

Annual Report 2016/17

Headlines April 2016 - March 2017

The Lancashire Schools Forum met on four occasions in the financial year 2016/17 and has considered a variety of reports and presentations on school funding and finance related matters. This annual report sets out some of the significant issues dealt with by the Forum.

Schools Budget 2017/18

Advising on the Schools Budget is a crucial responsibility of the Forum. The key headlines from the 2017/18 budget setting process included:

Funding Shortfall - There was a shortfall in core funding in 2017/18 of £3.49m. Reserves were used to bridge this funding gap.

Funding Blocks - Ahead of regulatory requirements to ring-fence the funding blocks within the Schools Budget, the Schools Block, High Needs Block and Early Years Block funding was ring fenced to the individual blocks for 2017/18 budget setting purposes.

Schools Block

- The Children Looked After (CLA) funding envelope for 2017/18 was held at the 2016/17 level ahead of national changes to remove CLA funding from the school funding formula and transfer it into Pupil Premium Grant (PPG) allocations.
- Income Deprivation Affecting Children Index (IDACI) allocations were calculated to achieve minimum turbulence and minimum cost pressures on the schools budget;
- A small amount of headroom within the Schools Block was targeted at the Age Weighted Pupil Unit (AWPU).

High Needs Block - Despite a budget shortfall within the High Needs Block, top-up rates across all sectors are being protected at the 2016/17 levels.

Early Years Block - The DfE introduced the Early Years National Funding Formula (EYNFF) from April 2017 and Lancashire consulted early years providers on the implementation proposals for 2017/18. The majority of respondents supported the 2017/18 proposals, which set out to protect funding levels across all provider types in 2017/18.

Central Expenditure Limit - The Forum approved a central expenditure limit for 2017/18 of £37.162m, which included funding transferred from the previous Education Support Grant (ESG), for LA statutory duties.

The funding within this block is used to support services for all pupils of Lancashire, accessed by all schools whether they be Community, Voluntary Controlled, Voluntary Aided, Foundation, Academies or Free schools.

Service De-delegations 2017/18

Regulations require that the Forum is responsible for deciding which services should be de-delegated each year. In October 2016, the Forum considered a number of de-delegation proposals. Primary and secondary members agreed by phase that a number of services would be de-delegated for the 2017/18 financial year. This means that for primary and secondary schools (but not academies) services will be provided centrally. These services are:

- **Staff costs – Public Duties/Suspensions.** The 2017/18 de-delegation incorporates reimbursement to schools for staff costs associated with public duties and suspensions.
- **Museum Service - Primary Schools Only.** Provides funding for the work the museum service undertakes for primary schools to help meet the national curriculum and to support wider cultural learning.
- **Support for Schools in Financial Difficulty.** This funding allows support to be offered to schools in financial difficulty, which is managed by the School Improvement Challenge Board (SICB) against published eligibility criteria.
- **Strategic Reserve (2017/18 only).** This de-delegation relates to 2017/18 only and was in response to the changes in DfE guidance. The funding mitigates against the risk of schools in deficit closing or becoming sponsored academies.

Consultation Responses

68 schools responded to the de-delegation consultation. The Forum were very grateful for these responses to help steer their decisions on which services should be de-delegated.

Early Years National Funding Formula Implementation

The government have introduced an Early Years National Funding Formula (EYNFF) from April 2017/18.

Lancashire agreed proposals for 2017/18 looked to offer stability to all providers, whilst commencing the transition to the required Universal Base Rate. This included

- utilising the supplementary maintained nursery school grant;
- temporarily increasing base rates for nursery classes and childminders to offer some transitional protection;
- targeting available headroom was targeted at the PVI base rate as a first step towards the Universal Base Rate.

Schools National Funding Formula & High Needs Funding Reform Consultations

The Schools Forum submitted responses to the DfE's Schools National Funding Formula (SNFF) and High Needs Funding Reform consultations and also encouraged individual schools and academies to respond to the consultation.

The Forum has also lobbied local MPs to help influence the Lancashire perspective in the national school funding debate.

Final announcements on the consultation outcomes are still awaited any announcements and the implications for Lancashire.

School Balances and Clawback

The Forum reviews the Lancashire school balances and clawback arrangements each year.

In connection with School Balances and Clawback at 31 March 2016, clawback totalling £53,797 was applied to 13 schools.

The Forum confirmed the School Balances and Clawback arrangements for 31 March 2017:

Guideline Balances

For all phases guideline balance is the maximum of £60,000 or 12% of the schools Consistent Financial Reporting (CFR) income.

Clawback Rates

For all phases the following clawback rates will be applied at 31 March 2017 and in subsequent years:

- A clawback rate of 50% is to be applied to any balance above guideline (after adjusting for exemptions) as at 31 March 2017, or in the first year a school exceeds the new guideline (after adjusting for exemptions);
- A clawback rate 100% is to be applied to any balance in excess of guideline where the guideline has been breached for two or more consecutive years.

Exemptions

The Forum agreed that 'late allocations' be reintroduced into the list of clawback exemptions.

Property Strategy and the Reconfiguration of the Wellbeing, Prevention and Early Help Service

The reconfiguration of the Wellbeing, Prevention and Early Help Service has impacted on schools with Children's Centres, with the removal of provision from 23 schools and changes within the 21 schools where provision is being retained.

Following representations by the Forum and individual schools, the County Council agreed to provide transitional funding in 2017/18 to all schools currently with Children's Centres, irrespective of whether the authority is remaining in them or removing provision. These payments relate to the "running costs" identified by the authority for 2016/17 and were additional to any new shared use payments for the schools where services are remaining within. This funding totalled over £650,000.

Schools in Financial Difficulty (SIFD) Process

The Forum have supported changes to the SIFD process and timescales as follows:

- The deadline for submission of Budget Anticipations/Recovery Plans to the LA has been brought forward to 30 June rather than 31 August each year;
- Schools may be asked to agree to a voluntary partial suspension of delegation for schools due the concern around risks of the level of deficit increasing without additional controls.

A number of factors have arisen that have necessitated a review of the SIFD policy and timeframes:

- There are considerable cost pressures on the school sector, with inflation, increased staffing and pension costs and, in some cases, the apprenticeship levy combining to create a difficult financial environment and increasing the risk that more schools will face financial difficulties in future;
- The introduction of the Schools National Funding Formula (SNFF), commencing in 2018/19, causes considerable turbulence at individual school level. Approximately 2/3 Lancashire schools and academies lose under the DfE's proposals and even those that are SNFF winners may be real terms losers when other costs pressures are taken into account;
- SNFF proposals also introduce additional constraints into the school funding system which may well limit the support that the LA is able to offer schools in financial difficulty.

High Needs Block Commissioned Places 2017/18

Regulations require the Forum to be consulted annually on the arrangements for commissioning High Needs Block places. Detailed information was provided to Forum about the number of places to be commissioned at Special Schools, FE colleges, Independent Specialist Providers, Pupil Referral Units and the Hospital Education Service, for both pre 16 and post 16 pupils/students.

Prevention and Early Help Services

Each year, the Forum consider various combined services budgets, which incorporated Dedicated Schools Grant (DSG) funding, including:

- Early Help Commissions;
- Careers Education, Information, Advice and Guidance (CEIAG) for Children Looked After (CLA);
- Teacher posts in the Lancashire Multi-Agency Safeguarding Hub (MASH).

The Forum scrutinised outcomes achieved in the previous 12 months and supported a continuation of this expenditure for 2017/18.

Surface Water and Highways Drainage (SWHD) Charges

The Forum and individual schools, have been involved in lobbying United Utilities (UU) for a reduction in charges in a long running campaign co-ordinated by Sefton Borough Council.

Notification has recently been received from UU indicating that they have agreed to make some concessions to the SWHD charging for schools from 2018/19 and also provide a credit to schools in 2017/18. It is estimated that the full impact of this change could be over £1m annually for Lancashire schools from 2018/19.

The Forum welcomed this concession but intend to lobby UU to request that nursery schools are able to benefit from the changes, as current criteria appears to exclude them.

Full details of all Schools Forum business are available from the [Schools Forum website](#). For any queries please email schoolsforum@lancashire.gov.uk