

**LANCASHIRE SCHOOLS FORUM**  
**Date of meeting 12 January 2021**

**Item No 7a**

**Title: Schools Budget 2021/22**

**Appendices (if applicable) Appendix A refers**

***Executive Summary***

This report has been prepared following receipt of pupil data and Dedicated Schools Grant (DSG) allocation information from the Education and Skills Funding Agency (ESFA). The report sets out the budget proposals for 2021/22 across the four funding blocks.

A meeting of the Forum Chair's Group, will take place on 7 January 2021. Recommendations arising from this meeting around finalising the Schools Budget 2021/22 will be presented to the Forum on 12 January 2021.

Following consideration of the final Schools Budget proposals by the Forum and the Lancashire County Council, the Authority is required to submit a final Schools Block budget proforma for 2021/22 to the ESFA by 21 January 2021.

This report also provides information on the High Needs, Early Years and Central School Services Blocks for 2020/21, and seeks the formal approval for the budget lines requiring Forum agreement.

**Recommendations**

**The Forum is asked to:**

- a) Note the report, including the 2021/22 Dedicated Schools Grant (DSG) allocations and the budget proposals for each of the 4 funding block;**
- b) Note the recommendations from the Forum Chair's Group meeting on 7 January 2021 (to be presented at the Forum meeting on 12 January);**
- c) Support the Schools Budget proposals for 2021/22 for the Schools Block, High Needs Block, Early Years and Central School Services Blocks;**
- d) Support the Dedicated Schools Grant Reserve underwriting the uncertainties around the Schools Budget 2021/22;**
- e) Formally approve the budget lines requiring Forum agreement (as set out at item 6d).**
- f) Express any views to be brought to the attention of the Cabinet when setting the 2021/22 Schools Budget.**

## **Background**

Recent reports to the Forum and Working Groups have set out the Government's announcements about school funding for 2021/22.

The Dedicated Schools Grant is a ring-fenced specific grant and it must be used in support of the Schools Budget as defined in the Dedicated Schools Grant Conditions of Grant and the School and Early Years Finance (England) Regulations. The Dedicated Schools Grant is allocated to every Local Authority in four funding blocks, each calculated using national funding formulae. The four blocks are:

- Schools Block;
- High Needs Block;
- Early Years Block;
- Central School Services Block.

On 20 July 2020, announcements from the Prime Minister and the Education Secretary confirmed increases in school funding allocations for 2021/22, which are part of the 3 year settlement first publicised for 2020/21, and that provide more than £14bn extra funding over the three year period.

Nationally, school funding allocations will increase by £2.2bn in 2021/22, compared to 2020/21. The 2021/22 allocations are £4.8bn higher compared to 2 years ago when the 2019/20 baseline was established.

These increases relate to the Schools Block and High Needs Block allocations.

Information about the Early Years Block was provided in the Chancellor's autumn spending review statement on 25 November 2020, and indicated that an additional £44m would be made available nationally for early years education in 2021/22.

Further information on each of the funding blocks is provided below and details of the final 2021/22 Dedicated Schools Grant allocations, notified in December 2020, and the proposed Schools Budget expenditure are contained in Appendix 'A'.

## **Schools Block**

The Schools Block funds mainstream primary and secondary schools and academies.

The Schools Block funding framework for 2021/22 will continue to operate under the 'soft' National Funding Formula arrangements first introduced in 2018/19. This is where the allocations for each local authority are calculated on the aggregated individual school National Funding Formula amounts calculated by the Government, but the local authority's local formula still applies in making actual allocations to schools.

Following a previous consultation with schools and academies in the County, and discussions with the Schools Forum, the Cabinet ratified the use of the National Funding Formula as the Lancashire formula methodology from April 2018. This will continue to apply in 2021/22.

Department for Education announcements indicate that funding through the National Funding Formula is increasing by 4% overall in 2021/22 compared to 2020/21. The main features in 2021/22 are:

- The National Funding Formula funding factors will remain unchanged for 2021/22;
- Every mainstream school will be allocated at least 2% more pupil-led funding per pupil compared to its 2020/21 National Funding Formula baseline;
- Additional funding for small and remote schools will increase in 2021/22, with primary schools attracting up to £45,000 through the sparsity factor, and secondary schools up to £70,000;
- Funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, has been added to schools' National Funding Formula allocations from 2021/22;
- The minimum pupil funding levels have been increased for 2021/22 to take account of the extra funding available and the inclusion of the teachers pay and pensions grants into the National Funding Formula. The minimum pupil funding ensures that schools receive a minimum level of funding calculated by dividing all the pupil led factors plus the lump sum allocation by the number of pupils on roll. The revised minimum pupil funding levels in 2021/22 are:
  - £4,180 per pupil for primary schools;
  - £5,415 per pupil for secondary schools;
- The 2019 update to the Income Deprivation Affecting Children Index has been incorporated so that deprivation funding allocated through the formulae is based on the latest data, but the banding structure has been amended to minimise turbulence at school level;
- Premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2020/21, with the Private Finance Initiative factor increasing in line with the Retail Price Index (excluding mortgage interest payments) measure of inflation and is set at 1.56%.

#### *Minimum Funding Guarantee*

Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2021/22 must be between +0.5% and +2.0%.

The level to be applied in Lancashire is the subject of a consultation with schools and the Schools Forum. The Forum letter to the Cabinet on finalising the Schools Budget for 2021/22 will include a final recommendation on the level of Minimum Funding Guarantee to be applied from April 2021.

#### *Schools Block Transfer*

Local authorities will continue to be able to transfer up to 0.5% of their Schools Block to other blocks of the Dedicated Schools Grant, with schools forum approval.

Forecasting undertaken by officers on receipt of the provisional Dedicated Schools Grant allocations for 2021/22 and the initial pupil data from the October 2020 school census, suggested that the implementation of the National School Funding Formula methodology in full in Lancashire may provide circa £2m of headroom in 2021/22. The

majority of this headroom is generated from Lancashire's growth fund allocation, which is calculated outside the National Funding Formula methodology.

In recent years, when headroom has been available this has been transferred to support demand and cost led pressures in other funding blocks. Forecasts suggest that the financial pressures remain most significant on the Early Years Block in 2021/22.

A consultation with the schools seeking views on a possible transfer of headroom only, from the Schools Block to be used in the Early Years Block has therefore been issued.

The Schools Forum's letter to the Cabinet on finalising the Schools Budget for 2021/22 will include a final recommendation on the possible transfer of headroom from Schools Block to be used in the Early Years Block.

### **High Needs Block**

The High Needs Block funds:

- Special Schools budgets;
- Alternative Provision budgets (mainly Pupil Referral Units);
- Special Education Resource Provision Units in mainstream schools;
- Individually Assigned Resources for High Needs pupils across all educational establishments; and
- Certain Special Education Needs Central Schools Services.

The allocation to Lancashire is calculated using a national High Needs Block formula, but the Local Authority's local funding formulae still apply to distribute High Needs funding to Lancashire providers. The national formula is largely unchanged for 2021/22.

The national increase in high needs funding, from 2020/21 to 2021/22, will amount to £730m, which equates to circa 10%.

The high needs national funding formula will ensure that every local authority receives an increase of at least 8% per head of population, with some authorities receiving up to 12% more than this year.

The additional funding is distributed through the formula, which includes:

- **The funding floor** – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2021/22, the Department for Education is continuing to keep the funding floor at 8.0%.
- **The limit on gains** – the limit on gains will be 12.0% per head of population compared to the baseline, so that authorities due to gain under the formula see an increase of up to 12.0% before their gains are capped.

The remainder of the additional funding will be distributed through an increase to the proxy factors in the formula, keeping their relative weightings the same as previously. The historic spend factor will remain at the same cash value as in 2020/21.

For 2021/22, the Department for Education has also incorporated the teachers' pay grant and the teachers' pension employer contribution grant amounts within the formula by increasing the basic entitlement factor value to £4,660 for special schools, and through an additional factor in the formula that will enable local authorities to receive funding equivalent to the teachers' pay and pension grant they will receive in 2020/21 for Alternative Provision settings, and to the teachers' pension supplementary fund they will receive.

### **Early Years Block**

Early Years Block funding is utilised for:

- Funding for the universal 15 hours entitlement for three and four year olds;
- Funding for the additional 15 hours entitlement for three and four year old children of eligible working parents;
- Funding for the 15 hours entitlement for disadvantaged two year olds;
- Funding for the Early Years Pupil Premium;
- Funding for the Disability Access Fund; and
- Supplementary funding for Maintained Nursery Schools.

The Government introduced an Early Years National Funding Formula from April 2017. This arrangement introduced a formulaic mechanism for distributing early years funding from national Government to each local authority, and set a framework that must be used to distribute funding to all types of early education provider, including nursery schools; nursery classes in maintained primary schools; Private, Voluntary and Independent providers and Childminders. The Early Years National Funding Formula introduced a requirement to have a Universal Base Rate for all providers and set out the type and level of supplements that are available.

Government announcements indicate that an additional £44m has been made available nationally for early years education in 2021/22. This level of increase is below that made available for the Schools Block and High Needs Blocks.

### **Central School Services Block**

This Block is to fund central functions that local authorities carry out on behalf of pupils in state-funded maintained schools and academies in England. The Central School Services Block was first introduced in 2018/19, and effectively replaced the previous Education Services Grant allocations, but the levels of funding have reduced considerably over recent years.

The Central School Services Block allocation for local authorities is split into funding for historic commitments and funding for ongoing responsibilities.

The ongoing responsibilities element of funding is calculated by the Department for Education on a formulaic methodology based on pupil numbers and deprivation, plus an area cost adjustment. The historic commitments element of the Block funds certain ongoing obligations funded from the Dedicated Schools Grant.

For 2021/22, the Department for Education funding announcements indicate that the ongoing responsibilities funding will increase by 4% compared to 2020/21, but in line with previous announcements, funding for historic commitments will decrease by 20%. The Department for Education have indicated that they will continue to unwind the historic commitments funding to zero in future years.

### **Final Dedicated Schools Grant Allocation 2021/22**

Details of Lancashire's final Dedicated Schools Grant allocations for 2021/22 for each funding block, and the expenditure proposals for each block are provided at Appendix 'A'.

### **Financial Implications**

The report forecasts a balanced Dedicated Schools Grant funding position in 2021/22, which will be underwritten by the Dedicated Schools Grant reserves.

It should also be noted that the Department for Education have tightened the ring-fencing around the Dedicated Schools Grant for 2020/21 onwards to ensure that local authorities do not make provisions in their general reserves to cover possible Dedicated Schools Grant deficits and any deficits would be carried forward into future years and then repaid overtime. A number of other local authorities are already working with the Department for Education to agree recovery plans to repay deficits.

To date, Lancashire has always contained any school funding pressures within the Dedicated Schools Grant. The Dedicated Schools Grant reserve at 31 March 2020 was £11.151m.

## Appendix A

### **DEDICATED SCHOOLS GRANT (DSG) 2021/22**

Final Dedicated Schools Grant allocations for 2021/22 were published by the Department for Education on 17 December 2020.

Lancashire's Gross 2021/22 Dedicated Schools Grant allocation is £1,090.214m.

The equivalent Gross Dedicated Schools Grant income figure for 2020/21 was £1,003.852m. The 2021/22 figure is over £86m higher than the previous year.

This increase in funding is due to:

- Lancashire's share of the increased £2.2b funding nationally made available by Government, including £730m for the High Needs Block;
- Lancashire's share of the increased £44m nationally for the Early Years Block;
- Incorporation of funding for the teachers pay and pensions grants in the Schools, High Needs and Central Schools Services Blocks that were previously paid as separate grants;
- An increase in the overall numbers of pupils in Lancashire compared to 2020/21.

Whilst there is additional funding in the education system, some schools and providers are only receiving inflationary level increases in funding compared to 2020/21, especially when unpredictable covid-19 related costs are factored in, and many may continue to face financial challenges.

The sections below provide further details of the Lancashire Dedicated Schools Grant (DSG) allocations and present the estimated Schools Budget for 2021/22.

### **DEDICATED SCHOOLS GRANT (DSG) ALLOCATIONS 2021/22**

The Department for Education sub-divide the Dedicated Schools Grant allocations into 4 funding blocks: the Schools Block, High Needs Block, Early Years Block and the Central Schools Services Block (CSSB). These Blocks are all calculated on a formulaic basis.

Information on the allocations for each of the funding blocks is provided below:

#### **Schools Block allocation (£849.944m)**

The Schools Block allocations for 2021/22 are derived on the basis of illustrative individual Schools National Funding Formula (SNFF) allocations calculated by the Government. These calculations translate into primary and secondary units of funding for 2021/22. These units of funding are multiplied by the number of primary and secondary pupils from the October 2020 census. A Local Authority level allocation for premises factors and growth funding are added to provide a final Schools Block allocation.

For 2021/22, the allocation also includes an amount relating to funding for the teachers pay and pensions grants that were previously paid as separate grants.

This provides a total Lancashire Schools Block allocation for 2021/22 of £849.944m.

The 2021/22 Schools Block allocation is over £68m higher than the equivalent figure in 2020/21. The increased allocation is in part due to Lancashire's share of the additional funding made available nationally by the Government and the inclusion of funding from the teachers' pay grant and the teachers' pension employer contribution grant in the schools' National Funding Formula allocations from 2021/22.

In addition, there are 841 more pupils across Lancashire primary and secondary schools, which generates additional Schools Block income, but will also produce extra costs in the budget.

### **High Needs Block allocation (£151.033m)**

The 2021/22 High Needs Block allocation is calculated under the Government's national High Needs funding formula. Key features of the formula include:

- A historic spending allocation to assist with transition to the national high needs formula;
- A flat rate of £4,660 per annum for each pupil in special schools or student in special post-16 institutions, ensuring local authorities receive a broadly equivalent basic level of funding for pupils with high needs in both mainstream schools and outside the mainstream sector. For 2021/22, this factor has been increased by £660 per pupil relating to funding for the teachers pay and pensions grants that were previously paid as separate grants;
- A number of proxy measures including the following factors:
  - 2-18 population;
  - deprivation;
  - low attainment;
  - health and disability.
- An import/export adjustment for high needs pupils;
- An allocation for Hospital education and some additional Alternative Provision teachers pay/pension costs.

The formula provides a 2021/22 High Needs Block allocation for Lancashire of £151,032,906.

This figure is over £15m higher than the equivalent 2020/21 allocation, and is largely due to increased funding for the High Needs Block made available by the Government and the uplift for the teachers' pay grant and the teachers' pension employer contribution grant which now form part of the national High Needs Block funding formula.

It should be noted that the High Needs Block allocation is a provisional allocation and the gross total includes allocations attributable to funded places that will be deducted and made directly by the ESFA. These are estimated by ESFA to total circa £8.402m.

### **Early Years Block allocation (£82.472m)**

Allocations for the Early Years Block include:

- funding for the universal 15 hours entitlement for three and four year olds;

- funding for the additional 15 hours entitlement for three and four year old children of eligible working parents;
- funding for the 15 hours entitlement for disadvantaged two year olds;
- funding for the Early Years Pupil Premium (EYPP);
- funding for the Disability Access Fund (DAF);
- supplementary funding for Maintained Nursery Schools (MNS).

The allocations are calculated on a formulaic basis and include Lancashire's share of an additional £44m nationally for early years education in 2021/22.

This additional funding translates into an additional 6p per hour for three and four year olds from April 2021, and 8p per hour for two year olds.

Other factors in the formula remain unchanged from 2020/21:

- Early Years Pupil Premium (EYPP) – 53p per eligible child per hour;
- Disability Access Fund (DAF) - £615 per eligible child per year.

The continuation of supplementary funding for Maintained Nursery Schools (MNS) was also confirmed for 2021/22. Government announcements did include information to indicate that the supplementary funding for Maintained Nursery Schools (MNS) allocations for September 2021 to March 2022 are conditional and they may be subject to change. Local authorities were advised to therefore treat them as unconfirmed. The announcements reiterated the Government's commitment to the long-term funding of maintained nursery schools and indicated more information would be provided about this in early 2021.

These factors provide a total Early Years Block allocation for Lancashire for 2021/22 of £82,471,546.

Lancashire's Early Years funding is circa £2m higher than the equivalent 2020/21 allocation, due to the increased hourly funding rates for two, three and four year olds.

It should be noted that the 2021/22 early years block allocations are initial, and based on Schools, Early Years and Alternative Provision censuses data from January 2020. These allocations will be updated based on January 2021 and January 2022 census data.

### **Central Schools Services Block (CSSB) (£6.766m)**

The Central Schools Services Block (CSSB) is to fund central functions that Local Authority's carry out on behalf of pupils in state-funded maintained schools and academies in England.

The Central Schools Services Block (CSSB) is split into funding for historic commitments and funding for ongoing responsibilities. The ongoing responsibilities element is based on a formula, with unit values being increased by 4% for 2021/22. The uplift includes an element of additional funding for the teachers pay and pensions relating to centrally employed teachers.

The Historic Commitments element of the allocation has been reduced by 20% compared to 2020/21, as the Department for Education indicate that they will continue to 'unwind' historic commitments over time.

The total Lancashire's Central Schools Services Block allocation for 2021/22 is £6,765,814. This is over £0.3m higher than 2021/22, mainly relating to higher funding rate, the uplift for teachers pay and pensions and higher pupil numbers.

### **In Year Adjustments**

The DSG allocation notified is prior to in year adjustments for:

- Academies recoupment from the schools block;
- Deductions for high needs places in academies and non-maintained special schools;
- Post 16 places;
- Deduction for national copyright licences;
- Updates to the funding for three and four year olds;
- Updates to the funding two year olds;
- Updates to the early years supplementary funding for maintained nursery school;
- Updates to the early years pupil premium;
- Updates to early years Disability Access Fund.

### **Forecast total DSG income for 2021/22**

The Lancashire DSG allocations for 2021/22 across the 4 funding blocks are shown below:

<b><u>Forecast DSG Income</u></b>	<b>£m's</b>
Schools Block	849.944
High Needs Block	151.033
Early Years Block	82.472
Central Schools Services Block	6.766
<b>Gross Total forecast DSG Income</b>	<b>1,090.214</b>
Total deductions for direct high needs payments made by the ESFA	-8.402
<b>Net Total forecast DSG Income</b>	<b>1,081.812</b>

## SCHOOLS BUDGET 2021/22

The latest Individual School Budgets (ISB) across all phases has been constructed using the final datasets made available from the Department for Education and our latest local Early Years and High Needs data.

This Schools Budget estimate has been calculated following the outcome of consultations with schools and early years providers and discussions with the Schools Forum.

### Budget Summary

The table below summarises the budgets to be allocated from each of the DSG funding blocks

<b>Forecast DSG Expenditure</b>	<b>£m's</b>
Schools Block	847.944
High Needs Block	151.033
Early Years Block	84.472
Central Schools Services Block	6.766
Total deductions for direct high needs payments made by the ESFA	-8.402
<b>Total forecast DSG Expenditure</b>	<b>1,081.812</b>

Further details about each block are provided below.

### Schools Block (£847.944m)

Following a consultation with schools and the Schools Forum as part of the 2018/19 Schools Budget setting cycle, it was agreed to use the Government's National Funding Formula (NFF) methodology as the local Lancashire funding model.

The National Funding Formula methodology will continue to apply in 2021/22 for calculating allocations to Lancashire schools, and will incorporate the changes to the formula introduced nationally that are set out in the main report. This provides for a guaranteed 2% per pupil increase for all schools and academies in 2021/22.

As supported by responses from schools in a consultation held in the autumn term 2020, the Minimum Funding Guarantee (MFG) has been included in the formula at +2% and there is no cap on funding gains.

A 2021/22 growth fund requirement, which is used to support Local Authority initiated school expansions, of circa £2m has been included for 2021/22.

The calculation reveals a 2021/22 Schools Block expenditure requirement of £847.944.

The recent school consultation also provided support for the transfer of any Schools Block headroom that may be available to help support pressures in the Early Years block.

£2m represents 0.26% of the Schools Block, prior to the inclusion of the teachers pay and pensions grant uplifts, so is below 0.5% level requiring transfers to be approved by the Secretary of State and a decision can therefore be approved by the Forum;

Responses will be presented to Forum as one of their decisions on 12 January 2021

The headroom figure is generated from Lancashire's 2021/22 Growth Fund allocation from Government, less our local estimate of the growth requirement from April 2021.

### High Needs Block

The High Needs Block expenditure for 2021/22 is estimated in the table below:

	Place funding £m	Top-up funding £m
Delegated to Schools	32.234	71.755
FE Colleges		7.000
HNB costs on a commissioned basis		31.305
Total deductions for direct high needs payments made by the Education and Skills Funding Agency		8.402
Additional High Needs places to be paid direct by Education and Skills Funding Agency		0.337
<b>Total</b>	<b>32.234</b>	<b>118.799</b>

The total forecast High Needs Block expenditure in 2021/22 is some £151.033m.

This forecast expenditure includes an estimate of the considerable cost and demand led pressures facing the block in 2021/22.

Proposals also build in a 2% increase to the level for the school specific factor rates in special schools and pupil referral units and to the Weighted Pupil Number (WPN) values supporting all high needs pupils. These proposals provide a similar level of increase to that in the Schools Block national funding formula, which guarantees 2% more pupil-led funding per pupil than in 2020/21.

The circa £8.4m of deductions in the Dedicated Schools Grant notifications have been budgeted here, as this relates to direct high needs payments made by the Education and Skills Funding Agency.

An extra £0.337m worth of deductions has also been included, for additional high needs places that have now been commissioned by the county council at establishments that are directly paid by the Education and Skills Funding Agency.

Despite considerable pressure on the high need block funding envelope, a balanced budget position has been forecast for 2021/22 and the county council will continue to work on initiatives that ensure that the best use is being made of the High Needs

resources available and to minimise as far as possible the future years forecasted overspends.

### Early Years Block

The Early Years Block expenditure for 2021/22 is estimated in the table below:

	2 year olds £m	3&4 year olds £m
Early Years Block 3/4 year olds		73.177
Early Years Block 2 year olds	9.729	
Early Years Pupil Premium (EYPP)		0.752
Early Years Disability Access Fund (DAF)		0.314
SEN Inclusion Fund		0.500
<b>Total</b>	<b>9.729</b>	<b>74.743</b>

The total forecast Early Years Block expenditure in 2021/22 is some £84.472m.

Government announcements on 17 December 2020 indicated that the additional early years funding for 2021/22 translated into an extra 6p per hour for three and four year olds from April 2021, and 8p per hour for two year olds. These increased values have been included in the budget forecasts for 2021/22

Other factors in the national early years formula remain unchanged from 2020/21 and have also been included in budget forecast:

- Early Years Pupil Premium (EYPP) – 53p per eligible child per hour;
- Disability Access Fund (DAF) - £615 per eligible child per year.

Maintained Nursery School Supplementary Funding continues to be provided in 2021/22 and is included in the budget figures for 3&4 year olds above. However, the government announcements emphasise that the maintained nursery school supplementary funding allocations for September 2021 to March 2022 are 'conditional' and may be subject to change. Local authorities are advised to treat them as unconfirmed. The DfE say more information about this will be provided in early 2021 but the government's commitment to the long-term funding of maintained nursery schools is unchanged.

The budget forecasts also build in a £2m transfer of headroom from the Schools Block to the Early Years block, which will need to be confirmed by the Schools Forum, as part of their budget decisions on 12 January 2021. This funding transfer allows a local increase of 8p per hour for the 3&4 year old base rates and a higher level of SEN Inclusion Fund, first supported by a Schools Block transfer in 2020/21, to continue into 2021/22.

It must be emphasised that the transfer of funding from Schools Block headroom cannot be guaranteed for future years.

### Central Schools Services Block (CSSB)

The estimated Central Schools Services Block expenditure in 2021/22 is £6.766m.

The budget takes account of the Department for Education's decision to reduce the Historic Commitments element of the budget by 20% from April 2021, as part of their intention to cease all 'historic' funding over time.

In consultation with the Schools Forum, Lancashire has already significantly reduced the historic commitments expenditure, and further reductions are included in the forecast expenditure for 2021/22. However, in order to protect some combined budget contributions that help support valued services to schools, the historic commitments element is forecast to be overspend in 2021/22, being partially supported from the ongoing responsibilities element, in order to produce a balanced position for the Central Schools Services Block overall.

Careful consideration will be needed around the Central Schools Services Block in future years, as DfE implement further reductions in the Historic Commitments budget.

#### **Calculation of the final 2021/22 funding position**

	<b>£m's</b>
<b>Total forecast DSG Income 2021/22</b>	<b>1,081.812</b>
<b>Total Forecast DSG Allocations 2021/22</b>	<b>1,081.812</b>

These Schools Budget proposal forecast a balanced budget position for 2021/22.

## **LANCASHIRE SCHOOLS FORUM**

**Date of meeting 12 January 2021**

### **Item No 7b**

**Title: Consultation on the Possible Schools Block Transfer to the Early Years Block 2021/22**

#### ***Executive Summary***

This report provides information relating to the 2021/22 Schools Block Transfer consultation analysis and comments.

#### **Recommendations**

**The Forum is asked to:**

- a) Note the report, and the consultation analysis and comments;**
- b) Bear this information in mind when formal decisions about the Schools Block transfer are being taken.**

## Background

The consultation on the possible 2021/22 Schools Block Transfer of headroom to the Early Years Block closed on 11 December 2020 and an analysis of responses and a full set of comments are provided. A copy of the consultation document is included in the summary report from the Schools Block Working Group.

A total of 79 responses were received from schools.

## Analysis

Question: Do you agree that any headroom available in the Schools Block once the NFF methodology has been implemented in full should be transferred to support pressures in the Early Years Block in 2021/22?			
Yes	No	Not Sure	Total responses
72	3	4	79
91%	4%	5%	100%

## Comments

*(The comments have been anonymised, where they mentioned specific schools by name).*

I'm not sure I fully understand this, but does this mean that the school's block funding is subsidising early years? Whilst I fully understand the pressures on early years provision, there are considerable pressures on all schools, especially those with sixth forms. I would be interested in getting a better understanding of this issue.

The language gap of children entering the EYFS is continually growing. I feel this is due to the modern world not allowing time for our children. The pressures of work, finances and the peer-pressure of using consoles etc. are all adding to less time being spent with our children meaning they are having less time to interact with people and becoming increasingly reluctant to develop their communication and language skills.

In principle support the proposals but would also consider an option to split any headroom to also support other blocks in difficulty or deficit such as High Needs to offer some balance but understand this could mean that neither block are supported to the degree they need to be and that High Needs do have a proposed strategy that aims to reduce deficit going forward, whereas there is little manoeuvrability within early years.

Nursery Schools are under enormous pressure financially and do not get the same funding as Secondary/Primary/Infant Schools. As Chair I accept this but feel that even financially well run Nursery Schools need any extra funding that is available so see them through this terrible Pandemic. Many of the Nursery Schools are Outstanding according to Ofsted and prepare children for their continuing Educational journey into Primary then Secondary schools.

I've gone with Not Sure as I don't know if all the headroom should go in this direction as there are other pressures such as SEND/AP and such that also need additional funds.

Early Years Providers across all sectors are under increasing financial pressure. The County Council have always been very supportive of the sector and I welcome this proposal. However, we need to continue to lobby Government to ensure fair funding for the Early Years sector which is unsustainable in the current climate.

As headteacher of two maintained nursery schools, more than in previous years, we have struggled to provide sufficient staffing levels to support SEN children since COVID pandemic began. For both schools, these numbers are much higher than ever before, with no financial assistance due to blockages in the children's assessment & referral system. In recent weeks, we have also received several new children who have transferred from PVI's where their (SEN) needs were not being met. As maintained nurseries, we have never turned any children away and the cost of providing for these children should be reflected in the allocation of funds.

Instigation and implementation of SEND policies and procedures as children enter the education system a notable expense for early years settings. Current levels of funding for SEND in early years are proving insufficient to meet current needs and the backlog in referral and support process caused by Covid crisis in 2020 would suggest that without additional funding many Children identified with SEND in early years settings will be unprepared or unable to continue into suitable school placements in September 2021.

In addition to the generally low Early Years Block Funding mentioned in the proposal, xxxx Nursery School (and doubtless other Maintained Nursery Schools ) has suffered substantial extra costs due to the need to attempt to provide for the increased numbers of SEN children during the Covid pandemic and new SEN children in this new term. Because of the blockages in the children's assessment & referral system due to Covid19, there has as yet been no financial provision established for these children. As a Maintained Nursery School, xxxx is committed to not turning such children away, but the pressure on school finances of providing for their needs is considerable.

Many parents are currently working from home or have lost their jobs and are not taking up the number of places / hours that they did last year and the year before. The extended 15 hours available has taken a big hit in attendance for these reasons. Also the 15 universal hours take up is down as some anxious parents want to keep their children at home with them.

If we do not support Maintained Nurseries NOW, they will be an enormous loss, especially to all deprived areas!

The impact in investing the early years cannot be underestimated in supporting vulnerable children to become school ready and therefore give them the best opportunity to improve life chances.

Yes - So long as the implementation of the NFF, including the increased MPF & MFG, can still be made in full.

Any help for struggling nurseries is welcome

**Item 7d SCHOOLS BUDGET 2021/22**

**SPECIFIC APPROVALS NEEDED FROM THE SCHOOLS FORUM**

The School and Early Years Finance (England) Regulations require certain proposals by the Local Authority relating to the Schools Budget to be approved by the Schools Forum. .

An indication of the specific proposals that have previously been considered and approved by the Forum is included together with proposals now put forward that require approval.

<b>Function</b>	<b>LA proposals 2021/22</b>	<b>Proposed Expenditure: 2021/22 £m</b>
<b>Consultation on Formula Changes</b>		
<ul style="list-style-type: none"> <li>As required by DfE, the HNB working group were consulted on the best way to incorporate the former teachers pay and teachers pensions grants in the special school and AP formulae</li> </ul>	Proposals look to incorporate the former teachers pay and teachers pensions grants in the HNB formulae by an increase to the school specific factor. A school specific factor is available in both the special school and PRU formulae and an additional allocation of £660 per pupil will be included in both for 2021/22, included as a separate line on budget statements, so that it is transparent and easily identifiable.	2.598
<ul style="list-style-type: none"> <li>In response to requests from PRU representatives, proposals have been developed to use WPN values in the AP funding formula, rather than AWPU values</li> </ul>	Proposals look to incorporate the WPN value at Band E2 (1 WPN) in the secondary PRU formula rather than the average of the secondary AWPU value, and at 2/3 the WPN value (at Band E2) for primary PRUs, rather than the primary AWPU. Both phases receive a circa £30 per pupil increase using this formula	0.013

<b>De-delegation for mainstream schools</b>	LA proposals for: <ul style="list-style-type: none"> <li>• Schools in financial difficulty;</li> <li>• Museum service (primary only);</li> <li>• Staff Costs Public duties/Suspensions;</li> <li>• Primary Inclusion Hubs</li> </ul> Approved by the Schools Forum on 20 October 2020	3.456
<b>Movement of up to headroom from the schools block to other blocks</b>	Consultation responses are provided in the Forum papers, and in accordance with responses and recommendations from the Schools Block, proposals to transfer headroom from Schools Block to the Early Years are built into the Schools Budget 2021/22.	2.000
<b>Contracts (where the LA is entering a contract to be funded from the schools budget)</b>	No Proposals at this time	
<b>Financial issues relating to:</b>		
<ul style="list-style-type: none"> <li>• arrangements for pupils with special educational needs, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding</li> </ul>	Proposals contained in the High Needs Block Working Group recommendations report to the Forum and the Forum budget papers	98.839
<ul style="list-style-type: none"> <li>• arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding</li> </ul>	Proposals contained in the High Needs Block Working Group recommendations report to the Forum and the Forum budget papers	12.094
<ul style="list-style-type: none"> <li>• arrangements for early years provision</li> </ul>	Proposals contained in the Early Years Block Working Group report to the Forum and the Forum budget papers	84.471

<ul style="list-style-type: none"> <li>administration arrangements for the allocation of central government grants</li> </ul>	No Proposals at this time beyond passporting DfE allocations to schools	
<b>Minimum funding guarantee (MFG)</b>	Consultation responses on MFG reported to Forum on 20 October 2020 and recommended that the level of MFG to be used in the Lancashire funding formula for 2021/22 be set at +2.0%.	
<b>General Duties for maintained schools</b> Contribution to responsibilities that local authorities hold for maintained schools	No Proposals at this time	
<b>Central spend on and the criteria for allocating funding from:</b>		
<ul style="list-style-type: none"> <li>funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy</li> </ul>	<p>Policy previously agreed by the Schools Forum. Proposal to increase the growth fund unit values in line with increased NFF Minimum Pupil Funding levels for 2021/22, using the higher rate that incorporates previous teachers pay and pensions grants</p> <p>Final budget proposals are contained in the Schools Budget 2021/22 report</p>	1.797
<ul style="list-style-type: none"> <li>funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years</li> </ul>	No Proposals at this time	-
<b>Central spend on:</b>		
<ul style="list-style-type: none"> <li>early years block provision funding to enable all schools to meet the infant class size requirement</li> </ul>	No Proposals at this time	

<ul style="list-style-type: none"> <li>back-pay for equal pay claims</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>remission of boarding fees at maintained schools and academies</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>places in independent schools for non-SEN pupils</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>admissions</li> </ul>	Final budget proposals are contained in the Schools Budget 2021/22 report	1.400
<ul style="list-style-type: none"> <li>servicing of schools forum</li> </ul>	Final budget proposals are contained in the Schools Budget 2021/22 report	0.188
<ul style="list-style-type: none"> <li>Contribution to responsibilities that local authorities hold for all schools</li> </ul>	No Proposals at this time	
<b>Central spend on:</b>		
<ul style="list-style-type: none"> <li>capital expenditure funded from revenue: projects must have been planned and decided on prior to April 2013 so no new projects can be charged</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>contribution to combined budgets: this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources</li> </ul>	Final combined budget proposals are contained in the Schools Budget 2021/22 report	0.350
<ul style="list-style-type: none"> <li>existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged)</li> </ul>	No Proposals at this time	
<ul style="list-style-type: none"> <li>prudential borrowing costs – the commitment must have been approved prior to April 2013</li> </ul>	Historic commitment ended in 2020/21	0.000

<b>Central spend on:</b>		
<ul style="list-style-type: none"> <li>high needs block provision</li> </ul>	2021/22 funding level presented as part of the Schools Budget setting proposals	31.305
<ul style="list-style-type: none"> <li>central licences negotiated by the Secretary of State</li> </ul>	2021/22 funding level presented as part of the Schools Budget setting proposals	1.000
<b>Carry forward a deficit on central expenditure to the next year to be funded from the schools budget</b>	No Proposals at this time	
<b>Any brought forward deficit on de-delegated services which is to be met by the overall schools budget.</b>	No Proposals at this time	