

Consultation Workshops –
Budget 2022/23

Finance Workshop



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Agenda

- Quick Introductions
- Key Changes Mainstream Schools Funding 2022/23
 - National and Local Context
- Consultation Process and Budget Timeline
 - Timetable
 - Consultation and feedback
 - Role of Schools Forum
- Overview of NFF, Provisional Modelling and Schools Forum Papers
- Detailed Provisional Modelling for 2022/23
- Importance of Budget Planning
- Scheme for Financing Schools and Financial Procedures
- Questions and Answers

Financial Context and Schools Funding

Schools Block - Mainstream Schools Reception to year 11

Nationally:

- DfE Core school funding increased by £2.6bn in 2020-21, and is increasing by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20.
- Funding through the schools NFF is increasing by 3.2% overall nationally in 2022-23, and by 2.8% per pupil.

Financial Context and Schools Funding

Schools Block - Mainstream Schools Reception to year 11

Locally, more limited growth:

- Relative position of H&F Schools – the initial allocation (based on Oct 20 pupil numbers) is £112m.
- This represents a 1.74% increase in cash terms but will be adjusted to reflect Oct 21 pupil numbers in December 2021.
 - H&F schools are already receive funding above the NFF rates.
 - Funding increases will need to cover all inflationary costs including pay uplifts agreed nationally and increments.
 - Therefore potentially very constrained financial position over the medium to longer term.
- NFF and next steps – some uncertainty. Currently LBHF Schools funded at 7-8% above NFF inner London rates
- NFF and proxies of need to allocate funding, reason for funding differentials. Funding per pupil on the October census count

Process for Schools Core Budget & Consultation

Timeline

- 12th October Schools Forum – introduction to 2022/23 budget process, modelling on provisional funding allocations and agree basis for consultation
- 18th October to 15th November - Schools Block 2022/23 budget consultation and workshop via Teams
- Workshops online week commencing 18th October for Headteachers, School Business Managers and Finance Directors and school Governors
 - Monday 18th October 5pm to 6:30pm
 - Wednesday 20th October 12:30pm to 2pm
- Late December 2021 - DfE release final Authority Proforma Tool with October 2021 census data and final allocation released by ESFA
- Week Commencing 4th January 2022 – online School Budget Briefings via Teams
- 18th January 2022 - Schools Forum receive consultation feedback and final school budget recommendations

Role of Schools Forum

Schools Forum membership – representatives from schools, academies and non-school organisations such as nursery and 16-19 education providers.

The local authority (LA) can decide the size of the forum including the need for representation based on type of school and the LA's policy on representation of non-school members.

Schools forums generally have a consultative role apart from some specific decision making powers on local authority proposals:

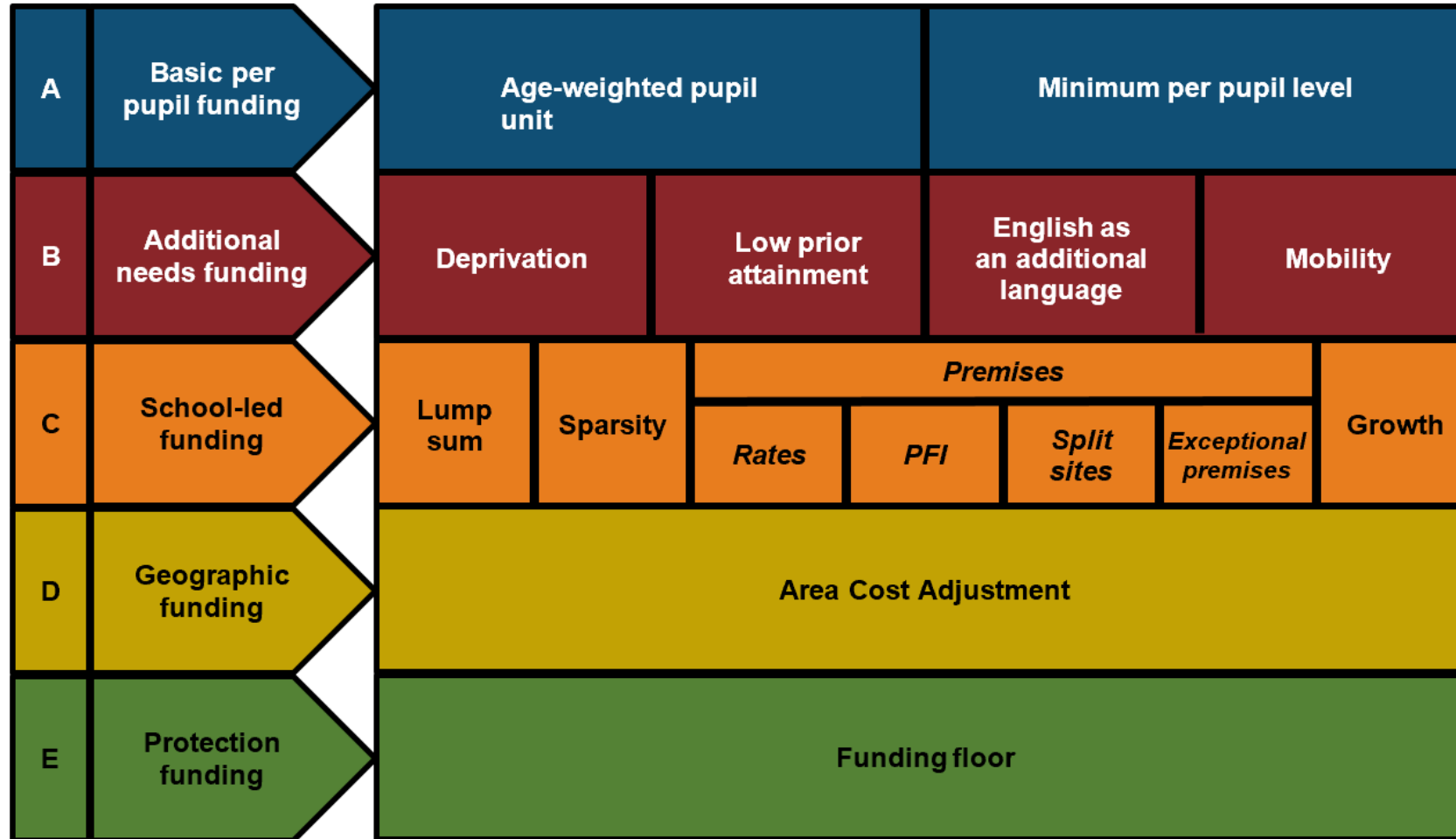
- de-delegation, growth fund, falling rolls, agreeing other centrally retained budgets
- funding for central early years expenditure
- block transfers of up to 0.5% from the schools block to other blocks

The LA must consult the schools forum annually:

- amendments to the schools funding formula
- arrangements for the education of pupils with special educational needs (place and top-up funding)
- arrangements for the education of children otherwise than at school
- arrangements for early years provision and administrative arrangements for the allocation of central government grants paid to schools via the LA.

National Funding Formula (NFF)

- ‘Soft’ NFF for 2022/23 with ‘hard’ NFF in 2023/24 at the earliest
- Structure of the NFF largely unchanged



More on the NFF...

- The Funding Floor is a mechanism to provide a minimum funding level for schools nationally. Hammersmith and Fulham schools sit above the funding floor
- NNDR is funded at actual cost and will be updated for actual costs prior to the January 2022 Schools Forum decision on the final model
- The Hammersmith and Fulham model has used FSM6 rather than FSM factor in recent years. It is proposed this will continue for 2022/23. FSM6 has the effect of allocating more funding through this particular factor than FSM.
- Noted was the change to change to National Office of Statistics IDACI counts which impacts on the allocation of funding through these factors versus 2020/21 – impacted the NFF model from 2021/22.
- The Hammersmith and Fulham model uses EAL3
- The Minimum Funding Guarantee ensures that schools receive a minimum increase in funding on pupil led factors

2022/23 Provisional Modelling

Schools Forum 12th October 2021 set out the provisional modelling for 2022/23 mainstream schools budget shares using the DfE's Authority Proforma Tool

According to the governments National Funding Formula, operational guidance and grant regulations for 2022/23

Two models were presented to Schools Forum – Consultation question 1

- Provisional modelling based on October 2020 census – Updated tool issued by DfE December with updated 2021 census.
- Allocate the funding to schools per the NFF
- Explore the impact of Minimum Funding Guarantee increases versus maximising funding through census and child characteristics (the factor rates)
- Model 1 was recommended model at this stage to align with 2020/21 and 2021/22 budgets
- Discussion at Schools Forum on school level impacts (see Consultation appendix 4)

Model 1 – MFG at 0.5%

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 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 – see consultation question 2.

Model 2 – MFG at 2.0%

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 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 - see consultation question 2.

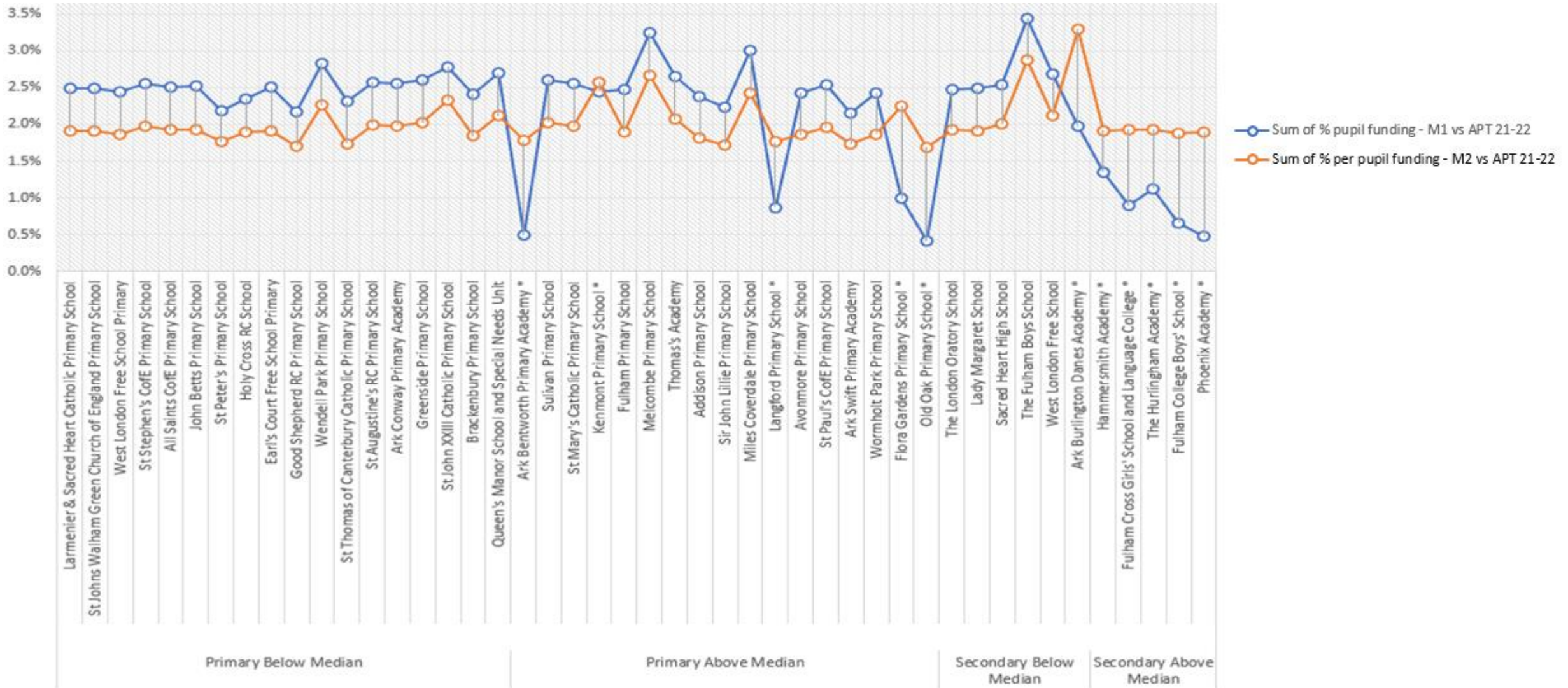
Modelling Differences

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)

Appendix 4 – Illustration of Provisional Modelling



Falling Rolls Top-Slice and Expressions

See consultation questions 3 and 4

- Should there be a topslice for falling rolls provision?
- Will your school be seeking to access falling rolls funding if agreed – must submit expression of interest and supporting papers by 15th November for consideration.
- Submissions to be reviewed by a peer group
- Submissions in line with DfE funding regulations – see section 4 of the consultation

Maintained Dedelegation Proposed

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
Total	695,800	665,900	(29,900)	

Maintained Education Functions 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
Total	273,400	258,200	(15,200)	

Importance of medium term financial planning/horizon scanning

- Responsibility for budget is delegated to schools. Schools must set a delegated budget as per their statutory responsibility - 3 year budget planning required
- Recommend that budget process is significantly progressed with Governors by Autumn term each year with ratification in Spring Term ahead of statutory deadline to submit to ESFA/LA.
- Deficit budgets must be recovered via a deficit recovery plan and from within the schools budget over the short to medium term. Preference to avoid deficit position by medium term planning as far as possible.
- Deficits or likely deficits should be formally notified to the Director of Education and Head of Finance for Children's Services and Education at the earliest opportunity
- Limited resources to support deficits within the maintained primary school dedelegated contingency fund.
 - Any use of funds to be agreed by subgroup of Schools Forum through peer review and will be targeted at schools with sustainable budget plan and with limited reserves
 - Schools should avoid running down reserves and then requested financial support
- Outward looking - possibilities for partnership working, resource sharing, partnership and joint working (formal and informal options for schools to explore)
- Contract and procurement options and negotiations for efficiency and VFM.

Scheme for Financing Schools (SFS)

- Local authorities are required to publish schemes for financing schools, setting out the financial relationship between them and the schools they maintain.
- The Financial Procedures document sets out in a simple and straightforward manner the framework set by the Authority for maintained schools to manage their financial affairs and should be used in conjunction with the Scheme.

The purpose of the SFS and Financial procedures is to:

- Provide common standards to achieve a good level of financial health and resource management
- Encourage best practice
- Provide a robust and audit controlled set of financial rules across the maintained schools in Hammersmith & Fulham
- The current version of the scheme and the financial procedures were agreed in 2017 and are published on the LBHF website.
- The scheme and financial procedures have been reviewed and proposed changes will be reported to Schools Forum in October for consultation with all maintained schools

Questions and Answers?