

**CITY OF WESTMINSTER**  
**SCHOOLS' FORUM 13th NOVEMBER 2023**  
**REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI BOROUGH**  
**CHILDREN'S SERVICES**

**PROVISIONAL SCHOOLS BLOCK OF THE DEDICATED SCHOOL GRANT (DSG)**  
**AND LOCAL FUNDING FORMULA REVIEW 2024/25**

**Purpose of the report**

This report provides the provisional 2024/25 schools block of the Dedicated Schools Grant (DSG). There are options to consider for the local funding formula to be used to calculate individual school budgets in 2024/25. The options were amended following the correction to the error in the DSG schools block as advised by the DfE.

**FOR DECISION**

**1 INTRODUCTION**

- 1.1 On 17<sup>th</sup> July 2023 the Department for Education (DfE) published the key aspects of the 2023/24 schools, high needs and central schools services blocks of the DSG with provisional funding levels and the requirements regarding local funding formulae. On Friday 6<sup>th</sup> October 2023 the Department for Education (DfE) advised that they had uncovered an error made during the initial calculations of the Schools Block of the DSG for 2024/25 which meant that about £400m more had been allocated nationally than the total schools funding available. The DfE issued revised provisional DSG allocations to correct that error. The Local Authority is required to complete all school funding allocations by 22nd January 2024.
- 1.2 The ESFA provides pre-16 funding for schools to local authorities via the DSG. Funding is distributed to schools in the City of Westminster through a locally agreed funding formula.
- 1.3 Schools Forum (14th November 2022) considered four options regarding the review of the schools block funding formula which is used to allocate funds to all schools. The option which moved a further 15% towards the NFF factor values for all factors except for IDACI which moved 25% towards NFF factor values with Minimum Funding Guarantee (MFG) at maximum +0.5% per pupil increase and Age Weighted Pupil Units (AWPU) values as the balancing figure was agreed. It was also agreed that a timeline for the move to the NFF factor values would be finalised.
- 1.4 The move towards the NFF factor values allocates more funding to Westminster primary schools particularly those with higher numbers of pupils

identified as deprived, as the Westminster local formula allocates less for deprived pupils than the NFF. Primary schools therefore feel strongly that the move to the NFF factor values should be at a faster rate than the government requirements. Moving at a faster rate towards the NFF would result in more secondary schools receiving the minimum funding increase. As a compromise, in agreeing the Westminster formula factors for the 2023/24 budget calculations it was agreed that a timeline for the move the NFF factor values would be finalised.

- 1.5 Schools Forum (20th March 2023) agreed two options to be modelled over three years for the June 2023 Forum meeting and for consultation with headteacher groups in September / October 2023. It was agreed that the decision regarding these options would be taken at the November 2023 Schools' Forum meeting. Schools Forum also agreed that whatever model is finally agreed is reviewed annually to consider the changing school funding landscape.

## 2 PROVISIONAL SCHOOLS BLOCK DSG AND ESTIMATED FUNDING TO BE ALLOCATED TO SCHOOLS IN 2024/25

- 2.1 Local Authorities will continue to set local funding formula in 2024/25 and are required to move at least 10% closer to the NFF factor values.
- 2.2 The outcome of the second stage of the DfE National Funding Formula (NFF) regarding the full implementation of the NFF were covered in the June 2023 Schools Forum paper.
- 2.3 In addition, Local Authorities will continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2024/25 must be between +0% and +0.5% per pupil compared to per pupil funding in 2023/24.
- 2.4 Table 1 shows the published revised indicative 2024/25 funding allocations of the Schools block (based on the National Funding Formula (NFF)), compared to 2023/24 (before the deductions for payments to academies). The published allocations will be updated, based on the latest pupil data, to produce final DSG allocations in December.

**Table 1 – Provisional DSG Schools Block in 2024/25**

Block	2024/25 Provisional	2023/24 Final	Change	% Change
Schools Block *	£132.019m	£129.764m	+£2.255m	+1.7%
* Allocations are before deduction for academies and include the Mainstream Schools Additional Grant in 2023/24, which is included in the Schools Block from 2024/25				

- 2.5 For the purpose of modelling, the provisional schools block has been adjusted as shown in Table 2, which will be updated by the final amounts agreed for 2024/25 by the January 2024 Schools' Forum.

2.6 Schools' Forum can agree to transfer up to 0.5% out of the schools block.

**Table 2 – Estimated Funding to be Allocated to Schools**

	<b>2024/25 Estimate</b>	<b>2023/24</b>	
<b>Schools Block Funding including Mainstream Schools Additional Grant</b>	<b>£132.019m</b>	<b>£129.764m</b>	
Funds for schools with falling rolls	-£ 0m	-£ 0m	2023/24 £133k funded from DSG reserves. DfE requirements not met in 2024/25
DSG NNDR adjustment for amalgamated / closed schools	-£0.063m	-£0.057m	Sir Simon Milton and St Stephen's NNDR still included in DSG
Fair Access Funding for Secondary Schools – transfer to central schools block	£0.080m	-£ 0m	2023/24 £80k funded from DSG reserves. Proposal to be included in the Jan 24 Schools Forum paper
<b>Total for distribution in formula</b>	<b>£131.876m</b>	<b>£129.650m</b>	1.7% increase
<b>Pupil Numbers October 2022</b>	<b>17,257.5</b>	<b>17,257.5</b>	
<b>Average per pupil funding</b>	<b>£7,642</b>	<b>£7,513</b>	1.7% increase

2.7 The comparable distribution between 2023/24 and 2024/25 funding is an increase of 1.7% per pupil.

2.8 Maintained schools budgets will also reflect de-delegation amounts for cover for trade union duties, school improvement and restructuring costs and these deductions will be covered in the January 2024 schools budget paper.

### **3 EARLY YEARS BLOCK**

3.1 Announcements regarding Early Years funding are expected in December 2023 and proposals regarding 2024/25 funding will be brought to the January Schools Forum. The Early Years Supplementary Grant (EYSG) will be rolled into the DSG from April 2024 as will the phasing of the extension of the early years entitlements. The results of the summer consultation together with provisional funding and grant regulations are expected to be released together with the funding announcement.

## **4 PRINCIPLES FOR AGREEING THE SCHOOL FUNDING FORMULA FOR 2024/25**

- 4.1 The following principles were agreed by Schools' Forum on 20th March 2023.
- 4.1.1 To move further towards the NFF factor values, as a minimum at the level required by the DfE. Having a clear direction of travel towards the NFF will help provide budget clarity for three year school budget planning.
  - 4.1.2 Consistency and fairness - Pupils with the same characteristics are funded the same amount of money (in line with the NFF principles).
  - 4.1.3 Aim to provide stability while not increasing the MFG significantly as this may indicate that the lower levels of funding via the NFF factors are appropriate and expose schools to risk when the hard NFF is fully introduced.

## **5 LOCAL FUNDING FORMULA OPTIONS FOR CALCULATING SCHOOL BUDGETS IN 2024/25 AND TIMELINE TO MOVE TO NFF FACTOR VALUES**

- 5.1 Schools Forum (20th March 2023) agreed two options to be modelled over three years for the June 2023 Forum meeting and for consultation with headteacher groups. Schools Forum also agreed that whatever model is finally agreed is reviewed annually to consider the changing school funding landscape.
- 5.2 Table 3 shows the options that were consulted on. All options are estimates based on October 2022 roll numbers and the pupil characteristics used for the 2023/24 budgets for free school meals, prior attainment, NNDR etc, and these will all change once data (including numbers on roll) is available for 2024/25 budget setting. The models are modelled at the maximum of an increase of at least 0.5% per pupil MFG compared to 2023/24. It should be noted that the MFG limits the movement of funds between schools and the Age Weighted Pupil Unit (AWPU) is used as the balancing item in all the options.

**Table 3 – Original Options agreed for consultation with headteacher groups**

Option	Comments	Move towards NFF	MFG	Per Pupil Funding PRIMARY			Per Pupil Funding SECONDARY		
				Highest	Lowest	Range	Highest	Lowest	Range
<b>2023/24 For info</b>	MFG at the maximum allowed of +0.5% per pupil. AWPU as the balancing figure.	15% further towards the NFF factor values / 25% for IDACI.	£0.370m	£7,978	£5,553	£2,425	£8,717	£6,729	£1,989
<b>1</b>	MFG at the maximum allowed in 2023/24 of +0.5% per pupil. AWPU as the balancing figure.	Year One - 30%	£0.146m	£8,582	£5,868	£2,713	£9,108	£7,459	£1,649
		Year Two - 30%	£0.146m	£8,672	£5,846	£2,826	£9,057	£7,485	£1,572
		Year Three - Full NFF	£0.227m	£8,789	£5,813	£2,976	£9,057	£7,514	£1,543
<b>2</b>	MFG at the maximum allowed in 2023/24 of +0.5% per pupil. AWPU as the balancing figure.	Year One - 35%	£0.143m	£8,597	£5,865	£2,732	£9,096	£7,464	£1,632
		Year Two - 25%	£0.146m	£8,672	£5,846	£2,826	£9,057	£7,485	£1,572
		Year Three - Full NFF	£0.227m	£8,789	£5,813	£2,976	£9,057	£7,514	£1,543

### **DfE Provisional 2024/25 School Funding Error**

- 5.3 On Friday 6<sup>th</sup> October 2023 the Department for Education (DfE) advised that they had uncovered an error made during the initial calculations of the Schools Block of the DSG for 2024/25 which meant that about £400m more had been allocated nationally than the total schools funding available. The DfE issued revised provisional DSG allocations to correct that error. The Schools Block allocation for Westminster, which is used for funding schools has reduced by £940,000 (0.7%) to £132.019m.
- 5.4 Consultation, based on the original figures, has been undertaken with schools on the local formula to be used to calculate schools budgets in 2024/25. The figures used are now incorrect. Accordingly, the options have been re-modelled with the revised DSG schools block funding.
- 5.5 Nationally funding for mainstream schools through the schools block is now increasing by 1.9% per pupil compared with 2023/24. Schools in Westminster will see an average 1.7% per pupil increase, the figures consulted on were based on 2.4% per pupil increase. This is a reduction of £54 per pupil or £11,000 for a 1 form entry primary school with 210 pupils.
- 5.6 The DfE have apologised for the error. The Secretary of State has asked for a formal review of the quality assurance process surrounding the calculation of the NFF, with independent scrutiny. Improvements have already been identified to ensure similar mistakes are not repeated in the future.
- 5.7 The 2024/25 high needs DSG allocations (which fund provision for children with complex SEND) are unaffected, as are other funding streams outside the DSG, including the teachers' pay additional grant (TPAG) announced in the summer which schools will receive as a separate grant from September 2023 to fund 3% of the 6.5% 2023 teachers pay award.
- 5.8 Updated allocations of schools, high needs and central schools services funding for 2024/25 will be published in December, taking account of the latest pupil data at that point.

5.9 Table 3a below shows the revised options and size of the MFG.

**Table 3a Revised Funding Formula Options**

Option	Comments	Move towards NFF	MFG	Per Pupil Funding PRIMARY			Per Pupil Funding SECONDARY		
				Highest	Lowest	Range	Highest	Lowest	Range
<b>2023/24 For info</b>	MFG at the maximum allowed of +0.5% per pupil. AWPU as the balancing figure.	15% further towards the NFF factor values / 25% for IDACI.	£0.370m	£7,978	£5,553	£2,425	£8,717	£6,729	£1,989
<b>1</b>	MFG at the maximum allowed in 2023/24 of +0.5% per pupil.	Year One - 30%	£0.188m	£8,511	£5,862	£2,649	£9,025	£7,122	£1,903
		Year Two - 30%	£0.234m	£8,599	£5,838	£2,761	£9,025	£7,185	£1,840
		Year Three - Full NFF	£0.473m	£8,709	£5,799	£2,910	£9,025	£7,261	£1,764
<b>2</b>	MFG at the maximum allowed in 2023/24 of +0.5% per pupil.	Year One - 35%	£0.193m	£8,526	£5,859	£2,667	£9,025	£7,132	£1,893
		Year Two - 25%	£0.234m	£8,599	£5,838	£2,761	£9,025	£7,185	£1,840
		Year Three - Full NFF	£0.473m	£8,709	£5,799	£2,910	£9,025	£7,261	£1,764

5.10 Appendix A shows the two options separately with allocations for each school, with comparisons to the 2023/24 final budgets. All options distribute an additional £2.227m compared to 2023/24. The allocations shown are after the application of the MFG. The per pupil values include the amounts for lump sums and premises factors (Business Rates and Split sites) and are consistent with previous Schools Forum analysis. The minimum 10% move towards the NFF is also shown for information.

5.11 Appendix B shows the values that would apply to the formula factors for the two options.

## 6 AGREED PROCESS, CONSULTATION FEEDBACK AND COMPARISON OF OPTIONS AND THOSE WITH BEST FIT TO AGREED PRINCIPLES

6.1 The following process was agreed at the June 2023 Schools Forum:

**Table 4: Agreed Process**

	Description	Timing	Comments
1.	Inform headteacher groups of the options and seek their views on the options, being clear that headteachers views will inform the Schools' Forum decision making. <b>Note – the models used were calculated before the DfE funding error was known. The revised options were circulated between 20<sup>th</sup> to 30<sup>th</sup> October</b> and comparisons with the original models are shown in appendix A.	September / October 2023	Options presented

2.	Forum paper to include feedback from headteachers groups and include recommended option. Options discussed by Forum as well as feedback from primary and secondary headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2023 Schools Forum	Headteachers preferred options may not be agreed by Schools Forum.  If a consensus is not reached the Forum members will vote on the recommended option taking account of the views expressed during the consultation.
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6.2 Secondary headteachers were consulted at WSSIC on 22<sup>nd</sup> September 2023 before the options were updated as a result of the amendment of the DfE error. The revised options will be discussed at WISSIC on 10<sup>th</sup> November and feedback will be provided at the Schools Forum meeting.

6.3 Primary schools were consulted at the Primary Heads Partnership meeting on 6th October 2022 again before the options were updated as a result of the amendment of the DfE error.

6.4 Comparing the options with the agreed principles of moving further towards the NFF factor values, consistency, fairness and stability while limiting the increase in MFG:

- Both options move further towards the NFF factor values.
- Both options are consistent and fair, allocating the same funding to pupils with the same characteristics.
- The difference between the two options re the smallest difference between lowest and highest per pupil funding for the secondary sector is minimal with option 2 showing the largest difference for primary schools.
- The difference between the options re the smallest differences in the range of change in per pupil funding compared to 2023/23 is minimal for the primary sector with option 1 showing the largest difference for the secondary sector;
- The MFG in the two options are very similar at £188,000 and £193,000;
- The number of schools receiving the minimum per pupil increase in 2024/25 for each model are shown in the table below, there is no change to the number of schools having minimum increases in both options;

2024/25	No. and % of primary schools receiving min increase	No. and % of secondary schools receiving min increase
Option 1	7 (18%)	2 (20%)
Option 2	7 (18%)	2 (20%)

- The 2024/25 allocations in the options are very similar as the factor values and MFG are close in value;

- Option 2 has the lowest per pupil funding for primaries (£3 less) and option 1 has the lowest per pupil funding for secondaries (£10 less).

6.5 Taking account of the comparison in 6.4 above and as the allocations between the 2 options are similar, officers view is that option 1 is marginally the most suitable option, meeting all the principles with a slightly lower total MFG than option 2. 30% is seen as a suitable move in the first of the three year transition to the NFF values. Years two and three are the same in both options.

## 7 ESTIMATED IMPACT OF LOWER RECEPTION INTAKE

7.1 As stated above the options are all modelled on 2023/24 funding and data and this enables comparisons with the 2023/24 budget allocations. As noted in the ISOS working group update paper the May 2022 pupil census reported a 23.4% surplus capacity across all Westminster Council primary schools. The May 2023 census reports a 23.7% surplus. As indicated, the surplus has been increasing at a fast rate, by 10% in the last 5 years. Primary schools pupil led funding would reduce on average by £5,900 for each pupil reduction. These reductions in primary pupil numbers, while not finalised, will increase financial viability risks.

## 8 NEXT STEPS FOR FINALISING SCHOOL FUNDING FOR 2024/25

	<b>Description</b>	<b>Timing</b>	<b>Comments</b>
1.	Forum paper to include feedback from headteachers groups and include recommended option. Options discussed by Forum as well as feedback from primary and secondary headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2023 Schools Forum	If a consensus is not reached the Forum members will vote on the recommended option taking account of the views expressed during the consultation.
2.	Schools Forum recommend funding for fair access funding for secondary schools and de-delegation items such as restructuring costs, trade union cover costs and the total school budget to be allocated to schools.	January 2024 Schools Forum	
3.	The final funding formula option selected at the November 2023 Schools Forum will be updated based on information provided by the ESFA in December 2023 re October 2023 roll numbers and pupil characteristics	January 2024	These budgets can be used for initial preparation of three year budget plans

	<b>Description</b>	<b>Timing</b>	<b>Comments</b>
	for free school meals, low prior attainment etc and estimated NNDR. This will provide the estimated final school budgets for 2024/25. <b>The final DfE checks re the split site allocations may result in changes to the funding for those schools.</b>		
4.	Schools issued with final budgets	February 2024	Once DfE agree school budget calculation tool submitted

## **9 RECOMMENDATIONS**

9.1 Schools' Forum are recommended to:

- 9.1.1 review updated figures after information has been received from the ESFA, but before the 22nd January 2024 statutory deadline for the ESFA APT submission.
- 9.1.2 agree which of the two local funding formula options detailed in section 5 and 6 is supported, with option 1 recommended by officers.
- 9.1.3 note the next steps for finalising schools funding for 2024/25 (section 8).
- 9.1.4 note that proposals will be brought to the January meeting of the Schools' Forum regarding fair access funding for secondary schools and de-delegation for maintained schools (including restructuring costs).

## **APPENDICES**

Appendix A – School funding formula options for 2024/25

Appendix B – Formula factor values for the funding formula options

**Anita Stokes**  
**Lead Strategic Finance Manager – Bi-Borough Children's Services**

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**Bi-Borough Executive Director of Children's Services**

**Background papers:**

ESFA – Updated Operational Guidance 2024/25

[Schools operational guide: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/123456/Schools_operational_guide_2024_to_2025.pdf)

EFSA – Updated Modelling APT2024-25

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