


Item 5

	<p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>November 2023</p>
<p>Schools Block Mainstream Budget 2024/25 Update</p>	
<p>Open</p>	
<p>Classification - For Information</p>	
<p>Key Decision: No</p>	
<p>Wards Affected: (All Wards): All</p>	
<p>Accountable Director: Jacqui McShannon, Strategic Director of Children’s Services</p>	
<p>Report Authors: Peter Haylock – Operational Director of Education and SEND Tony Burton – Head of Finance Children’s Services and Education</p>	
<p>Purpose of the report This report sets out the updated provisional modelling for mainstream school budget shares 2024/25 following the funding allocation correction notified by the Department for Education in October 2023.</p> <p>This item will also cover verbal feedback on the budget consultation which was relaunched with the revised provisional modelling with a revised consultation end date of Friday 10th November 2023.</p>	

Recommendations:

1. Schools Forum to note:
 - a. Revised funding allocation 2024/25 £119.542m
 - b. Revisions to the modelling and impact on affordability resulting from the revised funding reduction – see Appendix 1
 - c. Revised consultation launched week commencing 30th October 2023 and ending 10th November 2023 – see Appendix 2 and 3
 - d. Three budget information sessions held 1st, 2nd and 7th November – see slide deck appendix 4
 - e. Further information with respect to the following to be shared with schools ahead of Schools Forum budget decisions 16th January 2024:
 - i. provisional Delegated and Statutory Education Functions budget detail with school level deductions 2024/25 (maintained schools only)
 - ii. a clearly identified but notional SEN budget within their overall budget allocations (all mainstream maintained schools and academies)

Context

2. On Friday 6th October 2023, the Department for Education (DfE) sent a notification to all local authorities. The DfE uncovered an error made by DfE officials during the initial calculations of the National Funding Formula (NFF). Specifically, there was an error processing forecast pupil numbers, which means that the overall cost of the core schools budget would be 0.62% greater than allocated. The department apologies for their error and are conducting a formal review of the quality assurance process surrounding the calculation of the NFF, with independent scrutiny and to identify improvements to ensure similar mistakes are not repeated in the future.
3. The revised allocation shows that the amended figure calculated through the NFF for H&F is £0.5m lower than the provisional allocation notified to us in July 2023. The Education and Skills Funding Agency provided an updated Authority Proforma tool with revised national funding formula rates in October and officers have used the tool to remodel the provisional budget and provisional budget allocations to schools.
4. The consultation for the 2024/25 schools block budget was put on hold and relaunched in week commencing the 30th October 2023 with revised provisional budget modelling. The consultation is due to end on 10th November. A verbal update will be provided to Schools Forum on the consultation responses from schools and in particular with respect to responses on the proposed Schools to High Needs block transfer of 1%.

Updated Modelling on Revised 2024/25 Funding Allocation

5. Table 1 details the provisional allocation for 2024/25 (before growth) notified in October 2023 compared with the equivalent 2023/24 baseline. The allocation before growth has increased by £0.737m or 0.62%. This is an adverse position on the 2024/25 funding allocation notified in July 2023 of an increase of £1.235m or 1.04%.

Table 1 Schools Block Funding Allocation Year on Year

	2023/24	2024/25	£ increase	% increase
Schools Block Baseline (excludes growth funding)	£114.940m	£115.677m		
MSAG – included in baseline	£3.865m	£3.865m		
Revised baseline	£118.805m	£119.542m	£0.737m	0.62%

6. The revised modelling for 2024/25 uses the ESFA's revised 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.

7. It should be noted that the models provided are to illustrate the impact on allocations from changing key variables allowed within the NFF in 2024/25:
 - NFF values after area cost adjustment for inner London
 - Factor rates uplifted by a percentage across all factor rates in so far this is affordable within each model to ensure all funding is allocated.
 - Minimum Funding Guarantee (MFG) set within the required level by the NFF
 - This is the minimum increase in funding through pupil led funding factors year on year
 - The MFG must be set between an increase of 0% and 0.5% for 2024/25
8. Two models are 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 the maximum affordable level up to the limit of 0.5%
 - Note that MFG at 0.5% is unaffordable with the revised and reduced funding allocation. **Note: at the revised provisional allocation the maximum affordable MFG is 0.25%.**
 - Mirrors the NFF factor rates after area cost adjustment for inner London. Note that no uplift on national rates is affordable within Model 1 following the revised and reduced allocation.
 - Resulting total MFG deployment is £2.714m
 - Model 2 – Minimum Funding Guarantee on pupil led factors set at 0.0%
 - Mirrors the NFF factor rates and allows for 1.12% uplift on inner London NFF rates
 - Resulting total MFG deployment is £1.432m
9. Please note that Model 1 and the principles contained in Appendix 3 continue to be the recommended model for 2024/25. i.e. maximise MFG up to 0.5% before increasing factor rates above NFF rates after area cost adjustment.
10. Each model assumes 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.
 - The value of the block transfer on the provisional budget is £1.182m.
 - A disapplication above a level of 0.5% 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.
11. The options that have been modelled are all compliant with the guidelines set by the DfE. There is limited scope to suggest different options within the guidelines as the resulting changes to funding are marginal.

12. The updated APT will be issued in December 2023 populated with the October 2023 census and including growth/falling rolls funding. The growth/falling rolls funding and final census may enable greater flexibility in the model to increase the factor rates further above the NFF ACA level.
13. Financial illustrations are based on October 2022 pupil data and are therefore indicative only pending final modelling following confirmation of the October 2023 census data.

Report ends

Appendices

- Appendix 1 – Revised provisional modelling and school level allocations
- Appendix 2 – Revised Consultation document
- Appendix 3 – Explanation of Key Principles with respect to Minimum Funding Guarantee and NFF Factor Rate uplift
- Appendix 4 – Budget workshops November 2023 Slide Deck