

# **2022/23 Schools Budget Consultation**

## **Funding Arrangements for the Schools Block Budget Shares 2022/23 (Mainstream Schools Reception to Year 11)**

**18<sup>th</sup> October 2021**

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## 1. Introduction and Context

- 1.1. This consultation document sets out proposals for the Schools Block of the Dedicated Schools Grant (DSG) for the period April 2022 to March 2023.
- 1.2. This consultation relates to the funding of mainstream maintained schools, academies and free schools from April 2022 following discussion at Hammersmith and Fulham Schools Forum held on 12<sup>th</sup> October 2021. 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.
- 1.3. Copies of this document will be sent to School Business Managers and Finance Directors, are available on the Lilla Huset website and will be publicised through SchoolsZone and Governors' Hub.
- 1.4. 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) as at October 2021. This is subject to further change following confirmation of the Autumn 2021 pupil census and final allocations from the ESFA expected to be announced in late December 2021.
- 1.5. Financial illustrations taken to Schools Forum are based on October 2020 pupil data and are therefore indicative only pending final modelling following confirmation of the October 2021 census data. The reports discussed at Schools Forum can be found here.  
[Browse meetings - Schools Forum \(lbhf.gov.uk\)](#)
- 1.6. You are invited to comment and feedback on the proposals by completing the attached response form in relation to consultation questions detailed in Section 7 of this document.
- 1.7. The consultation period will run from Monday 18<sup>th</sup> October 2021 to Monday 15<sup>th</sup> November 2021. Three workshops are scheduled for 18<sup>th</sup>, 20<sup>th</sup> October and 4<sup>th</sup> November. Places can be booked via the Lilla Huset website.
- 1.8. Consultation responses should be emailed no later than close of business on Monday 15<sup>th</sup> November to Education Finance at [edufinance@lbhf.gov.uk](mailto:edufinance@lbhf.gov.uk)  
**We would be grateful if schools could coordinate their responses between interested parties and return only one response per school.**
- 1.9. Consultation responses will be collated and reported to Hammersmith and Fulham Schools Forum in January.
- 1.10. The education finance team expect to receive the final 2022/23 schools block allocations in late December 2021. The budget models will be reworked during the Christmas/New Year break and final proposals prepared for the Schools Forum planned for Tuesday 18<sup>th</sup> January 2022, where final schools budget allocations for 2022/23 will be agreed.

- 1.11.** Consultation feedback question 8 and the documents A to C in Appendix 5, relate to the proposed changes to the Scheme for Financing Schools and Financial Procedures for maintained schools. This part of the consultation is relevant to maintained Nursery, Special and Sixth Forms.

## 2. Schools Budget - An Overview

- 2.1. 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.
- 2.2. 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.
- 2.3. The Government have confirmed the intention to continue with the implementation of the Hard National Funding Formula (NFF). Although it was planned to be implemented in 2021/22 the latest guidance received in July 2021 confirms the continuation of transitional NFF for 2022/23. This means Local Authorities will continue to agree the distribution of funding to schools in consultation with Schools Forum and schools.
- 2.4. Primary legislation is required for the move to the 'Hard' National Funding Formula which has been postponed until 2023/24 financial year at the earliest.
- 2.5. Funding is allocated to schools in local authority areas via the ESFA based on NFF rates. Local authorities together with the Schools Forum decide on a local funding formula for 2022/23 within the guidance and grant regulations set by the DfE.
- 2.6. The Schools block – additional funding for schools nationally has been announced by the government. For Hammersmith and Fulham this means a further 1.74% increase in funding in the provisional 2022/23 allocation (before growth) versus the final 2021/22 allocation. The growth figure will be advised by the ESFA in December 2021 within the final funding allocation following the October 2021 census being finalised.

**Table 1 Schools Block Funding Allocation Year on Year**

	<b>2021/22 Final</b>	<b>2022/23 Provisional</b>	<b>Change</b>	<b>Change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Funding	110.061	111.977	1.916	1.74%

### 3. Schools Block – Provisional Modelling for 2022/23 Schools Block Budget Shares for Mainstream Schools

- 3.1. School funding workshops are taking place for mainstream maintained and academy schools on the 18<sup>th</sup> and 20<sup>th</sup> October 2021. An overview of the National Funding Formula will be provided and indicative 2022/23 budgetary information discussed in detail with a steer towards producing three-year budget plans.
- 3.2. The initial modelling uses the ESFA's Authority Proforma Tool (APT) and operational guidance to model two allocation methods for 2022/23. These are:
- **Model 1 – National Funding Formula rates with Inner London area cost adjustment and allowance for:**
    - £0.200m Falling Rolls Provision
    - £0.56m Transfer of 0.5% from Schools Block to support the High Needs Block
    - *Minimum Funding Guarantee (MFG) on pupil led funding of 0.5% year on year - the minimum increase allowed within the NFF.*
    - *7.67% premium on NFF ACA rates, which is slightly lower than the final factor rates for 2021/22. – see Appendix 1 for details.*
    - Continuation of the local LAC factor allowance at a cost of £30,000 per annum.
  - **Model 2 – National Funding Formula rates with Inner London area cost adjustment and allowance for:**
    - £0.200m allowance for Falling Rolls Provision
    - £0.56m Transfer of 0.5% from Schools Block to support the High Needs Block
    - *Minimum Funding Guarantee (MFG) on pupil led funding of 2.0% year on year - the maximum increase allowed within the NFF.*
    - *7.06% premium on NFF ACA rates*
    - Continuation of the local LAC factor allowance at a cost of £30,000 per annum
- 3.3. Key elements of the two models for all schools:
- Follow the NFF factor rates after inner London area cost adjustment. The Hammersmith and Fulham funding allocation allows for an uplift on NFF inner London rates between 7.06% and 7.67%.
  - Recommended High Needs Block transfer of 0.5% from Schools Block (circa £0.56m)
  - Continuation of the local Looked After Children factor allowance at a cost of £30,000 per annum. This is an optional factor in the 'soft' NFF.
  - Disapplication for Ark Burlington Danes Academy to allow for all through status and single registration.

- 3.4.** The two models illustrate the different allocations by setting the Minimum Funding Guarantee (MFG) at the lowest value allowed versus the highest valued allowed in the NFF – 0.5% and 2.0% respectively.
- A lower MFG means more funding can be allocated to schools through the factor rates and in line with the cohort as represented by the census (Model 1)
  - A higher MFG gives all schools a higher minimum increase but results in less funding allocated to schools through the NFF factor rates (Model 2)
- 3.5.** Pupil Census - The indicative 2022/23 figures are calculated using the ESFA draft Authority Proforma Tool (APT) and contain the October 2020 pupil census dataset for numbers on roll, deprivation, low prior attainment and English as an additional language. The October 2021 pupil census data will be embedded in the final APT issued to the authority in late December and will be used to calculate the final 2022/23 school budget shares on the principles proposed after consultation.
- 3.6.** Key differences between the Models are shown below in Table 2

**Table 2 – Key Differences in Model 1 and Model 2**

	Model 1 2022/23	Model 2 2022/23
Factor Rates	NFF +7.67%	NFF + 7.06%
Falling Rolls Provision (To be confirmed)	£0.200m	£0.200m
Minimum Funding Guarantee (MFG) Rate used	0.5%	2.0%
Total MFG Applied	£0.256m	£0.879m

- 3.7.** Model 1 was recommended to Schools Forum because it:
- seeks to maximise the funding is allocated to schools through the factor rates and according to the census and the characteristics and needs of pupils as defined by the national funding formula.
  - follows the approach adopted for the 2020/21 and 2021/22 budget
- 3.8.** However, the impact on the difference between the models resulting from varying MFG is significantly reduced versus 2020/21 and 2021/22. With overall funding increasing by 1.74%, we seek schools' views for 2022/23 budget.

## 4. Falling Rolls Fund

- 4.1. ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support good and outstanding schools only with falling rolls where local planning data shows that surplus places will be needed within the next three financial years. The criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations. Schools Forum should agree both the value of the falling rolls fund and the criteria for allocation.
- 4.2. Both Model 1 and Model 2 allow for Falling Rolls allocation of £0.200m from the 2022/23 budget for roll fall between October 2020 and October 2021. Schools Forum discussed a provisional allocation of £0.2m in 2022/23 in line with the 2021/22 budget. Views on continuing this funding and interest in accessing funding are sought as part of the consultation process.
- 4.3. All Primary and secondary mainstream schools (academy, free and maintained mainstream Schools) are asked to apply on an individual basis for consideration as part of the consultation. Details are provided below.
- 4.4. It is proposed to invite expressions of interest from schools with respect to available funding where:
- Key trigger point is reached for falling rolls support. The fall in roll is more than 3% year on year.
  - An Ofsted category of Good or Outstanding (Mandatory per the regulations)

In addition, any of the following where the school can evidence the impact on the School and the actions taken to adjust to a lower role or clear plan to recover the role based on clear planning data agreed by the LA:

- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
  - local planning data shows a requirement for a minimum percentage of the surplus places within the next three years
  - 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 in order to contain spending within its formula budget
- 4.5. It is proposed that the subgroup (representing all mainstream schools) consider applications from schools with a year on year fall in roll to be allocated of more than 3% in line with the eligible applications in paragraph 4.4. This assumes that schools with modest falls in roll are able to mitigate the impact within existing budgets. More than 3% would represent a fall in roll of more than 1 pupil per form of entry of 30 pupils across the school.



- 4.6.** Funding would be awarded for roll falls over 3% year on year on the basis of the AWPU rate for the relevant phase, or a proportion thereof if the available budget would otherwise be exceeded by demand.
- 4.7.** Schools are asked for applications for falling rolls funding as part of the schools' budget consultation. Falling rolls funding allocations can only be made in 2022/23 up to the available resource agreed by Schools Forum in January 2022. Schools Forum may decide not to support falling rolls after consideration of requests by the sub-group.

## 5. Maintained Schools Only - De-delegated Budgets Proposed 2022/23

5.1. De-delegated services 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. Table 3 sets out the proposed allocations for 2022/23. De-delegation is made from individual school budgets on the basis of pupil headcount

**Table 3 – Maintained Schools De-delegated Budgets Proposed 2022/23**

Area of Expenditure	2021/22 Final Maintained Mainstream Primary De- delegation	2022/23 Proposed Maintained Mainstream Primary De- delegation	Change from 2021/22	Note
	£	£		
Schools in Financial Difficulty/Contingency	191,700	175,000	(16,700)	Propose to maintain de-delegation at 2021/22 level
Maintained Schools Trade Union Facilities Cover	30,000	25,200	(4,800)	Maintained Mainstream Contribution to Trade union Facilities
Maintained Schools Maternity Cover Fund	134,200	130,000	(4,200)	Propose to maintain de-delegation at 2021/22 level
Maintained Schools Licence Fees	32,000	32,000	0	Covers Capita licence costs based on pupil numbers. Query Paul Triantis – who will this be dealt with in 2022/23
Behavioural Support to mainstream (SEND)	52,000	52,000	0	Propose to maintain at 2021/22 levels
Free School Meals Eligibility	30,700	31,000	300	Contribution to benefits team for assessing FSM eligibility
Subscription for Professional Development Centre & Learning Partnership	0	46,200	46,200	Additional contribution proposed to continue support with the ongoing reduction of Central Services Schools Block DSG.
School Improvement	225,200	174,500	(50,700)	Contribution to School Improvement and supplements School Improvement Grant
<b>Total</b>	<b>695,800</b>	<b>665,900</b>	<b>(29,900)</b>	

5.2. De-delegated budgets proposed for 2022/23 reflect the allocations in 2021/22 and total £665,900, a reduction of £29,900 on 2021/22. The consultation process will allow maintained schools to feedback on the proposed de-delegations.

5.3. The de-delegation for 2022/23 includes a subscription to support the Professional Development Centre and Learning Partnership from 2022/23. This service will also be supported by a reduced level of CSSB DSG funding in 2022/23 in addition to a contribution from Local Authority resources.

5.4. Maintained Special Schools, maintained Nursery schools and maintained 6<sup>th</sup> Forms will be consulted with respect to proposals relating to de-delegated services from April 2022. The aim being to regularise and ensure parity and fairness across all maintained schools for the following areas:

- Trade Union Facilities cover
- Maintained Schools Licence Fees
- Professional Development Centre and Learning Partnership Subscription
- School Improvement

**5.5.** Academies and Free Schools are asked to contribute to the cost of Trade Union Facilities cover on the same basis as maintained schools.

## 6. Maintained Schools Only Education Functions Budgets Proposed 2022/23

- 6.1. The top-slice for Education Functions was added to the National Funding Formula In 2016/17 to reflect the withdrawal of the Education Services Grant paid to Local Authorities from 2017/18.
- 6.2. Statutory functions retained by Local Authorities were to be funded as follows:
- Responsibilities for all schools – to be funded from Central Services DSG
  - Responsibilities for mainstream maintained schools – to be funded from maintained schools budget shares
- 6.3. Table 4 below details the proposed Education Functions top-slice for maintained mainstream primaries in 2022/23.
- 6.4. Maintained Special Schools, maintained Nursery schools and maintained 6<sup>th</sup> Forms will be consulted with respect to proposed Education Functions top-slice of their respective block funding from April 2022 to regularise and ensure parity and fairness across all maintained schools for the following areas:
- Schools Finance Team
  - Asset Management Support
  - Asbestos and Risk Management

**Table 4 – Education Functions for Maintained Mainstream Schools Proposed**

Area of Expenditure	2021/22 Final Maintained Mainstream Primary Education Functions	2022/23 Proposed Maintained Mainstream Primary Education Functions	Change from 2021/22	Note
	£	£		
Finance	96,000	88,100	(7,900)	Local Authority statutory duties, advice and support for maintained schools
Asset Management	91,700	74,300	(17,400)	Local Authority statutory duties, advice and support for maintained schools
Asbestos Risk Management and Surveys	47,900	73,000	25,100	Risk management, surveys and re-inspections, advice and support for maintained schools.
SIMS support	15,000	0	(15,000)	SIMS Support
Business Intelligence	22,800	22,800	0	To support Termly Census and workforce census
<b>Total</b>	<b>273,400</b>	<b>258,200</b>	<b>(15,200)</b>	

## 7. Consultation Questions for Feedback

Consultation responses should be emailed no later than close of business on Monday 15<sup>th</sup> November 2021 to education finance at [edufinance@lbhf.gov.uk](mailto:edufinance@lbhf.gov.uk)

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

### Question 1 – Provisional Modelling (see section 3)

Model 1 was recommended to Schools Forum because it ensures that funding is allocated to schools through the National Funding Formula (NFF) factor rates and according to the census and the characteristics and needs of pupils as defined by the national funding formula.

**Do you have any comments with respect to the proposed approach with NFF factors uniformly uplifted and with a 0.5% MFG as modelled in Model 1?**

### Question 2 – Looked After Children (LAC) Factor (see section 3)

**Do you have any comments or feedback on the proposal to continue to include the LAC factor value in 2022/23 which is an optional funding element in the National Funding Formula?**

### Question 3 – Falling Roll Provision (see section 4)

**Do you have any comments or feedback on the proposal to establish a limited falling rolls fund in 2022/23 and to target falling rolls protection to schools based on the criteria set out in section 4?**

### Question 4 – Falling Roll Funding Requests

**Will your school be seeking access to the Falling Rolls fund for roll changes between October 2020 and October 2021 census points (subject to budget approval on 18<sup>th</sup> January 2022 Schools Forum).**

Please provide details of your application for funding consistent with the criteria detailed in paragraph 4.4 of the Consultation Document. It is essential that schools can evidence in their application:

- how the falling rolls funding will assist with achieving a balanced budget over the medium term.
- that support is consistent with DfE NFF funding regulations for 2022/23
- why the school should be supported with a top slice of other schools budget shares.

As with 2021/22 a subgroup of the Schools Forum will consider applications and make recommendations to Schools Forum to award funding to schools in January 2022 following evaluation of demand against the available funding and the criteria set. Schools should be prepared to submit detailed budget and falling rolls mitigation plans for peer group review.

**Question 5** – 0.5% Schools Block to High Needs Block Transfer (see section 3.3)

**Do you have any comments or feedback on the proposal to transfer 0.5% or estimated £0.56m of Schools Block funding to support expenditure for Hammersmith and Fulham’s children with high needs in 2022/23?**

**Question 6** – Proposed 2022/23 De-delegated and Education Functions Budgets (Maintained Schools Only) (see sections 5 and 6)

**Do you have any feedback on the proposed maintained schools budgets for de-delegated items and education functions?**

**Question 7** – 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?**

**Question 8** – Scheme for Financing Schools and Financial Procedures (Maintained Schools Only)

**Please let us know of any comments you have with respect to the proposed amendments to the Scheme for Financing Schools and Financial Procedures. These are detailed in Appendix 5 a, b & c of the consultation document.**

## **8. List of Appendices**

Appendix 1 – Modelled Factor Rates and Comparison

Appendix 2 – Funding allocated by Factor comparison

Appendix 3 – Provisional Initial Modelling School Level Allocations

Appendix 4 – Model 1 versus model 2 – illustration of per pupil funding % increases by school

Appendix 5 – Consultation Feedback Form

Appendix 6

Item A – Schools Forum Briefing – Overview of Changes

Item B – Revised Scheme for Financing Schools

Item C – Revised Financial Procedures Manual

**REPORT ENDS**