,419.83	£2,271,311.00	£2,294,768.00
<b>Total Low Prior Attainment</b>	<b>£5,762,207.55</b>	<b>£5,687,175.11</b>	<b>£5,745,910.35</b>	
<b>Lump sum</b>	<b>7,258,609.72</b>	<b>£7,302,668.00</b>	<b>£7,378,089.00</b>	
<b>Funding through MFG</b>	<b>£855,784.68</b>	<b>£1,486,404.00</b>	<b>£941,172.00</b>	
<b>Other Items</b>				
HNB Transfer	£555,536.00	£1,154,400.00	£577,200.00	
Falling Rolls	£200,001.00	£200,000.00	£200,000.00	
Split Sites	£217,312.00	£17,312.00	£17,312.00	
Rates	£1,267,724.78	£1,272,646.78	£1,272,646.78	
<b>Grand Total</b>	<b>£111,107,332.26</b>	<b>£115,507,504.08</b>	<b>£115,508,021.46</b>	





# Agenda Item 4

 hammersmith & fulham	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>SCHOOLS FORUM</b>  <b>Tuesday, 17<sup>th</sup> January 2023</b>
<b>EARLY YEARS FUNDING 2023/24</b>	
<b>Open</b>	
<b>Wards Affected: (All Wards); All</b>	
<b>Accountable Director:</b> Jacqui Mc Shannon, Strategic Director of Children's Services	
<b>Report Authors:</b> Peter Haylock Operational Director of Education and SEND  Tony Burton Head of Finance for Children's and Education	<b>Contact Details:</b> <b>E-mail:</b>  <a href="mailto:Peter.Haylock@lbhf.gov.uk">Peter.Haylock@lbhf.gov.uk</a>  <a href="mailto:Tony.burton@lbhf.gov.uk">Tony.burton@lbhf.gov.uk</a>
<b>Purpose of the report</b>  This report updates forum on the initial allocation of Early Years Block funding for 2023/24 based on January 2022 census numbers and explains the impact of this on the participation model for all providers. The focus is on the funding for the 3 and 4-year old (YO) offer and the steps required to set the 2023/24 Early Years budget.	

## 2. Early Years Funding 2023-24 Initial Allocation

- 2.1. There are six funding streams in the Early Years Block of the DSG, as set out below. The focus of this paper is the early years entitlement for 3- and 4-year olds (YO), which constitutes the bulk of the funding and which is also subject to pass through and other requirements.
- 2.2. Since its introduction in April 2017 the EYNFF (Early Years National Funding Formula) has set the hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for 3- and 4-YO. There is a separate established formula that sets hourly funding rates for 2-YO. Key points for 2022/23 are that Local Authorities are required to:
  - Set a single funding rate (including the same base rate and supplements) for both entitlements for 3- and 4-YO
  - Must pass at least 95% of funding received to providers
  - Must use a universal base rate for all types of providers including maintained nursery schools

- Must use a deprivation supplement in their local 3- and 4-YO formula
- Must not channel more than 10% of funding to providers as supplements – in Hammersmith and Fulham supplements are budgeted for deprivation
- Must provide a SEN Inclusion Fund for 3- and 4-YO
- Monitored compliance through the S251 Budget and Outturn reporting process

2.3. Summary explanations including funding rates applicable in 2023/24 are set out below:

- Universal entitlement for 3- & 4-YO – 15 hours free childcare for all 3- and 4-YO available from the term after their 3<sup>rd</sup> birthday for a maximum of 38 weeks per year. Funding will be received by LBHF at £8.42 per hour in 2023/24. This is a £0.08 per hour increase or 1% increase on 2022/23 funded rates at £8.34 per hour inclusive of Teachers Pay and Pension Allowance of £0.11 per hour.
- Additional entitlement working parents 3- & 4-YO – additional 15 hours free childcare for eligible 3- and 4- YO from the term after their 3<sup>rd</sup> birthday for a maximum of 38 weeks. Parents are required to obtain a 30-hour code. Funding will be received by LBHF at £8.42 per hour in 2023/24 financial year.
- Disadvantaged 2-YO – 15 hours free childcare for eligible 2-YO from the term after their 2<sup>nd</sup> birthday for a maximum of 38 weeks per year. Funding received is £7.56 per hour (£6.87 in 2022/23) is a £0.69 per hour increase in funding or circa 10% versus 2022/23. The rate to be paid in 2022/23 will need to be agreed by Schools Forum. The full funded rate is passed through to providers with eligible two year olds.
- Early Years (EY) Pupil Premium – additional funding for disadvantaged 3- and 4-YO paid as a top up of £0.62 per hour up to a maximum of £353.00 per year (2022/23 £0.60 per hour and £353.00 per year). Eligibility relates to benefits received by the family and must be confirmed by the provider and recorded on the termly head count.
- Disability Access Fund – additional per pupil funding for those receiving DLA to access the 3- and 4-YO offer. This has been increased to £828 per eligible pupil per annum. (2022/23 £800)
- Maintained Nursery School Supplementary Funding – additional funding for maintained nurseries to reflect the higher running costs of a nursery outside a primary school setting. An estimated initial allocation of £814,100 in 2023/24 based on January 2022 census. This figure includes the allowance for MNS share of Teachers Pay and Pension Grant. This is also based on the number of pupils accessing the universal entitlement for 3 & 4 YO so is subject to change depending on participation rates.

2.4. Table 1 below shows the initial Early Years allocations for the 2023/24 financial year, based on January 2022 census figures and updated funding rates for 2023/24.

**Table 1: Breakdown of Initial Early Years Funding Allocations 2023/24 (January 2022 headcount)**

<b>Element</b>	<b>Amount £m</b>
3- and 4-YO universal offer	11.101
3- and 4-YO extended offer	2.257
<b>Sub-total 3- and 4-Year Old Offer</b>	<b>13.358</b>
2-YO Disadvantaged offer	1.153
EY Pupil Premium	0.095
Disability Access Fund	0.051
MNS supplementary funding	0.814
<b>TOTAL</b>	<b>15.471</b>

- 2.5. DfE funding for Early Years is based on the Spring term headcount i.e. January. The initial allocation detailed below uses the January 2022 headcount. This will be revised in July 2023 to take account of the January 2023 census and again in July 2024 to take account of the January 2024 census. This means that the final allocations for each of these funding streams (apart from the Disability Access Fund which is derived from DWP data) will be based on (five-twelfths January 2022 PTE census numbers) + (seven-twelfths January 2023 PTE census numbers).
- 2.6. There are always risks associated with the Early Years budget due to the link with activity measured in the Spring terms of 2 financial years.

### **3. 3- & 4-YO Offer 2023/24 DRAFT budget model**

- 3.1. The 2023/24 draft budget model is based on the initial allocation detailed above and summarised in Table 2 below for the first two elements of funding in Table 1 (Universal 15 hours childcare and targeted additional 15 hours extended hours Childcare for 3- and 4-YO).

**Table 2: Draft 2023/24 Early Years Budget – 3 & 4 YO Universal and Extended Offer**

	<b>22/23 Budget</b>	<b>23/24 Budget</b>	<b>Change year on year</b>
	£m	£m	£m
A. Participation based on estimated hours - base rate	11.784	10.280	-1.504
B. i. Supplement for Deprivation - Participation based on estimated hours	1.329	1.142	-0.187
B. ii. Supplement for Quality - mainstreaming of teachers' pay grant and the teachers' pension employer	0	174.5	174.5

contribution grant			
C. SEN Inclusion Fund	0.629	0.548	-0.081
D. Help and Support for Families in Need via Maintained Nursery Schools	0.562	0.543	-0.019
E. Contingency	0.050	0.020	-0.030
F. Central services expenditure - 5% maximum allowed	0.759	0.650	-0.109
G. Best Practice, Training and Network Building	0.060	0	-0.060
<b>TOTAL Planned Expenditure</b>	<b>15.173</b>	<b>13.357</b>	<b>-1.816</b>

3.2. The proposed breakdown of the use of the new hourly funding rate of £8.42 is shown in the Table 3 below. The full £0.08 per hour funding increase in 2023/24 is proposed to be added to the Basic Hourly rate paid to providers.

**Table 3: Factors and Hourly Rates Applied (see paragraph 3.1 for full detail)**

Factors	22/23 Rate per hour £	23/24 Rate per hour £	Change in Rate per hour £	22-23 % of funding	23-24 % funding	Change in % funding
A. Basic hourly rate per child	£6.40	£6.48	£0.08	77.8	77.0	-0.8
B.i. Supplement for Deprivation - Participation based on estimated hours	£0.72	£0.72	£0	8.7	8.6	-0.2
B.ii. Supplement for Quality - mainstreaming of teachers' pay & pension grants	£0	£0.11	£0.11	0	1.3	1.3
C. SEN Inclusion Fund	£0.34	£0.34	£0	4.1	4.0	-0.1
D. Help and Support for Families in Need	£0.31	£0.34	£0.03	3.8	4.0	0.3
E. Contingency	£0.03	£0.02	-£0.01	0.4	0.2	-0.1
F. Central Support Expenditure	£0.41	£0.41	£0	5.0	4.9	-0.1
G. Best Practice Training and Networks	£0.02	£0	-£0.2	0.2	0	-0.2
<b>Total</b>	<b>£8.23</b>	<b>£8.42</b>	<b>£0.19</b>	<b>100</b>	<b>100</b>	

#### 4. Key Elements of the Proposed Budget Model 2023/24

4.1. All providers, both schools, private & voluntary nursery providers and childminders to be funded according to the DFE regulations through a universal base rate and a supplement for deprivation based on IDACI bandings for individual children. Deprivation is a mandatory supplement. The value of supplements must not exceed 10% of the total amount of the payments made.

4.2. Factor A - Universal base rate. The proposed base rate for 2023/24 is £6.48 per hour which is an increase of £0.08 per hour versus 2022. The full increase

in the funded rate is proposed to be passed through the basic rate to providers in 2023/24.

- 4.3. Factor B.i. Deprivation. The deprivation supplement must remain within the 10% limit set by the grant regulations. Current deprivation rates paid are shown in Appendix 1 of this report. These are proposed to be unchanged from 2022/23 with the full increase being applied to the basic rate in Factor A.
- 4.4. Factor B.ii. Quality. The Early Years Operational Guidance 2023-24 has allowed for an increase to the total planned value of funding supplements that local authorities can choose to use following the mainstreaming of the funding previously distributed through the teachers' pay grant and the teachers' pension employer contribution grant. Local authorities are encouraged to use the rolled-in funding to continue to support some of the costs for which the original grants were introduced by distributing it through the quality supplement. The mechanism that this mainstream grant will be paid to primary schools will be determined through the consultation with providers in the Spring Term 2023. A separate allocation for maintained nursery schools to cover funding previously received via the teachers' pay grant and the teachers' pension employer contribution grant has been included in the funding advised specifically for maintained nursery schools and included within the £0.814m funding allocation in 2023/24.
- 4.5. Factor C - SEN Inclusion Fund. All providers at some stage may require additional funding to help them support the needs of individual children with lower level or emerging SEN in their settings. The 2023/24 budget is proposed based on actual funding passed to providers in 2022 with an allowance for 5% growth.

The Early Years Inclusion Fund has been set up to support 2, 3 & 4 year olds who get early education funding, and have a low level or emerging SEN. The funding is for use in the setting and is allocated to the provider. *(Note that Early Years Inclusion Funding for two-year olds will be from the High Needs Block rather than Early Years Block of the DSG in line with the regulations of grant).*

- 4.6. Factor D – Help and Support for Families in Need. Paid as a lump sum to maintained nursery schools to support the enhanced offer available to families and children requiring enhanced support.
- 4.7. Factor E – contingency funding. This has been reduced to £20,000 in 2023/24 draft budget. The contingency is available to manage volatility in funding versus activity between terms. In addition, there is volatility around activity and funding in response to the Covid-19 pandemic.
- 4.8. Factor F - Central Services Expenditure. The model assumes a budget for central services of £650,400 which is the maximum amount allowed (5% of total 3- and 4-YO funding) under regulations. The proposed allocation of the central items is detailed in Section 5 Table 4 below.



- 4.9. Factor G - Best Practice Training and Networks. It is proposed this will continue into the Summer Term 2022 to commission Maintained Nursery Schools to provide training and network. The aim is to build capability in the sector and provide additional training and support. From Autumn 2022 best practice support for the wider early years sector is proposed to end.

## Details of Proposed Early Years Central Budget 2023/24

**Table 4: Proposed Central Services Budget 2023/24**

Item of Central Expenditure	Budget 2022/23 £m	Budget 2023/24 £m	Change on year £m
i) Education Early Years Team	329	228	-101
ii) Children's Centres Offer including outreach, early identification and support to families	216	216	0
iii) Help and Support for Families in Need - spot purchases non maintained nursery schools	71	71	0
iv) Finance Team	88	80	-8
v) Statutory Education functions and strategic support	45	45	0
vi) Business Intelligence for the termly census, EY Census and EYFS Assessments	10	10	0
<b>Total Central Spend from Early Years DSG</b>	<b>759</b>	<b>650</b>	<b>-109</b>

- 4.10. Planned central expenditure incurred by the LA must reduce in line with 5% limit following reduction in activity on the 3&4 year old offer. Savings are expected in the Finance Service following restructure in 2022/23 and through identification of efficiencies in Early Years and Children's Centres via the development of a family hub model.

- 4.11. Note that item iii. provides an allowance within the central budget for Vulnerable & Additional Needs provision outside of the maintained nursery sector in order to comply with grant funding regulations and per current levels of expenditure.

## 5. Recommendations and next steps

- 5.1. Schools Forum to note draft 2023/24 Early Year budget for consultation including an increase to the base to £6.59 (1% like for like increase in funding) and proposed hourly rates for deprivation detailed in Appendix 1 subject to consultation.
- 5.2. Budget Consultation to Maintained Nursery Schools, Primary Schools with Nurseries, PVI providers and Childminders and the approval of final budget

for Early Years Block is set take place in late January and early February. Consultation to conclude by statutory deadline of 28<sup>th</sup> February 2023.

- 5.3. Final proposals will be presented to March Schools Forum following provider consultation. Providers will be given estimates of Summer term funding by 31<sup>st</sup> March 2023.

**Report ends**

## Appendix 1 – IDACI Sliding Scale of Rates 2023/24 – Early Years Deprivation Participation Rate Proposed

IDACI Bandings used for Deprivation Supplement to universal hourly rate

<b>IDACI banding</b>	<b>Hourly rate 2022/23</b>	<b>Hourly rate 2023/24 Proposed</b>
1	£1.33	£1.33
2	£1.23	£1.23
3	£1.12	£1.12
4	£1.02	£1.02
5	£0.92	£0.92
6	£0.71	£0.71
7	£0.51	£0.51
8	£0.31	£0.31
9	£0.10	£0.10
10	£0.00	£0.00

DFE Regulations state that the total amount paid as a supplement to the universal hourly rate must not exceed 10% of the total payable.