



London Borough of Hammersmith & Fulham

SCHOOLS FORUM

Tuesday, 18th January 2022

2022/23 Final Schools Block Budget Shares

Open

Classification - For Review & Comment

Key Decision: No

Wards Affected: (All Wards); All

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Purpose of the report

The report provides a briefing on the final Schools Block allocation of the Dedicated Schools Grant for 2022/23, following the receipt of final funding allocations and Authority Proforma Tool (APT) in December 2021.

Schools Forum are asked to review and agree the recommendations following the Autumn budget consultation process. This will determine the final budget allocation for the financial

This paper also details the Supplementary grant funding for mainstream schools in 2022-23 announced by The Education and Skills Funding Agency (ESFA) on the 16th December 2021.

Introduction

- 1.1. The final allocation of the Schools Block of the Dedicated Schools Grant (DSG) has been received from the ESFA at £111.107m based on the updated October 2021 census numbers including growth funding of £0.561m.
- 1.2. A further funding allocation through the Schools Supplementary Grant 2022 to 2023. This is to provide support for the costs of the Health and Social Care Levy and wider costs.

2. Schools Supplementary Grant 2022/23

- 2.1. An indicative allocation has been announced by the ESFA for mainstream schools in Hammersmith and Fulham of £3.178m in 2022/23.
- 2.2. This grant announced on 16th December 2021 by the ESFA. Final school-level allocations of the schools supplementary grant for the 2022 to 2023 financial year will be published by the ESFA in Spring 2022 for 2022/23:
 - funding for maintained mainstream schools will be paid to local authorities, who'll be required to pay it to individual schools at the rates published
 - The ESFA will pay funding at the published rates directly to mainstream academies
 - Local authorities and academies will receive their payments from spring 2022
 - The ESFA will confirm timings for the payment of the grant when we confirm school allocations
 - The ESFA will apply an area cost adjustment (ACA) to funding rates to take into account geographical variation in labour costs. The ACAs will be those used for the schools NFF for 2022 to 2023.
- 2.3. The ESFA have indicated that the additional funding will be provided in each year of the current spending review period and have stated their intention that payment of this additional funding in the form of a separate grant will be for 2022 to 2023 only. The funding will be incorporated into core budget allocations for 2023 to 2024 where possible. So, for 5 to 16 schools, this will mean the funding being rolled into the schools national funding formula (NFF) for 2023 to 2024.
- 2.4. In recognition of the funding cycle for academies, which follows the academic year (rather than the financial year, as for local authority-maintained schools), academies will receive an additional allocation of the schools supplementary grant to cover April to August 2023, this is the period in advance of the funding being rolled into academies' core budget allocations through the NFF.

- 2.5. Schools will have the flexibility to prioritise their spending of the schools supplementary grant to best support the needs of their pupils and staff and address cost pressures, including those associated with the Health and Social Care Levy.
- 2.6. Funding for 5 to 16 mainstream schools makes up the bulk of the additional funding to be allocated through the schools supplementary grant. The 5 to 16 funding rates consist of the following three elements, which are based on factors already in the schools national funding formula:
- a basic per-pupil rate (with different rates for primary, key stage 3 and key stage 4)
 - a lump sum paid to all schools, regardless of pupil numbers
 - a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6), with different rates for primary and secondary pupils.
- 2.7. The Education Finance Team have estimated indicative grant at individual school level. Annual values of the supplementary grant for April 2022 to March 2023 based on the methodology advised by the ESFA. The estimated allocation of the £3.2m indicative funding by school is shown in Appendix 5.

3. Schools Block 2022/22 Budget Consultation Feedback

- 3.1. An initial four-week consultation period ran from 18th October to 15th November 2021. This was extended by 2 weeks due to sickness. During this time 4 budget workshops were held for Headteachers, School Business Managers and interested governors. The workshops were well attended.
- 3.2. The workshops covered the National Funding Formula (NFF), the budget process/timeline and the key decisions to be taken by Schools Forum.
- 3.3. Particular attention and discussion time were given to explore the implications around the percentage rate set for the Minimum Funding Guarantee (MFG). The MFG percentage is critical to determining how the year on year funding increase is distributed between schools within the parameters of the NFF.
- 3.4. Strong representations were made in the workshops and through consultation responses, which requested a higher level of MFG to support circa 9 schools who would otherwise receive very low levels of pupil led funding increases versus the current year budget.

- 3.5. Schools are supportive of the move to offer transitional support for falling rolls with several requests for falling rolls support from any fund agreed at Schools Forum.
- 3.6. Schools have either made no comment on other specific proposals for the 2022/23 mainstream school's budget or have expressed support.
- 3.7. For maintained schools, the consultation and workshops also covered the importance of medium term (3 year) budget planning and the proposed amendments to the Scheme for Financing Schools and Schools Financial Procedures. No comments were received from maintained schools with respect to the updated Scheme for Financing Schools or Schools Financial Procedures.

4. 2022/23 Final Budget Modelling

- 4.1. The final modelling uses the ESFA's Authority Proforma Tool (APT) and operational guidance to update the models shared and discussed through the Autumn term. Pupil numbers have now been amended for the October 2021 census.
- 4.2. Four models have been produced here consistent with the recommendations tabled for consultation in October as below:
- £0.200m Falling Rolls Provision
 - £0.556m Transfer of 0.5% from Schools Block to support the High Needs Block
 - Uplift on NFF area cost adjusted rates – see Appendix 1 for details.
 - Continuation of the local LAC factor allowance at a cost of £27,170
- 4.3. Models 1-4 illustrate the different school level funding allocations based on differing levels of Minimum Funding Guarantee (MFG). The MFG determines the % increase on pupil led funding factors in 2022/23 versus the 2021/22 baseline. MFG must be set between 0.5% and 2% in the 2022/23 NFF. The MFG percentage used in each of the models is as below:
- Model 1 – MFG at 0.5% (the minimum allowed by the NFF)
 - Model 2 – MFG at 1.25% (the midpoint between min and max allowed)
 - Model 3 – MFG at 1.5% - **The recommended model**
 - Model 4 – MFG at 2.0% (the maximum allowed by the NFF)
- 4.4. Key elements of the model for maintained primary schools only:

- De-delegated budget provision of £0.696m of maintained schools' budgets – see section 6 for details
 - Education functions fund of £0.273m of maintained schools' budgets – see section 7 for details
- 4.5. The full list of factor rates modelled can be found in Appendix 1 – Factor rates current and NFF values with area cost adjustment.
- 4.6. Appendix 2 shows how total funding is allocated across the factors in each model.
- 4.7. Appendix 3 shows the impact of the recommended model at school level, with a comparison to 2021/22 final budget shares. The pupil numbers used for this modelling is from October 2021 pupil numbers on roll. Note:
- It should be noted that individual school allocations will be impacted by roll changes following the updated modelling using the October 2021 census.
 - 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
 - Final two columns show maintained de-delegation and education functions per sections 7 and 8,
- 4.8. Appendix 4 shows per pupil percentage funding increases on pupil led factors versus 2021/22. The line graph illustrates differences in funding increase resulting from different levels of minimum funding guarantee.

5. Recommended Budget Model 2022/23

- 5.1. Following the broad Autumn budget consultation, it is recommended that model 3 with a minimum funding guarantee at 1.5% is adopted for 2022/23 schools budget shares.
- 5.2. Following the October 2021 census, model 3 is recommended as it provides a balance between funding schools through factor rates according to the census and the NFF and ensuring a more balanced distribution of the funding increase between schools through the MFG. This provides a significant improvement in the pupil led funding increase for circa 9 schools who would otherwise have received minimal increases at an MFG of 0.5%. There is only a marginal loss as a result of this for schools who would have benefited most from a lower MFG.

- 5.3. An MFG of 1.5% still allows schools to benefit from the progression to the National Funding Formula. Total resulting MFG funding would reduce in 2022/23 versus the 2021/22 budget as part of that graduated progression to the NFF.

6. Falling Rolls Fund

- 6.1. Following the Autumn consultation process it is recommended to create a falling rolls fund for mainstream schools of £0.200m. This would be established via a top slice of the mainstream school's budget 2022/23 and with respect to roll falls between October 2020 and October 2021.
- 6.2. ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support good schools with falling rolls where local planning data shows that surplus places will be needed within the next three years.
- 6.3. The ESFA advise that the allocation of falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations.
- 6.4. Schools currently with Ofsted judgment of Requires Improvement are not eligible to access any fund agreed.
- 6.5. Mainstream schools were asked for applications for falling rolls funding as part of the Autumn schools budget consultation. Education finance will follow-up with any school with a significant roll fall to October 2021, who did not submit an application.
- 6.6. It is proposed that following agreement to a £200k limited fund, applications in line with grant conditions will be considered by a sub-group of Schools Forum early in Spring Term 2022.

7. Maintained Mainstream De-delegated Services

- 7.1. 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 following consultation. De-delegation is made from individual school budgets based on pupil headcount.
- 7.2. 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.

- 7.3. 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 Central Services Schools Block funding in 2022/23 in addition to a contribution from Local Authority resources.

Table 3 – Maintained Mainstream Schools De-delegated Budgets 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, pending review of de-delegated arrangement
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)	

8. Maintained Mainstream Schools Statutory Education Functions

- 8.1. Table 4 below details the Education Functions top-slice for maintained mainstream primaries in 2022/23.

Table 4 – Education Functions for Maintained Mainstream Schools

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 removed
Business Intelligence	22,800	22,800	0	To support Termly Census and workforce census
Total	273,400	258,200	(15,200)	

- 8.2. The proposed Education functions top slice for 2022/23 is proposed to reduce by £15,200 versus 2021/22 as a result of removal of the contribution for SIMS support.
- 8.3. The updated cost of Asbestos Risk management and surveys is offset by lower contributions to finance and asset management.

9. Recommendations and Decisions Required

- 9.1. Recommendation 1: It is recommended that the APT for the January 2022 recommended model is submitted to ESFA for 2021/22 school budget shares, with revised NFF rates for local factors in appendix 1, an MFG value of 1.5% per pupil and a local LAC factor allocation £27,170 (Model 3 is recommended model).
- 9.2. Recommendation 2: It is recommended that Schools Forum agree a proposal to continue to transfer 0.5% of the total Schools Block to the High Needs Block in 2021/22. This equates to £0.556m based on the final allocation.
- 9.3. Recommendation 3: It is recommended that Schools Forum agree a proposal to top-slice the 2021/22 Schools Block to the value of £0.200m or 0.18% of the total for the Falling Rolls protection fund in 2022/23.
- 9.4. Recommendation 4: It is recommended that maintained school representatives at Schools Forum agree to the proposed de-delegated budgets proposed for 2022/23 in Table 3 totalling £655,900.
- 9.5. Recommendation 5: It is recommended that maintained school representatives at Schools Forum agree to the proposed Education Functions budgets proposed for 2022/23 in Table 4 totalling £258,200.

10. Key dates

Table 6 – key dates and next steps

Date	Activity
21 st January 2022	Deadline for submission of the final 2020 to 2021 APT to the ESFA
February to March 2022	Council approval of the 2022/23 Schools budget
28 February 2022	Deadline for confirmation of school budget shares to maintained schools.

Report ends