


Agenda Item 3

	<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">SCHOOLS FORUM</p> <p style="text-align: center;">16th January 2024</p>
Schools Block Mainstream Budget 2024/25 Update	
Open	
Classification - For scrutiny, review and comment	
Key Decision:	
Wards Affected: (All Wards): All	
Accountable Director: Jacqui McShannon, Strategic Director of Children's Services	
Report Authors: Peter Haylock – Operational Director of Education and SEND Tony Burton – Head of Finance Children's Services and Education	
Purpose of the report This report sets out the final Schools Block allocation of the Dedicated Schools Grant for 2024/25 following the receipt of final funding allocations and the Authority Proforma Tool (APT) in December 2023. Schools Forum are asked to review and agree the recommendations following the Autumn 2023 budget consultation. This will determine the final budget allocation for the financial year 2024/25. The paper also details: <ul style="list-style-type: none">• The proposed Central Services Schools Block funding allocations for 2024/25.	

1. Introduction

- 1.1. The final allocation of the Schools Block of the Dedicated Schools Grant for 2024/25 has been received from the Education and Skills Funding Agency (ESFA) at £119.035m based on October 2023 census numbers and includes funding for growth of £0.515m and falling rolls of £0.831m.
- 1.2. The Mainstream Schools Additional Grant (MSAG) which was introduced in the 2023/24 financial year to cover cost pressures has been incorporated into the final 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 has been allocated through the formula funding factors.
- 1.3. Table 1 below details the change in the final allocation for 2024/25 notified in December 2023 compared with the final 2023/24 Schools Block allocation adjusted for the Mainstream Schools Additional Grant as described in paragraph 1.2.

Table 1 Schools Block Funding Allocation Year on Year

	2023/24 £m	MSAG % Increase 2023/24	2024/25 £m	CORE % change 2024/25
Schools Block Baseline (excludes growth funding)	114.940		113.824	
Growth funding	0.567		0.515	
Falling rolls funding			0.831	
MSAG – included in baseline	3.865		3.865	
Revised baseline	119.372	3.34%	119.035	-0.28%
Provisional amount allocated – Teachers Pay Additional Grant (TPAG)	1.157		1.983	
Including TPAG	120.529		121.018	

- 1.4. Funding allocations have decreased by 0.28% year on year for Hammersmith and Fulham mainstream schools in 2024/25 versus 2023/24. This is primarily due to a fall in pupil numbers from October 2022 to October 2023 of 274.5 pupils or 1.7%.

- 1.5. The H&F per pupil unit of funding allocated through the national funding formula has increased by 4.86% for the Primary phase and 3.86% for the Secondary phase from 2023/24 to 2024/25. The unit of funding informs the overall schools block allocation for H&F and doesn't represent the level of increase that individual schools see in their funding allocations.

	Primary unit of funding £	Secondary unit of funding £
2023/24	6,029.56	8,020.62
2024/25	6,322.79	8,330.58
Percentage increase	4.86%	3.86%

- 1.6. The Teachers Pay Additional Grant has been received from September 2023/24 with a full year effect in 2024/25. The Teachers Pay Additional Grant indicative 2024/25 allocations by school are provided in Appendix 4 and have been updated for October 2023 census data. Final confirmation of 2024/25 allocations will be provided by the ESFA.

2. Schools Block 2024/25 Budget Consultation Feedback

- 2.1. A summary of schools' feedback on the 2023 to 2024 schools budget was provided to the Schools Forum Meeting held on 14th November 2023.

3. 2024 to 2025 Final Budget Modelling

- 3.1. The final modelling uses the ESFA's Authority Proforma Tool (APT) and operational guidance to update the agreed model shared and discussed throughout the Autumn term. Pupil numbers have been updated for the October 2023 census.

- 3.2. The final model has been produced consistent with the option agreed by Schools Forum in November 2023. The model follows the principles used over recent years in Hammersmith and Fulham and as required by the National Funding Formula for the 2024/25 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 (MFG) 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.
- 3.3. The agreed principles modelled sets the MFG at 0.5% and mirrors the NFF factor rates allowing for a percentage uplift of 2.11% on the inner London NFF rates.
- 3.4. The agreed 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 is £1.172m based on the final allocations.
 - A disapplication of 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.
- 3.5. A further disapplication request has been submitted to correct a required baseline budget adjustment for a school via a change to the Minimum Funding Guarantee calculation.
- 3.6. The outcome and decision from the DfE of these disapplication requests is pending.
- 3.7. 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 Schools Forum held on the 14th November 2023 agreed to a disapplication of grant regulations application to be submitted to the DfE to request a 1% transfer from the Schools Block to support the High Needs Block. However, to avoid a delay in the political approval of the Schools Budget, we are required to complete the APT based on both a 0.5% and 1% transfer pending the DfE decision.
- 3.8. The key elements of the model applicable for maintained primary schools only:
- De-delegated budget provision of £0.673m of maintained schools' budgets – see Section 5 for details.
 - Education functions fund of £0.255m of maintained schools' budgets – see Section 5 for details.
- 3.9. Appendix 1 shows the factor rates for each model and appendix 2 shows how total funding is allocated across the factors in each model.

- 3.10. Appendix 3 shows the impact of the recommended model at school level, with a comparison to 2023 to 2024 final budget shares. The pupil numbers used for this modelling is from October 2023 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
 - The final two columns show maintained de-delegation and education functions per section 5.

4. Recommended Budget Model 2024 to 2025

- 4.1. It is recommended that the model with a MFG at 0.5% is adopted for the 2024 to 2025 schools budget shares. This was recommended at the November 2023 Schools Forum.
- 4.2. On the assumption that a 1% transfer to the High Needs Block is approved by the DfE, this model mirrors the NFF factor rates and allows for a 2.11% uplift on the inner London NFF rates.
- 4.3. If the model showing a 0.5% transfer to the High Needs Block must be used, the MFG remains at 0.5% with a 3.11% uplift on the inner London NFF rates.

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

- 5.1. The value of the de-delegation and statutory education functions deductions for maintained primary schools has reduced following the academisation in 2023/24 of a primary school. Further inflation and local government pay settlements for 2022/23 and 2023/24 have exceed schools funding growth over the period. This puts the budgets for de-delegated services and statutory education functions under significant pressure.
- 5.2. Per the Autumn 2023 budget consultation with schools the increase has been limited to the year-on-year funding increase to 2024/25 including the Mainstream Schools Additional Grant mainstreamed into the Schools Block from April 2024 and not previously subject to de-delegation and Education Functions contributions.

Table 2 – Maintained Mainstream Schools De-delegated and Education Function Budgets 2023 to 2024

Area of Expenditure	2023/24 final Maintained Mainstream Primary De- delegation £	2024/25 proposed Maintained Mainstream Primary De- delegation £	Change from 2023/24 £	Note
De-delegations	690,700	622,400	(68,300)	
Schools in Financial Difficulty/Contingency	177,800	103,000	(74,800)	Per budget proposal – reduction in contingency helps contain inflationary pressure to maintained schools
Maintained Schools Trade Union Facilities Cover	25,600	25,600	0	Unchanged
Maintained Schools Maternity Cover Fund	132,100	125,000	(7,100)	Reduction reflects academisation and less schools in the scheme.
Maintained Schools Licence Fees	32,500	32,500	0	Unchanged
Behavioural Support to mainstream (SEND)	52,800	52,800	0	Unchanged
Free School Meals Eligibility	31,500	31,500	0	Unchanged
School Improvement	238,400	252,000	13,600	
Education Functions	262,400	306,900	44,500	Overall inflationary increase statutory functions
Finance	89,500	115,700	26,200	Local Authority statutory duties, advice and support for maintained schools
Asset Management	75,500	65,200	(10,300)	Local Authority statutory duties, advice and support for maintained schools
Asbestos Risk Management and Surveys	74,200	100,400	26,200	Risk management, surveys and re-inspections, advice and support for maintained schools.
Business Intelligence	23,200	25,600	2,400	To support Termly Census and workforce census
Total	953,100	929,300	(22,800)	Overall reduction

				reflects fewer maintained primaries and pupils in 2024/25 budget offset by inflation
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6. Falling Rolls Funding

- 6.1. An allocation of £0.815m has been included in the overall NFF funding for falling rolls. This has been allocated using the net impact within each Middle Layer Super Output area (MSOA) within the borough. MSOA's are a geographic hierarchy designed to improve the reporting of small area statistics in England and Wales.
- 6.2. The ESFA has introduced new criteria for local authorities to allocate falling rolls funding to schools for 2024/25. They expect that funding should be based on clear objective trigger points for qualification and a clear formula for calculating allocations.
- 6.3. The ESFA suggests that compliant criteria for a falling rolls funding would contain some of the features set out below:
- 2022 SCAP shows that school places will be required in the subsequent 3 to 5 years (this is a mandatory requirement)
 - surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
 - formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
 - the school will need to make redundancies to contain spending within its formula budget.
- 6.4. The 2022 SCAP requirement is mandatory. Data based on current H&F census and birthrate information does not indicate that school places will be required in the subsequent 3 to 5 years. H&F does not meet this mandatory requirement.
- 6.5. It is therefore proposed that H&F do not create a separate falling rolls fund and that the funding is included in the Schools Block allocation being distributed to schools using the funding factors. This is how the recommended model has been calculated.

7. Central Services Schools Block (CSSB) 2024/25

- 7.1. In 2024/25 there is no change to the arrangements for the CSSB. The CSSB allocation for 2024/25 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 3 - Central Services Planned Expenditure 2023/24

Area of Expenditure	2023/24 Agreed	2024/25 Proposed	Change
	£	£	£
Copyright Licensing (Estimated)	126,000	128,600	2,600
Asset Management, Place Planning and Strategic Operations	165,000	195,700	30,700
Management, Support, Finance/Business Intelligence and SACRE	588,600	595,700	7,100
Virtual School	106,000	106,000	0
Admissions and ACE	528,100	568,900	40,800
Time limited Support to High Needs Block Expenditure	908,000	510,900	(397,100)
Total Spend/Funding	£2,421,700	2,105,800	(315,900)

7.2. For historic commitments there has been a further reduction to this element of funding for all local authorities receiving it. For Hammersmith and Fulham, this equates to a reduction in grant of £0.29m in 2024/25 versus 2023/24 (a circa £2.187m reduction since 2019/20).

8. Recommendations and Decisions required

- 8.1. Recommendation 1: It is recommended that the January 2024 APT for the recommended model is submitted to the ESFA for the 2024 to 2025 schools budget share. This is with the revised uplifted NFF rates detailed in paragraph 4 and 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.
- 8.2. Recommendation 2: It is recommended that the Schools Forum agree to the proposal to transfer 0.5% of the total Schools Block to the High Needs Block in 2024 to 2025 pending the outcome of the disapplication request to transfer 1% of the Schools Block to the High Needs Block. This equates to £0.588m. Should the DfE provide a positive response to the disapplication request, the 1% transfer is recommended to be approved at £1.177m.
- 8.3. Recommendation 3: Schools Forum are asked to note a proposed correction for baseline funding error for one maintained primary school. A disapplication request has been submitted to the Department of Education to modify the

Minimum Funding Guarantee allocation for this school. This results in £0.149m of funding being allocated across all schools in the recommended model.

- 8.4. Recommendation 4: It is recommended that maintained school representatives at Schools Forum agree to the proposed 2024 to 2025 de-delegation budget of £0.622m.
- 8.5. Recommendation 5: It is recommended that maintained school representatives at Schools Forum agree to the proposed 2024 to 2025 Education Functions budget of £0.307m.
- 8.6. Recommendation 6: It is recommended that Schools Forum agree to the Central Services School Block budget allocations proposed for 2024/25.

9. Key dates

Date	Activity
22nd January 2024	Deadline for submission of the final 2023 to 2024 APT to the ESFA
February to March 2024	Council approval of the 2023/24 Schools budget
28 February 2024	Deadline for confirmation of school budget shares to maintained schools.

Report ends