

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 04/03/2024

**Subject:** School Budget (Dedicated Schools Grant) 2024/25

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

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

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

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## SUMMARY

This report seeks approval of the final proposed 2024/25 schools block allocation and funding to schools through the schools funding formula for the financial year ending 31 March 2025. Hammersmith & Fulham Schools Forum agreed the model for 2024/25 budget shares on 16 January 2024. The Education and Skills Funding Agency (ESFA) require political endorsement of the Schools' Forum decision to agree the 2024/25 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 £119.034m has been confirmed for Hammersmith & Fulham for 2023/24 by The Department of Education (DfE).
- The Central Services Schools Block Budget – £2.106m funding in 2024/25 to meet the statutory education functions of the local authority and historic central funding commitments.

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## RECOMMENDATIONS

1. Schools Block Budget 2024/25 Financial Year:
  - a. To approve the Local Authority formula for allocating resources to Hammersmith & Fulham schools for 2024/25 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 2024/25 schools funding formula, together with a 0.5%

per pupil Minimum Funding Guarantee (MFG) protection for individual schools versus 2023/24 levels with respect to pupil led funding.

- c. To approve the transfer of £1.177m (1.0% of the total schools' block allocation) from the schools' block to the high needs block in the 2024/25 financial year. This is to support high needs education expenditure for special educational needs in Hammersmith and Fulham. This is subject to Ministerial agreement from the Department of Education.
- d. To approve de-delegation budgets of £0.622m for maintained mainstream schools only which was agreed by Schools Forum on 16 January 2024.
- e. To approve the education functions budgets of £0.307m for maintained mainstream schools only, which was agreed by Schools Forum on 16 January 2024.

2. Central Services Schools Block Budget 2024/25.

- a. To approve the proposed budget allocation for Central Services Schools Block DSG totalling £2.106m.

**Wards Affected:** All

<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 2024 to March 2025. 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 2024 to 2025 Operational Guidance.

Other than the proposed transfer between blocks the remaining funds are distributed to individual schools in line with their individual characteristics and with regard to the National Funding Formula.

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 core funding relates to the statutory services provided for all schools. The historic element of CSSB funding has reduced by £0.29m in the year to 2024/25. The decrease has been met by savings on historic CSSB.

A balanced budget has been proposed for 2024/25 which includes a planned contribution to support High Needs Block expenditure on the education for children and young people with special educational needs.

The Education and Skills Funding Agency will confirm further block funding reductions from 2025/26 in the new financial year. The Education Department is exploring budget options for 2025/26 to mitigate expected further block reductions and potential impact on core services.

*Caroline Baxter, Finance Manager, Education and Schools, 14/12/2023*  
*Verified by Sukvinder Kalsi, Strategic Director of Finance, 31/01/2024*

## **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 2023. 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, 29 December 2023*

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## **Background Papers Used in Preparing This Report**

Schools Forum Papers and draft minutes:

- Schools Forum 3 October 2023 and 14 November 2023 – Provisional Budget and Decision  
[Schools Forum 3rd October 2023](#)

[Schools Forum 14th November 2023](#)

- Schools Forum 14 November 2023 – Decision on Block Transfer  
[Schools Forum 14th November 2023](#)

Schools Forum 16 January 2024 – Final Budget and Decision

[Schools Forum Tuesday 16th January 2024](#)

- Schools revenue funding 2024 to 2025 Operational Guide  
[Pre-16 schools funding: local authority guidance for 2024 to 2025](#)

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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 16 January 2024 as below and per the detailed funding factor rates and values in Appendix 1.
2. The agreed model provides stability to schools in 2024/25 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 2.31% to ensure the full schools block allocation is distributed to schools.
3. Schools Forum agreed on the 14<sup>th</sup> November 2023 to the following principles should the funding increase following the final allocation in December 2023:

- Firstly, increase the Minimum Funding Guarantee up the 0.5% maximum allowed. This ensures all schools benefit from a minimum increase in funding levels in pupil led funding year on year.
  - Secondly increase factor rates uniformly above national funding formula rates after inner London Area cost Adjustment (subject to affordability within the final funding allocation). This ensures that schools receive funding according to the NFF and mirroring the NFF as is required by grant regulations.
4. The national uplift in schools funding for 2024/25 provides a challenge for Schools given inflation levels in the economy and the impact on pay and non-pay inflation experienced during the 2023/24 financial year. The DfE announced in July 2023 that further support would be made available from September 2023 to support schools with the additional cost of the September 2023 teachers' pay award through a Teachers Pay Additional Grant (TPAG). This additional grant will also be paid in 2024/25.
  5. The DfE announced in December 2023 an additional Teachers' pensions grant for 2024/25 to reflect the additional costs of the increase in the employer contribution rates to the Teachers Pensions' Scheme from April 2024. The DfE will provide further information once it's available.
  6. 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 meant that the overall cost of the core schools budget would be 0.62% greater than allocated. The department apologised 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.
  7. The revised allocation showed that the amended provisional allocation figure calculated through the NFF for H&F is £0.5m lower than the provisional allocation notified to Hammersmith and Fulham 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 used the tool to remodel the provisional budget and provisional budget allocations to schools.
  8. 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 ended on the 10th November 2023. A verbal update was provided to Schools Forum in November on the consultation responses from schools and in with respect to responses on the proposed Schools to High Needs block transfer of 1%.
  9. A transfer to support the High Needs Block of £1.177m 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 2024/25. As the block movement proposed is greater than 0.5% it requires agreement of the Department for Education Safety Valve Team and the Minister of State for Education. If the proposal isn't agreed by the Department for Education, a 0.5% transfer or

£0.588m will be made in line with the operational guidance which allows this with Schools Forum agreement.

10. De-delegation budgets of £0.622m 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.
11. Education functions budgets of £0.307m 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.

### **Central Services Schools Block**

12. In 2024/25 there is no change to the arrangements for Central Schools Services Block (CSSB) of the DSG. 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.
13. 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 £0.29m in 2024/25 versus 2023/24 (a circa £2.187m reduction since 2019/20).
14. The CSSB budget for 2024/25 is presented below and was recommended to Schools Forum on 16 January 2024.

### **Central Services Planned Expenditure 2024/25**

<b>Area of Expenditure</b>	<b>2024/25 Proposed</b>
	<b>£</b>
Copyright Licensing (Estimated)	128,600
Asset Management, Place Planning and Strategic Operations	195,700
Management, Support, Finance/Business Intelligence and SACRE	595,700
Virtual School	106,000
Admissions and ACE	568,900
Time limited Support to High Needs Block Expenditure	510,900
<b>Total Spend/Funding</b>	<b>2,105,800</b>

## **Reasons for Decision**

15. 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).
16. Schools Forum and the Local Authority must approve the basis for the allocation to schools. Hammersmith & Fulham Schools Forum has agreed the budget model presented on 16 January 2024.

## **Equality Implications**

17. 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.
18. Officers anticipate a neutral impact as the funding model outlined in this report is determined by the National Funding Formula for mainstream schools. The proposals around Minimum Funding Guarantee intend to ensure that all schools receive a minimum level of funding increase on a per pupil basis versus 2023/24 financial year.

## **Risk Management Implications**

19. 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.
20. 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, 14 December 2023*

## **Climate and Ecological Emergency Implications**

21. This report covers 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.

Hinesh Mehta, Strategic Lead – Climate Emergency, 17 December 2023

## **Consultation**

22. The local authority consulted with Schools Forum in October 2023 with respect to the distribution of the provisional schools block allocation advised by the ESFA.
23. The local authority consulted with the wider schools' community in November 2023 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 10 January 2024 to include details of the final recommended proposals and the updated final funding notified by the ESFA in December 2023, prior to Schools Forum on the 16 January 2024.
24. Hammersmith & Fulham Schools Forum agreed the proposed 2024/25 schools block budget shares on 16 January 2024.

## **LIST OF APPENDICES**

Appendix 1, the 2024/25 Authority Proforma Tool (APT) for setting school budgets



# LONDON BOROUGH OF HAMMERSMITH & FULHAM

## Appendix 1 The 2024/25 Budget Authority Proforma Tool 2024/25

Local Authority Funding Reform Proforma										
LA Name:	Hammersmith and Fulham									
LA Number:	205									
	Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level	Disapplication number where alternative MPPL values are used					
	£4,610.00	£5,771.00	£6,331.00	£5,995.00						
Pupil Led Factors										
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00					
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Primary (Years R-6)	£4,322.91		8,645.00		£37,371,538	<b>£84,919,609</b>	31.96%	2.95%	
	Key Stage 3 (Years 7-9)	£6,094.79		4,378.00		£26,682,992		22.82%	2.53%	
	Key Stage 4 (Years 10-11)	£6,870.29		3,037.00		£20,865,078		17.84%	2.53%	
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£594.67	£594.67	2,708.60	2,001.00	£2,800,671	<b>£14,347,261</b>	12.27%	0.00%	0.00%
	FSM6	£995.17	£1,456.34	2,845.67	2,416.00	£6,350,442			18.41%	26.40%
	IDACI Band F	£285.20	£412.63	992.70	762.36	£597,693			7.00%	8.90%
	IDACI Band E	£345.88	£546.13	1,682.23	1,288.74	£1,285,672			11.10%	15.40%
	IDACI Band D	£540.06	£764.58	867.93	686.38	£993,532			27.00%	33.00%
	IDACI Band C	£588.60	£837.40	926.18	874.71	£1,277,633			31.40%	35.40%
	IDACI Band B	£625.01	£898.08	565.11	555.67	£852,232			1.00%	1.00%
	IDACI Band A	£825.26	£1,146.87	89.01	101.08	£189,386			1.00%	1.00%
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
3) English as an Additional Language (EAL)	EAL 3 Primary	£716.03		2,340.65		£1,675,990	<b>£2,952,287</b>	2.24%	100.00%	
	EAL 3 Secondary		£1,923.58		492.11	£946,609			100.00%	
4) Mobility	Pupils starting school outside of normal entry dates	£1,165.07	£1,674.79	194.77	61.36	£329,688		0.28%	100.00%	100.00%

	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
5) Low prior attainment	Primary low prior attainment		£1,419.93	29.47%	2,547.81	£3,617,715	£5,865,048	5.02%	100.00%	
	Secondary low prior attainment (year 7)	55.77%	£2,154.17	14.03%	1,043.25	£2,247,333				100.00%
	Secondary low prior attainment (year 8)	54.47%		14.45%						
	Secondary low prior attainment (year 9)	54.47%		14.47%						
	Secondary low prior attainment (year 10)	64.53%		13.79%						
	Secondary low prior attainment (year 11)	64.53%		13.63%						
<b>Other Factors</b>										
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 (%)	
6) Lump Sum			£163,110.28	£163,110.28			£7,503,073	6.42%	0.00%	0.00%
7) Sparsity factor			£69,297.60	£100,730.31	£100,730.31	£100,730.31	£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	
8) Fringe Payments					Fringe multiplier	1.0000	£0	0.00%		
9) Split Sites			Basic eligibility funding	£63,723.64	Distance funding rate	£31,921.15	£67,145	0.06%	0.00%	
10) Rates							£1,272,647	1.09%	0.00%	
11) PFI funding							£0	0.00%	0.00%	

12 ) 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 FY23-24				£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>£116,927,069</b>	<b>100.00%</b>	
13) 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>£116,927,069</b>	<b>100.00%</b>	
14) Minimum Funding Guarantee			0.50%	£930,185		
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		
				Total (£)	Proportion of Total funding(%)	Notional SEN (%)
MFG Net Total Funding (MFG + deduction from capping and scaling)				£930,185	0.79%	0.00%
<b>Total Funding for Schools Block Formula</b>				<b>£117,857,255</b>		<b>£13,534,431</b>
Notional SEN	Top-up - proportion of NOR	3.28%	SEN support plus EHCP minus Top-up - proportion of NOR	12.29%	Notional SEN funding per eligible pupil	
					£5,252	

High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)	£0.00	
Additional funding from the high needs budget	£0.00	
Growth fund (if applicable)	£0.00	
Falling rolls fund (if applicable)	£0.00	
Other Adjustment to 23-24 Budget Shares	£0	
<b>Total Funding For Schools Block Formula (including growth and falling rolls funding)</b>	<b>£117,857,255</b>	
<b>% Distributed through Basic Entitlement</b>	<b>72.63%</b>	
<b>% Pupil Led Funding</b>	<b>92.44%</b>	
<b>Primary: Secondary Ratio</b>	<b>1 :</b>	<b>1.25</b>
24-25 NFF NNDR allocation, excluding prior year adjustments	£1,272,647	
<b>Total Funding For Schools Block Formula (including growth and falling rolls funding) after deduction of 24-25 NFF NNDR allocation</b>	<b>£116,584,608</b>	