

**Report to:** Cabinet

**Date:** 06/03/2023

**Subject:** School Budget (Dedicated Schools Grant) 2023/24

**Report of:** Councillor Alex Sanderson, Cabinet Member for Children and Education and  
Councillor Rowan Ree, Cabinet Member for Finance and Reform

**Report author:** Peter Haylock, Operational Director of Education and SEND  
Tony Burton, Head of Finance Children's Services and Education

**Responsible Director:** Sukvinder Kalsi, -Director of Finance  
Jacqui McShannon, Strategic Director of Children's Services

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## **SUMMARY**

This report seeks approval of the final proposed 2023/24 schools block allocation and funding to schools through the schools funding formula for the financial year ending 31 March 2024. Hammersmith & Fulham Schools Forum agreed the model for 2023/24 budget shares on 17 January 2023. The Education and Skills Funding Agency (ESFA) require political endorsement of the Schools' Forum decision to agree the 2023/24 budget.

This report covers the budget decisions for the following Hammersmith & Fulham education provision funded from the four blocks of the Dedicated Schools Grant:

- The Schools Block – funding for mainstream primary and secondary schools. Schools block funding of £115.508m has been confirmed for Hammersmith & Fulham for 2023/24 by The Department for Education (DfE).
  - The Central Services Schools Block Budget – £2.422m funding in 2023/24 to meet the statutory education functions of the local authority and historic central funding commitments.
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## **RECOMMENDATIONS**

1. Schools Block Budget 2023/24 Financial Year:
  - a. To approve the local authority formula for allocating resources to Hammersmith & Fulham schools for 2023/24 as set out in Appendix 1, the Authority Proforma Tool (APT) for setting school budgets.
  - b. To approve the National Funding Formula (NFF) transitional funding formula factor rates (as set out in Appendix 1) as the basis for calculating the 2023/24 schools funding formula, together with a 0.5%

per pupil Minimum Funding Guarantee (MFG) protection for individual schools versus 2022/23 levels with respect to pupil led funding.

- c. To approve a transfer of £0.577m (0.5% of the total schools' block allocation) from the schools' block to the high needs block in the 2023/24 financial year. This approval is pending the outcome of the disapplication request to the DfE to transfer £1.154m (1.0% of the total schools' block allocation). Should the DfE provide a positive response to the disapplication an approval of the 1% transfer is recommended. This is to support high needs education expenditure for special educational needs in Hammersmith and Fulham.
- d. To approve the proposal to top-slice the 2023/24 Schools Block to the value of £0.200m or 0.17% of the total for the Falling Rolls protection fund in 2022/23. Allocations to mainstream schools from the agreed fund would be agreed by a sub-group of the Schools Forum.
- e. To approve de-delegation budgets of £0.691m for maintained mainstream schools only.
- f. To approve the education functions budgets of £0.262m for maintained mainstream schools only, as confirmed by Schools Forum on 17 January 2023.

2. Central Services Schools Block Budget 2023/24

- a. To approve the proposed budget allocation for Central Services Schools Block DSG totalling £2.422m.

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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	The allocation of funding to local schools who are employers within the borough.
Creating a compassionate council	Enables pupils within the borough to receive a good quality education.
Doing things with local residents, not to them	Providing educational opportunities for all pupils within the borough.
Being ruthlessly financially efficient	Contributes to a level of financial stability for schools. The high needs block transfer enables this support to schools to continue and helps to reduce the high needs budget pressure.
Taking pride in H&F	Ensures continuing good quality provision in the borough's schools

	enabling pupils to take pride in their school and the borough.
Rising to the challenge of the climate and ecological emergency	Assists with the delivery of climate Education to young people within the borough.

## Financial Impact

### Schools Block Budget

This report covers the allocation of the funding for all mainstream schools in Hammersmith & Fulham for education between reception and year 11 for the period April 2023 to March 2024. The basis for the distribution of funds within the Schools Block of the Dedicated Schools Grant across all schools is in line with the regulated range of allowable variables in the grant conditions as determined by the National Funding Formula for Schools and Schools revenue funding 2023 to 2024 Operational Guidance.

Other than the proposed transfer between blocks and the limited fund for falling rolls support, the remaining funds are distributed to individual schools in line with their individual characteristics and with regard to the National Funding Formula.

The budget for the falling rolls protection fund for 2023/24 is made available by a budget top slice from the mainstream schools' budget and agreed at Schools Forum following wide consultation with schools.

De-delegated budgets are budgets managed for schools centrally by the local authority on their behalf.

Funding for education functions is to meet the cost of providing statutory education functions on behalf of maintained schools and in line with the education funding regulations.

### Central Services Schools Block (CSSB)

The historic element of CSSB funding has reduced by £0.363m in the year to 2022/23. The decrease has been met by savings on historic CSSB and reducing the short term provision available to support the High Needs Block of the Dedicated Schools Grant.

A balanced budget has been proposed for 2023/24. The Education and Skills Funding Agency will confirm further block funding reductions from 2024/25 in the new financial year. The Education Department is exploring budget options for 2023/24 in order to mitigate expected further block reductions.

*Tony Burton, Head of Finance Children's Services and Education, 04/01/2023*

*Verified by: Sukvinder Kalsi, Director of Finance, 06/01/2023*

## Legal Implications

The Dedicated Schools Grant is payable to local authorities under section 14 of the Education Act 2002. It is a 'ring fenced grant' that is to say it must be solely spent on the grant conditions and guidance has been prepared by the Education and Skills Funding Agency (ESFA) to assist local authorities in the operation of the dedicated schools grant (DSG).

Each year new regulations are issued as they only cover one year the current being School and Early Years Finance (England) Regulations 2022. These Regulations provide that Local Authorities must consult their Schools Forum and schools maintained by them when determining the school funding formula. Cabinet is the decision-making body for the schools funding formula and must consider the outcome of the consultation and take that into consideration when making a decision on whether to adopt the NFF, as per Schools Forum's recommendation. Although not duty bound to follow the recommendation of Schools Forum following the consultation, if Cabinet departs from the recommendation clear reasons must be given.

*Jade Monroe, Chief Solicitor, Social Care 5 January 2023*

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## Background Papers Used in Preparing This Report – ALL PUBLISHED

Schools Forum Papers and draft minutes:

- Schools Forum 11 October 2022 – Provisional Budget and Decision  
<http://democracy.lbhf.gov.uk/ieListDocuments.aspx?CId=473&MId=7395&Ver=4>
- Schools Forum 17 November 2022 – Decision on Block Transfer  
[Agenda for Schools Forum on Thursday, 17th November, 2022, 2.30 pm | LBHF](#)
- Schools Forum 17 January 2022 – Final Budget and Decision  
[Agenda for Schools Forum on Tuesday, 17th January, 2023, 2.00 pm | LBHF](#)

Schools revenue funding 2023 to 2024 Operational Guide

[Schools operational guide: 2023 to 2024 - GOV.UK \(www.gov.uk\)](#)

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## DETAILED ANALYSIS

### Proposals and Analysis of Options

#### Schools Block

1. The recommended model of distribution of the Schools Block of the Dedicated Schools Grant through the Authority Proforma Tool was agreed by Schools Forum on 17 January 2023 as below and per the detailed funding factor rates and values in Appendix 1.

2. The agreed model provides stability to schools in 2023/24 by ensuring that schools benefit from a 0.5% minimum funding guarantee on a per pupil basis for pupil led funding. The agreed factors are National Funding Formula (NFF) factors (plus area cost adjustment for inner London) uprated by 0.05% to ensure the full schools block allocation is distributed to schools.
3. The national uplift in schools funding for 2023/24 provides a challenge for Schools given inflation levels in the economy and the impact on pay and non pay inflation experienced during 2022/23 financial year. The Autumn Statement indicated further funding to schools nationally from 2023/24 which has been confirmed as the Mainstream Schools Additional Grant (MSAG). An indicative figure of £3.8m has been provided for H&F. School level figures will be finalised by the ESFA in Spring 2023. This grant is a separate grant in 2023/24 but will be included in the core schools budget allocation from 2024/25.
4. A transfer to support the High Needs Block of £1.154m or 1.0% of the Schools Block has been agreed with Schools Forum and will be used to mitigate funding pressures in the high needs budget in 2022/23. The block movement proposed requires agreement of the Department for Education Safety Valve Team and the Minister of State for Education.
5. De-delegation budgets of £0.691m for maintained mainstream schools have been agreed at Schools Forum. These are budgets that maintained primary schools agree to delegate to the local authority to manage and spend.

<b>Area of expenditure</b>	<b>2023/24 £m</b>
Maintained Schools in Financial Difficulty/Contingency	0.178
Maintained Schools Trade Union Facilities Cover	0.025
Maintained Schools Maternity Cover	0.132
Maintained Schools Licence Fees	0.033
Behavioural Support (SEND)	0.053
Free School Meals Eligibility	0.032
The Learning Partnership	0.000
School Improvement Service	0.238
<b>Total</b>	<b>0.691</b>

6. Education functions budgets of £0.262m were also agreed at Forum. These budgets are set with reference to DfE schools funding guidance to meet the cost of meeting the local authorities retained education functions with respect to maintained mainstream schools.

<b>Area of expenditure</b>	<b>2023/24 £m</b>
Finance	0.089
Asset management	0.076
Asbestos management and risk	0.074
Business Intelligence	0.023
<b>Total</b>	<b>0.262</b>

7. Falling rolls budget support of £0.2m is proposed within the budget to provide limited assistance to mainstream schools to manage the impact of reduced rolls in the short term. Schools Forum have agreed the fund which is available to mainstream schools with a good or outstanding Ofsted assessment per the grant conditions. Available funding will be allocated to eligible schools in due course through Schools Forum decision following recommendations to be made by a subgroup of the Schools Forum.

### Central Services Schools Block

8. 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.
9. 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).
10. The CSSB budget for 2023/24 is presented below and was recommended to and agreed by Schools Forum on 17 January 2023.

#### Central Services Planned Expenditure 2023/24

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

### Reasons for Decision

11. Schools' budget shares from the schools' block of the Dedicated Schools Grant (DSG) are agreed annually according to the process and regulations set out by the Education and Schools Funding Agency (ESFA).
12. Schools Forum and the Local Authority must approve the basis for the allocation to schools. Hammersmith & Fulham Schools Forum agreed the budget model proposed at a meeting on 17 January 2023.

## **Equality Implications**

13. There are no direct negative equality implications for groups with protected characteristics, under the Equality Act 2010, by the approval of these funding proposals set out in the Recommendations.
14. Officers anticipate a neutral impact as the funding model outlined in this report is intended to provide financial stability to schools in the final year of the transitional period before changes in funding and allocations arrangements.
15. Place funding decisions are negotiated with schools, accounting for the needs of the school population and to ensure a budget for the efficient and effective running of schools. In addition to place funding, individual learners also attract top-up funding to deliver to the specification in their Education, Health and Care Plans. Place and top-up funding is determined within the national funding formula for schools funding.

## **Risk Management Implications**

16. The council continues to experience growing pressures on the High Needs budget as a result of demographic growth, government policy changes and the continuing impact of the government's austerity. In addition, there will be further pressure from pay and non-pay inflation. Ensuring that resources available to schools are appropriately allocated supports the delivery of the council's corporate priorities to ensure that children and young people will receive a great start in life and that schools will be amongst the best in the country, with enough places for all and with all children achieving the best that they can.
17. In line with the Council's objective of being Ruthlessly Financially Efficient and given the significant financial pressures faced by schools, it is important that strong oversight and financial monitoring continues to be maintained and appropriate ongoing assurances provided on the management of these risks.

*David Hughes, Director of Audit, Fraud, Risk and Insurance, 09 December 2022*

## **Climate and Ecological Emergency Implications**

18. This report covers are the revenue budgets for schools and education in Hammersmith and Fulham rather than the maintenance or capital programme on the school's estate. There is no expectation from the DfE that these budgets are used by education providers for anything other than minor revenue maintenance. The local authority holds the budget for the school's capital investment as this is not delegated to schools and subject to separate decisions as part of the medium-term capital strategy.

Verified by, Hinesh Mehta, Strategic Lead – Climate Emergency, 05/01/2023

## **Consultation**

19. The local authority consulted with Schools Forum in October 2022 with respect to the distribution of the provisional schools block allocation advised by the ESFA.
20. The local authority consulted with the wider schools' community in October and November 2022 with respect to the proposed options for the schools block budget allocation. Budget workshops were held for schools to review the key elements of the proposed model over the course of the consultation. A further budget briefing was held on 9 January 2023 to include details of the final recommended proposals and the updated final funding notified by the ESFA in December 2022, prior to Schools Forum on the 17 January 2023.
21. Hammersmith & Fulham Schools Forum agreed the proposed 2022/23 schools block budget shares on 17 January 2023.

## **LIST OF APPENDICES**

Appendix 1, the 2022/23 Authority Proforma Tool (APT) for setting school budgets





## Appendix 1 continued

### Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£155,375.92	£155,375.92			£7,302,668	6.48%	0.00%	0.00%
8) Sparsity factor	£66,936.20	£97,372.55	£97,372.55	£97,372.55	£0	0.00%	0.00%	0.00%
Rows 45 to 48 are populated with the NFF methodology, please leave this as is if you wish to follow the NFF. As per the Operational Guidance, the distance thresholds can be increased or the year group size thresholds decreased and the distance threshold taper is optional. An alternative method of allocation to the NFF's average year group size taper can be chosen: the continuous taper (Tapered) or fixed sum (Fixed). Examples of each are provided in the Operational Guidance.								
Primary distance threshold (miles)	2.00	Primary pupil number average year group threshold	21.40	Apply primary distance taper	Yes	NFF, tapered or fixed sparsity primary lump sum?	NFF	
Secondary distance threshold (miles)	3.00	Secondary pupil number average year group threshold	120.00	Apply secondary distance taper	Yes	NFF, tapered or fixed sparsity secondary lump sum?	NFF	
Middle schools distance threshold (miles)	2.00	Middle school pupil number average year group threshold	69.20	Apply middle school distance taper	Yes	NFF, tapered or fixed sparsity middle school lump sum?	NFF	
All-through schools distance threshold (miles)	2.00	All-through pupil number average year group threshold	62.50	Apply all-through distance taper	Yes	NFF, tapered or fixed sparsity all-through lump sum?	NFF	
9) Fringe Payments					£0	0.00%		
10) Split Sites					£17,312	0.02%	0.00%	
11) Rates					£1,272,647	1.13%	0.00%	
12) PFI funding					£0	0.00%	0.00%	
13) Exceptional circumstances (can only be used with prior agreement of ESFA)								
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY22-23					£0	0.00%	0.00%	0.00%
Additional sparsity lump sum for small schools					£0	0.00%	0.00%	
Exceptional Circumstance3					£0	0.00%	0.00%	
Exceptional Circumstance4					£0	0.00%	0.00%	
Exceptional Circumstance5					£0	0.00%	0.00%	
Exceptional Circumstance6					£0	0.00%	0.00%	
Exceptional Circumstance7					£0	0.00%	0.00%	
<b>Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)</b>					<b>£112,666,700</b>	<b>100.00%</b>		
14) Additional funding to meet minimum per pupil funding level					£0	0.00%	0.00%	
<b>Total Funding for Schools Block Formula (excluding MFG Funding Total)</b>					<b>£112,666,700</b>	<b>100.00%</b>		

## Appendix 1 continued

15) Minimum Funding Guarantee		0.50%	£1,486,404	
Where a value less than 0% or greater than 0.5% has been entered please provide the disapplication reference number authorising the value				
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)			No	
Capping Factor (%)		Scaling Factor (%)		
Total deduction if capping and scaling factors are applied			£0	
			<b>Total (£)</b>	<b>Proportion of Total funding(%)</b>
MFG Net Total Funding (MFG + deduction from capping and scaling)			£1,486,404	1.30%
<b>Total Funding for Schools Block Formula</b>			<b>£114,153,104</b>	<b>£12,987,319</b>
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)				
Additional funding from the high needs budget			£0.00	
Growth fund (if applicable)			£0.00	
Falling rolls fund (if applicable)			£200,000.00	
Other Adjustment to 22-23 Budget Shares			£0	
<b>Total Funding For Schools Block Formula (including growth and falling rolls funding)</b>			<b>£114,353,104</b>	
<b>% Distributed through Basic Entitlement</b>			<b>72.88%</b>	
<b>% Pupil Led Funding</b>			<b>92.37%</b>	
<b>Primary: Secondary Ratio</b>			<b>1 :</b>	<b>1.26</b>
23-24 NFF NNDR allocation			£1,272,647	
<b>Total Funding For Schools Block Formula (including growth and falling rolls funding) after deduction of 23-24 NFF NNDR allocation</b>			<b>£113,080,457</b>	