



London Borough of Hammersmith & Fulham

SCHOOLS FORUM

Tuesday, 17th January 2023

2023/24 Final Schools Block Budget Shares

Open

Classification - For Scrutiny Review & Comment

Key Decision: No

Wards Affected: (All Wards); All

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Purpose of the report

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.

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.

This paper also details:

- 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.
- The Proposed Central Services Schools Block Funding Allocations for 2023/24

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 16th 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 17th 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 11th 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 17th 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%. |
| Total | 665,900 | 690,700 | 24,800 | |

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 |
| Total | 258,200 | 262,400 | 4,200 | |

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 |
| Total Spend/Funding | 2.817 | 2.422 | -0.395 |

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 th 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