

2024/25 Schools Block Budget
Consultation
Revised Week Commencing 30th
October 2023

**Funding arrangements for the Schools
Block Budget Shares 2024/25
(Mainstream Schools Reception to
Year 11)**

30th October 2023

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- 1. Note on the Changes to Schools Budget Modelling and Consultation Since 3rd October 2023**
- 1.1. This document has been revised since Schools Forum on 3rd October 2023 and following the launch of this budget consultation on that date. This is to reflect the changes to the Schools Block allocations notified to Local Authorities by the Department for Education on 6th October.
- 1.2. On Friday 6th October 2023, the Department for Education (DfE) sent a notification to all local authorities. The DfE has uncovered an error made by DfE officials during the initial calculations of the National Funding Formula (NFF).
- 1.3. 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 apologises for their error. They are conducting a formal review of the quality assurance process surrounding the calculation of the NFF, with independent security and to identify improvements to ensure similar mistakes are not repeated in the future.
- 1.4. 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.
- 1.5. The modelling for 24/25 budget has been revised and revised schedules and supporting information has been sent to schools with this document to support the consultation process, and ahead of publication for Schools Forum on Tuesday 14th November.
- 1.6. The original consultation workshops planned have been rescheduled from 1st November 2023. Please see details below.
- 1.7. Further information will be provided over the course of the Autumn Term following this consultation:
 - Details of the delegated and Statutory Education functions budgets (for maintained schools only)
 - 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 16th January 2024. Originally it was intended to bring this to Schools Forum in November, however the work to remodel the schools budget has taken precedence.
- 1.8. This relaunched consultation will run until Friday 10th November 2023 to allow schools on half term break week commencing 30th October sufficient time to consider the proposals.
- 1.9. The updated modelling will be presented to Schools Forum on 14th November 2023 together with the feedback from schools on this consultation and the formal block movement request from Schools Block to High Needs Block proposed.

2. Introduction to the budget and Context

- 2.1.** This consultation document sets out proposals for the Schools Block of the Dedicated Schools Grant (DSG) for the period April 2024 to March 2025.
- 2.2.** This consultation relates to the funding of mainstream maintained schools, academies and free schools from April 2024 to March 2025 following discussion at the Hammersmith and Fulham Schools Forum held on 3rd October 2023 and the revised funding allocations received since the original launch of this consultation process.
- 2.3.** The consultation does not cover the funding arrangements for maintained nursery schools or special schools as the funding for these schools comes from the Early Years and High Needs Blocks of the Dedicated Schools Grant.
- 2.4.** Copies of this document will be sent to School Business Managers and Finance Directors and are available on the Learning Partnership website and will be publicised through SchoolZone and Governors' Hub.
- 2.5.** All financial information and modelling contained in this document is with respect to provisional budgets notified to Hammersmith and Fulham by the Department for Education (DFE) and The Education Skills Funding Agency (ESFA) in October 2023. This is subject to further change following confirmation of the Autumn 2023 pupil census and final allocations from the ESFA expected to be announced in late December 2023.
- 2.6.** The final allocations could result in increased funding with respect to growth or falling rolls funding allocations. This will impact the final allocations in line with the principles of the budget set out in this document.
- 2.7.** Revised financial illustrations will be taken to Schools Forum on 14th November and are based on October 2022 pupil data and are therefore indicative only pending final modelling following confirmation of the October 2023 census data.

The reports discussed at Schools Forum on 3rd October can be found here.
[Agenda for Schools Forum on Tuesday, 3rd October, 2023, 2.00 pm | LBHF](#)

- 2.8.** You are invited to comment and feedback on the proposals by completing the survey on the link below in relation to consultation questions detailed in Section 7 of this document.

<https://forms.office.com/e/7edzVRG52s>

- 2.9.** The relaunched consultation period will run from Wednesday 1st November 2023 to Friday 10th November 2023. A link to the consultation survey will be sent by email to all Head Teachers on the 1st November 2023 and should be completed by close of business on Friday 10th November 2023. If you do not

receive the consultation link please contact the Education Finance Team (edufinance@lbhf.gov.uk).

We would be grateful if schools could coordinate their responses between interested parties and return only one response per school.

- 2.10. Consultation responses will be collated and reported to Hammersmith and Fulham Schools Forum in the week commencing 14th November 2023 so that key decisions can be made in line with Department for Education deadlines.
- 2.11. The education finance team expect to receive the final 2024/25 schools block allocations in late December 2023. The budget models will be reworked during the Christmas/New Year break and final proposals prepared for the Schools Forum planned for Tuesday 16th January 2024, where final schools budget allocations for 2024/25 will be agreed.
- 2.12. Please note that this consultation does not cover proposed updates to The Scheme for Financing Schools or the Financial Procedures Manual for maintained schools. This will follow later in the academic year.
- 2.13. Three virtual workshops are scheduled for the following dates. Places can be booked via the Learning Partnership website or via the links below:

Wednesday 1st November – Midday to 1:30pm:

[Schools Block Mainstream Budget Consultation Workshop 2024/25 - Learning Partnership \(lbhflearningpartnership.com\)](https://www.lbhflearningpartnership.com/schools-block-mainstream-budget-consultation-workshop-2024-25)

Thursday 2nd November – Morning 8:30am to 10am:

[Schools Block Mainstream Budget Consultation Workshop 2024/25 - Learning Partnership \(lbhflearningpartnership.com\)](https://www.lbhflearningpartnership.com/schools-block-mainstream-budget-consultation-workshop-2024-25)

Tuesday 7th November 5pm to 6:30pm:

[Schools Block Mainstream Budget Consultation Workshop 2024/25 - Learning Partnership \(lbhflearningpartnership.com\)](https://www.lbhflearningpartnership.com/schools-block-mainstream-budget-consultation-workshop-2024-25)

- 2.14. A further School Budget Update virtual briefing will be scheduled in January to provide schools with the final recommendations in advance of Schools Forum on the 16th January 2024.

3. Schools Budget - An Overview

- 3.1.** The Government implemented the first phase of the School Funding Reforms in 2013/14 aimed at providing a fairer, more consistent, and transparent national funding system.
- 3.2.** The DSG was frozen at the level received by individual local authorities (LAs) in 2012/13 and notionally separated into three blocks:
 - Schools Block – pupils aged 5 to 15 - restricted local proxy factors used in formula
 - Early Years Block – subject to eligibility, free nursery education for ages 2 to 4
 - High Needs Block – for pupils aged 0-25 with an Education Health Care Plan to meet additional need above the level schools and institutions are expected to provide from their funding under the Schools and Early Years blocks.
- 3.3.** The financial year 2023/24 was the first year of transition to the direct schools National Funding Formula (NFF). The aim being to have a system in which full fairness and consistency in funding is applied to ensure that every mainstream school in England is funded through the same national funding formula without adjustment through local funding formulae.
- 3.4.** In 2024/25, local authorities will remain responsible for determining final budget allocations to schools, in consultation with the Schools Forum and Schools.
- 3.5.** The DfE will continue to move forward with its plans to implement a direct NFF whereby funding will be allocated directly to schools based on a single, national formula. They are taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools,
- 3.6.** The ESFA will continue with the same approach to tightening the NFF in 2024/25. As in 2023/24, local authorities will only be allowed to use NFF factors in their local formulae and must use all NFF factors except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values unless they are already mirroring the NFF.
- 3.7.** The split sites factor is being allocated on a formulaic basis in the 2024/25 NFF. This represents a change to 2023/24 where locally determined split sites factors were used. This factor targets extra funding to schools which operate across more than one site.

Mainstream schools additional grant (MSAG)

- 3.8.** The mainstream schools additional grant (MSAG) was introduced in 2023/24 as a separate grant. Schools had flexibility over how the additional grant funding could be used to support their pupils. This grant funding is being rolled into the schools NFF from 2024/25. This is to ensure that the additional funding that schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2024/25 without adding significant complexity to the formula.
- 3.9.** The rolling in of the MSAG into the NFF allocations will affect the core budgets that maintained schools will receive from April 2024 and that academies will receive from September 2024. To avoid an unfair gap in the support provided to academies, academies will continue to receive separate grant payments up until the end of August 2024. At this stage, MSAG will cease to operate as a separate grant.
- 3.10.** The value of the adjustment by rolling the MSAG into the NFF is £3.8m.

2024/25 NFF provisional allocations

- 3.11.** The revised provisional allocation of the Schools Block of the Dedicated Schools Grant for 2024/25 has been received from the ESFA at £119.542m after the October 2023 DfE error correction and based on October 2022 census numbers.
- 3.12.** This allocation excludes growth/falling rolls funding which will be announced in December 2023 in the final allocation. The Schools Block final allocation for 2024/25 may also increase or decrease dependent on the October 2023 census returns.
- 3.13.** Table 1 details the change in 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%.

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%

- 4. Schools Block – Provisional Modelling for 2024/25 Schools Block Budget Shares for Mainstream Schools**
- 4.1.** Rescheduled school funding workshops are taking place for mainstream maintained and academy schools on the 1st, 2nd and 7th of November 2023. An overview of the National Funding Formula will be provided and indicative 2024/25 budgetary information discussed in detail with a steer towards producing three-year budget plans from 2024/25 to 2026/27.
- 4.2.** 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.
- 4.3.** 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
- 4.4.** 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.
 - Mirrors the NFF factor rates after area cost adjustment for inner London. Note that no uplift on national rates are now 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
- 4.5.** 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.
- 4.6. 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.
- 4.7. 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.
- 4.8. 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.

5. Falling Rolls Fund

- 5.1. 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.
- 5.2. 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.
- 5.3. 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.
- 5.4. 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.
- 5.5. 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.

6. Maintained Schools Only - De-delegated Budgets and Statutory Education Functions 2024/25

- 6.1.** De-delegated services and statutory education functions 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. De-delegation is made from individual school budgets on the basis of pupil headcount.
- 6.2.** The value of the de-delegation and statutory education functions deduction 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.
- 6.3.** It is proposed that:
- increases in the budgeted deduction from maintained primary budgets for de-delegation are limited to 3.98% for 2024/25. This is the core funding increase of 0.62% for 2024/25 plus the 3.36% MSAG funding now mainstreamed in 2024/25. This ensures the increase in the deduction does not exceed the overall funding increase from MSAG and core funding.
 - Should the final funding allocation increase in December 2023, this will be reflected in final budgets proposed for de-delegation and statutory education function budgets in the final proposals at Schools Forum in January 2024.
 - the budget for core services including statutory functions and School Improvement is 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.
- 6.4.** More detailed information on the de-delegated and statutory education functions budgets 2024/25 will be shared with maintained schools during the Autumn Term and ahead of Schools Forum final budget decisions in January 2024.

7. Notional SEN Review Work Autumn 2023

- 7.1.** 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.

- 7.2. 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.
- 7.3. 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 16th January 2024.
- 7.4. A further consultation will be launched to get schools feedback on the notional SEN budget review.

8. Revised Consultation Questions for Feedback

The relaunched and revised consultation survey should be completed by close of business on Friday 10th November 2023.

<https://forms.office.com/e/7edzVRG52s>

We would be grateful if schools could coordinate their responses between interested parties and return only one response per school.

Papers and 2024/25 budget modelling are published on the website under October 2023 Schools Forum.

<https://democracy.lbhf.gov.uk/ieListDocuments.aspx?CId=473&MId=7628&Ver=4>

Revised supporting papers will be circulated with this revised consultation document from 1st November which reflect the revised modelling following the DfE's funding correction.

Note Questions 1-3 relate to respondent information.

Question 4 – The LA is recommending setting the schools budget at the maximum Minimum Funding Guarantee (MFG) affordable. This has been calculated at 0.25% in Model 1. This percentage may change once the final funding levels are confirmed in December 2023. This approach results in a higher proportion of funding being allocated through the MFG rather than through pupil-led factors.

Do you agree with this approach?

Question 5 - Please provide any comments or feedback on the recommendation that the MFG is set at the maximum affordable of 0.25%.

Question 6 - The other option (Model 2) is to set the MFG at 0% per pupil increase on pupil-led factors and distributes the funding by an uplift on the funding factors. This distributes a higher proportion of the total funding to schools based on the characteristics of their pupil cohort.

Do you think the schools funding allocation should be distributed on this basis?

Question 7 - Please provide any comments or feedback on Model 2 which sets MFG at 0% and distributes a higher proportion of funding through the funding factors.

Questions 8 & 9 – Falling Roll Provision (see section 4)

Do you agree with the recommendation?

Do you have any comments or feedback on the proposal not to establish a falling rolls fund in 2024/25 which enables funding to be allocated to all schools via the formula factor rates.

Questions 10 & 11 – 1% Schools Block to High Needs Block Transfer (see section 3)

Do you agree with the proposal?

Do you have any comments or feedback on the proposal to transfer 1% or estimated £1.182m of Schools Block funding to support expenditure for Hammersmith and Fulham’s children with high needs in 2024/25?

Question 12 – Proposed 2023/24 De-delegated and Education Functions Budgets (Maintained Schools Only) (see section 5)

Do you have any feedback on the proposed maintained schools budgets for de-delegated items and education functions? This is increasing the contribution by 3.98% and to limit contingency funding.

Question 13 – Any other comments or feedback?

Please let us know of any other comments or feedback on the proposed Hammersmith and Fulham Schools Block Funding Formula or other ways to reduce costs through innovation, further collaboration or cost sharing arrangements?

REPORT ENDS