



HILLINGDON

LONDON

Consultation Paper – September 2021

Schools Block Funding Transfer 2022/23

Target audience: Headteachers
Governing Bodies
Finance Officers
Schools Forum

Deadline for responses: 8 October 2021

Queries on this consultation paper should be directed to:

Graham Young

Lead Finance Business Partner (Schools/DSG)

Tel: 01895 277687

e-mail: gyoung@hillington.gov.uk

Formal responses should be made by accessing the form via the following link.

[Response form](#)

1. Introduction

- 1.1 2022/23 is the fifth year of the National Funding Formula (NFF) for schools. Whilst it remains the government's intention that a school's budget share should be set based on a single national formula, local authorities will continue to determine final funding allocations for schools through a local formula in 2022/23. The expectation remains that a 'hard' NFF will be implemented at some point in the future.
- 1.2 Schools Forum are consulting with schools on.
 - a) **The proposal to transfer 0.5% of funds from the Schools Block to the High Needs Block to address continued pressures in the cost of High Needs.**
- 1.3 Stakeholders are welcome to comment individually on the proposal or may wish to contribute to a sector specific response co-ordinated by Primary Forum, Hillingdon Association of Secondary Heads, or other representation group.
- 1.4 The release of this paper allows for a four-week period of consultation with stakeholders with responses required to be returned by midnight on 8 October 2021. Schools Forum will then review the responses when they meet on 20 October 2021.

2. Schools Block Funding

- 2.1 In the Summer of 2019, the Education Skills and Funding Agency set out its three-year funding commitment for total schools' funding between April 2020 and March 2023, equivalent to an approximate 5% increase per year. In July the DfE published indicative funding DSG allocations for 2022/23 which indicated that the total schools block will increase by 2.6% when compared with 2021/22 baseline.
- 2.2 The estimated impact of this for the Schools Block in Hillingdon, is a funding increase in 2022/23 of £6,365k. This does not take account of any change in Schools Block funding as a consequence of pupil growth/shrinkage.
- 2.3 The Schools Block will again be ring-fenced in 2022/23, but there will remain some flexibility to transfer funding. Local authorities may transfer up to 0.5% of schools block funding into another block, with the approval of their schools forum. Any requests to transfer above 0.5% require approval from the Secretary of State, regardless of any previously agreed transfer amounts. Based on the estimated increase in Schools Block funding outlined above, 0.5% would equate to approximately £1,262k
- 2.4 Where local authorities need to make any transfer for 2022/23, there must be new discussions with schools forum and consultation with schools. This includes cases where schools forums have agreed recovery plans, submitted to the department, assuming future year transfers. It is important that any consultation sets out the full amount of the proposed transfer, not just further transfers in addition to 0.5% or previous years' transfers.

3. DSG Deficit Recovery Plan

- 3.1 The DSG budget for 2021/22 has been set with an in-year deficit of £7,328k predominantly due to the pressures in High Needs. This budgeted overspend results in a projected cumulative deficit on the DSG of £32,686k at the end of March 2022. Indications are that due to further growth in the number of placements in Independent specialist provision, this deficit will increase further during the year.
- 3.2 Hillingdon is one of the local authorities that has been required to submit a deficit recovery plan demonstrating how the in-year deficit will be managed and a balanced in-year budget set. This plan has been created in partnership with Schools Forum and the hope is that if the plan can be agreed with the DfE and Education Skills Funding Agency, Hillingdon may be considered for a safety valve agreement where the cumulative DSG deficit is written off by the Department for Education.
- 3.3 The deficit recovery plan is looking at all areas of the DSG and one of the options modelled within the plan is a transfer of the allowable 0.5% of Schools Block funding to address pressure in other areas of the DSG. A Schools Block transfer needs to be consulted on with schools before it can be agreed by Schools Forum and therefore this consultation seeks views from schools and stakeholders on a planned transfer of funding from the Schools Funding Block.
- 3.4 These funds are required to assist with supporting the significant on-going growth being experienced in Hillingdon in the number of Education, Health and Care Plans (EHCP) that have been issued and also to recognise the increase in the complexity of need that these children and pupils have.
- 3.5 The following proposals in relation to a Schools Block transfer are being consulted on.
 - a) **No Schools Block transfer.**
 - b) **The transfer of the allowable 0.5% (approx. £1,262k).**

4. Modelling of the Financial Impact

- 4.1 Modelling has been completed to determine the potential financial impact of each of the above proposals. The impact by school of each of the proposals are summarised in the attached spreadsheet.
- 4.2 There are a few things to note when considering the results of this modelling.
 - a) The funding distribution is based on October 2020 pupil numbers,
 - b) The Minimum Funding Guarantee (MFG) has been set at +0.5% (so each school will see a minimum 0.5% per pupil funding increase),
 - c) The modelling does not take into account any adjustment in Schools block funding due to pupil growth/shrinkage (as it uses October 2020 pupil numbers),