



London Borough of Hammersmith & Fulham

SCHOOLS FORUM

Tuesday, 3rd October 2023

Schools Block Mainstream Schools Budget 2024/25

Open

Classification - For Scrutiny Review & Comment

Key Decision: No

Agenda Item 5

Wards Affected: (All Wards); All

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Purpose of the report

The report provides a briefing on the decisions required for the 2024/25 budget setting process for the provisional Schools Block allocation of the Dedicated Schools Grant, following the receipt of provisional funding allocations in Summer 2023 and the Authority Proforma Tool in August 2023.

These decisions are requested from Schools Forum representatives in advance of formal consultation with schools which will take place following this meeting for a period of 4 weeks ending on 31st October 2023. The consultation is limited to the principles of the Schools Block Budget Share model.

Schools Forum are asked to record any preferences with respect to the options available for the distribution of Schools Block funding in Hammersmith and Fulham and prior to consultation with the wider schools community.

1. Introduction

- 1.1. The provisional allocation of the Schools Block of the Dedicated Schools Grant for 2024/25 has been received from the ESFA at £120,040,224 based on October 2022 census numbers.
- 1.2. This allocation excludes growth which will be announced in December in the final allocation. Therefore, the Schools Block final allocation for 2024/25 may increase or decrease dependent on the October 2023 census.
- 1.3. The Mainstream Schools Additional Grant (MSAG) which was introduced in the 2023/24 financial year to cover cost pressures has been incorporated into the initial 2024/25 Schools Block allocation. The ESFA has made a baseline adjustment to the 2023/24 allocation to ensure schools are not

disadvantaged. The value of the adjustment is £3.865m and this will be allocated to schools via the basic per pupil funding entitlement.

- 1.4. Table 1 below details the change in the provisional allocation for 2024/25 (before growth) notified in August 2023 compared with the final 2023/24 Schools Block allocation adjusted for the Mainstream Schools Additional Grant as described in paragraph 1.3.

Table 1 Schools Block Funding Allocation Year on Year

	2023/24	MSAG % Increase 2023/24	2024/25	CORE % increase 2024/25
Schools Block Baseline (excludes growth funding)	£114.940m		£116.175	
MSAG – included in baseline	£3.865m		£3.865m	
Revised baseline	£118.805m	3.36%	£120.040m	1.04%
Provisional amount allocated – Teachers Pay Additional Grant (TPAG)	£1.157m		£1.983m	
Including TPAG	£119.962m		£122.023m	

- 1.5. Funding allocations have increased by 1.04% year on year for Hammersmith and Fulham mainstream schools in 2024/25 versus 2023/24.
- 1.6. The Teachers Pay Additional Grant will be received from September 2023/24 with a full year effect in 2024/25.
- 1.7. Individual schools can anticipate the final budget shares modelled in Appendix 4 – Model Comparisons 2024/25 based on October 2022 census count and before taking into account any expected changes in rolls as at October 2023 using the funding value per pupil.
- 1.8. Indicative allocations of Teachers Pay Additional Grant by school are provided in Appendix 6 and subject to confirmation later in the Autumn term by the ESFA.

2. 2023/24 Initial Modelling

- 2.1. The initial modelling uses the ESFA’s Authority Proforma Tool (APT) and operational guidance to model two affordable budget allocation models for 2024/25 based on the initial allocation which excludes growth and is based on the October 2022 census.

- 2.2. The models provided in this paper follow the principles used over recent years in Hammersmith and Fulham and as required by the hard National Funding Formula introduced for 2023/24 financial year.
- National Funding Formula (NFF) factor rates set to the higher of:
 - NFF values after area cost adjustment for inner London
 - Factor rates uplifted by a percentage across all factor rates in so far as this is affordable within each model to ensure all funding is allocated.
 - Minimum Funding Guarantee set within the required level by the NFF.
 - This is the minimum increase in funding through pupil led funding factors year on year.
 - MFG must be set between 0% and 0.5% increase for 2024/25
- 2.3. Two models have been provided to understand the impact across schools from local discretion afforded within the NFF when setting MFG at the lower and upper limit of 0% and 0.5% respectively.
- Model 1
 - Minimum Funding Guarantee on pupil led factors set at 0.5%, provides MFG deployment of £1.043m
 - Mirrors the NFF factor rates and allows for 0.94% uplift on inner London NFF rates
 - Model 2
 - Minimum Funding Guarantee on pupil led factors set at 0.0%, provides MFG deployment of £0.718m
 - Mirrors the NFF factor rates and allows for 1.22% uplift on inner London NFF rates
- 2.4. Both models assume continuing support to the High Needs Block through a 1% transfer from the Schools Block.
- Continues the level of block transfer agreed by Schools Forum and The Minister of State for the 2023/24 budget.
 - Value of the block transfer on provisional budget would be £1.188m.
 - A disapplication above 0.5% level requires Schools Forum approval and a disapplication to the Minister of State.
 - The continued disapplication is required for the short to medium term sustainability of the High Needs Block.
 - Appendix 1 details the Disapplication Request for the continued 1% transfer from Schools Block to High Needs Block in 2024/25.
- 2.5. Further disapplication requests are required to correct baseline budget adjustments for some schools via a change to Minimum Funding Guarantee calculation. Where this is the case, this will be discussed directly with the schools concerned.

- 2.6. There is no allowance for a Falling Rolls Fund in 2024/25. This represents a change from previous years where £0.2m was allowed for in the 2023/24 agreed budget. Falling rolls funding released is added to the formula for distribution across all schools.
- 2.7. The options that have been modelled are both compliant with the guidelines set by the DfE. There is limited scope to suggest further options within the guidelines as the resulting changes to funding are marginal.
- 2.8. The updated Authority Proforma Tools will be issued in December populated with the October 2023 census and including growth funding. The growth funding and final census may enable greater flexibility in the model to increase the factor rates further above the NFF ACA level.
- 2.9. Details of the modelling can be found in Appendices 2 to 4.

3. Falling Rolls Funding

- 3.1. Local authorities will continue to have discretion over whether to operate a falling rolls fund in 2024/25. If a falling rolls fund is provided, the criteria for providing it must be in line with new NFF criteria introduced in 2024/25. For the first time in 2024/25, the ESFA will allocate funding based on both growth and falling rolls, if applicable. This will be confirmed in December 2023. In previous years, just a growth fund has been announced in the final allocations.
- 3.2. The requirement that schools must be Ofsted rated 'good' or 'outstanding' to be eligible for falling rolls funding will no longer apply from 2024/25.
- 3.3. From 2024/25 falling rolls funding can only be provided where school capacity data 2022 (SCAP) shows that school places will be required in the subsequent three to five years. This is a mandatory requirement within the NFF. This replaces the previous guidance of local planning data showing that surplus places will be needed within the next three financial years.
- 3.4. It is not proposed at this stage to establish a falling rolls fund in 2024/25. This will enable funding to be allocated to all schools via the formula factor rates. We will consult with schools on the recommendations not to have a falling rolls fund and ask for views as the Autumn 2023 pupil census count becomes clearer across schools.

- 3.5. H&F's approach in managing the impact of sustained roll falls is to focus schools on medium term budget planning and scenario planning around numbers on roll. This approach could be reconsidered in January 2024 if significant unexpected roll falls are evident following the Autumn 2023 census and are confirmed by falling rolls funding being announced in the final allocation notified by the ESFA in December 2023.

4. De-delegation and Statutory Education Functions for Mainstream Schools Only

- 4.1. The value of the de-delegation and statutory education functions deductions for maintained primary schools has reduced following the academisation in 2023/24 of two maintained primary schools. Further, inflation and local government pay settlements for 2022/23 and 2023/24 have exceeded schools funding growth over the period. This puts the budgets for de-delegation and statutory education function budget for maintained primary schools under significant pressure.

- 4.2. It is proposed that:

- increases in the budgeted deduction from maintained primary budgets for de-delegation and statutory education functions are limited to 4.4% for 2024/25. This is the core funding increase of 1.04% for 2024/25 plus the 3.36% Mainstream Schools Additional Grant (MSAG) funding now mainstreamed in 2024/25. This ensures the increase in the deduction does not exceed the overall funding increase across MSAG and core funding.
- the budget for core services including statutory functions and School Improvement are increased to meet the cost of inflation awards.
- the inflationary pressures and reduced funding as a result of recent academisations of maintained schools are offset by a reduction in the budgeted contingency for schools in financial difficulty.
- Further detail will be provided to maintained schools during the consultation process in October.

5. Notional SEN Review Work Autumn 2023

- 5.1. Mainstream maintained schools and academies are notified each year of a clearly identified but notional SEN budget within their overall budget allocations. This budget is not a budget that is separate from a school's overall budget. It is an identified amount within a maintained school's delegated budget share or an academy's general annual grant. It is intended as a guide for school's spending decisions for its pupils with SEN.

- 5.2. The ESFA are recommending that LA's check that the notional SEN calculation for 2024/25 is made in line with 2024/25 guidance and is reviewed on an annual basis.
- 5.3. H&F will undertake an exercise to do a detailed analysis and review of the 2024/25 notional SEN budget in advance of the Schools Forum meeting scheduled for 14th November 2023

6. Recommendations and Decisions Required

- 6.1. **Recommendation 1:** Model 1 is recommended prior to consultation with schools with the following key features:
- Sets the Minimum Funding Guarantee funding increase on pupil led factors for 2024/25 at 0.5%.
 - Mirrors the National Funding Formula factor rates during the transition to the hard national formula and allows for 0.94% uplift on inner London NFF rates
 - Continuation of Schools Block to High Needs Block Transfer at 1% (equivalent to £1.188m on the provisional allocation 2024/25)
 - Zero Falling Rolls Fund be available from the 2024/25 budget.
- 6.2. **Recommendation 2:** It is recommended that Schools Forum agree for the LA to consult schools on the basis of the above provisions contained within Model 1 – see consultation document in Appendix 5.
- 6.3. **Recommendation 3:** It is recommended that the total deductions for maintained schools de-delegated and statutory education functions increases by 4.4% which is commensurate with the increase in core Schools Block funding year on year to 2024/25.
- This includes the increase associated with the increase in MSAG mainstreamed into the block from 2024/25.
 - Remaining inflationary pressures in statutory services will be offset by a corresponding reduction in the contingency budget for maintained primary schools in financial difficulty as per section 4 of this report.

7. List of Appendices

Appendix 1 – Draft Disapplication Request for the continued 1% transfer from Schools Block to High Needs Block in 2024/25

Appendix 2 – Model 1&2 Factor rates versus 2023/24 Budget Rates and 2024/25 NFF rates after inner London Area cost Adjustment

Appendix 3 - shows how total funding is deployed across the factors in each model and compared to 2023/24 budget model

Appendix 4 - shows the impact of different models at school level, with a comparison to 2023/24 final budget shares.

- The pupil numbers used for this modelling is from October 2022 and final school budget shares will be based on October 2023 pupil numbers updated by the Education Skills Funding Agency in December 2023.
- 2023/24 Budget Shares include adjustments made by the ESFA for MSAG baselining.

Appendix 5 – Draft Consultation Document for release 4th October 2024

Appendix 6 - Indicative allocations of Teachers Pay Additional Grant by school

8. Key dates

8.1. Table 11 – key dates and next steps

Date	Activity
3rd October 2023	Schools Forum consider initial modelling and agree basis for schools block budget consultation
4 th October 2023	2024/25 Mainstream Schools Block Budget Consultation Opens
10 th October 2023 12 th October 2023 18 th October 2023	Budget consultation briefing sessions held
31 st October 2023	Four week Schools Block 2024/25 budget consultation closes
14 th November 2023	Schools Forum - Consultation feedback and High Needs Transfer decision for disapplication submission

	- Notional SEN Review report
15 th November to 13 th December 2023	Consultation with Schools on Notional SEN review, methodology and guidance
Late December 2023	DfE release final Authority Proforma Tool with October 2023 census data and final allocation released by ESFA
15 th January 2024	TBA School Budget Update Briefing via Teams
16 th January 2024	Schools Forum - receive final school budget recommendations following October 2023 census data
22nd January 2024	Deadline for submission of the final 2024/25 Authority Proforma Tool Budget Shares to the ESFA
12 th February 2024	Hammersmith and Fulham Schools Budget Approval
29th February 2024	Deadline for confirmation of school budget shares to maintained schools.

Report ends