

LANCASHIRE SCHOOLS FORUM
Date of meeting 12 January 2021

Item No 8

Title: Recommendations of the Schools Block Working Group

Appendix A refers

Executive Summary

On 8 December 2020, the Schools Block Working Group considered a number of reports, including:

- School Block Funding 2021/22 and local modelling and numbers;
- Consultation on the Possible Schools Block Transfer to the Early Years Block;
- School Teaching and Support Staff Supply Reimbursement Scheme;
- Schools Expansion Funding 2021/22;
- Covid workforce fund to support with costs of staff absences in schools and colleges;
- Update on exceptional cost claim related to the coronavirus (COVID-19) from March to July 2020;
- The Cost of a New School;
- COVID-19 Winter Grant,

A summary of the information presented and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) **Note the report from the Schools Block Working Group held on 8 December 2021;**
- b) **Ratify the Working Group's recommendations.**

Background

On 8 December 2021, the Schools Block Working Group considered a number of reports. A summary of the information presented and the Working Group's recommendations are provided below.

1. School Block Funding 2021/22 and local modelling and numbers

Reports to the 22 September 2020 working group provided information related to the Government's school funding announcements for 2021/22.

Publication of final 2020/21 DSG allocations will not be available until later in December 2020, together with a final APT containing October 2020 census-based pupil data and factors.

The DfE have published an early version of the APT for modelling purposes and the county council has obtained some local data from the October 2020 school census.

For Schools Block purposes the local census data indicates that there were a total of 164,710 pupils in Lancashire primary and secondary schools and academies at October 2020. This is an increase of 1,001 compared to October 2019, and includes 1,216 extra pupils in the secondary phase, slightly offset by a reduction of 215 pupils in the primary sector.

Local census data will be the subject of further cleansing and finalisation by the DfE before the December APT release, so figures may still vary at the margins.

The extra circa 1,000 pupils will generate further DSG income for the county when final allocations are announced, and will be additional to the extra funding generated by increases in core funding levels from April 2021.

Even though there will be general increases in the level of funding in 2021/22, it must be remembered that Individual School Budget (ISB) allocations can vary considerably from year to year based on pupil numbers at individual schools.

Initial analysis of NOR changes at school level from the October 2020 census shows the following maximum losses in actual pupil and % terms, by sector:

Secondary Max Loss	60 pupils
Primary Max Loss	28 pupils
Secondary Max % Loss	6%
Primary Max % Loss	45%

There are also some significant increases at school level, as shown below:

Secondary Max Gain	141 pupils
Primary Max Gain	32 pupils
Secondary Max % Gain	29%
Primary Max % Gain	49%

Members discussed the pupil number trends in Lancashire and future projections utilised by the school place planning team. It was noted that proposals were being developed for a possible new primary school in the Clitheroe area.

The Working Group:

- a) Noted the report.**

2. Consultation on the Possible Schools Block Transfer to the Early Years Block

Now that provisional Dedicated Schools Grant (DSG) allocations for 2021/22 have been made available and we have initial pupil data from the October 2020 school census, the county council has been able to model the Schools Block budget from April 2021.

Our initial estimates suggest that the implementation of the National School Funding Formula (NFF) methodology in Lancashire, including the increased minimum pupil funding (MPF) levels and the Minimum Funding Guarantee (MFG) set at positive +2% is affordable as the local funding formula. Modelling indicates that there could still be circa £2m of headroom available in 2021/22. The majority of this headroom is generated from Lancashire's growth fund allocation, which is calculated outside the NFF methodology.

The county council has therefore issued 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. The consultation was issued via the Schools Portal on 1 December 2020, and set out the rationale for the proposal. The consultation closes on 11 December 2020.

A copy of the consultation document was provided for the Working Group, and is provided at Appendix A to this report.

Members discussed the proposal and noted that school consultation responses will be shared with Forum in January, when final DSG allocations would also be known.

The Working Group:

- a) Noted the report;**
- b) Expressed support for the proposed Schools Block transfer to Early Years Block;**
- c) Noted that final decisions would be taken by the Forum in January when school consultation responses and final DSG allocations would be available.**

3. School Teaching and Support Staff Supply Reimbursement Scheme

Each year, reports are presented to the Forum about the arrangements for the School Teaching and Support Staff Supply Reimbursement Scheme. This report provided information around scheme arrangements in 2020/21 and proposals for 2021/22

2019/20 Outturn Position

The 2019/20 outturn report that the Scheme reserve at 31 March 2020 was at £1.037m, following an in-year deficit of £0.133m. The deficit was attributable to the support staff element of the scheme and partially offset by a surplus on the teaching staff element.

The Forum have previously recommended that the scheme should aim to retain a reserve of £1.25m to mitigate against the risk of an exceptionally high claims year.

2020/21 Scheme Arrangements

The scheme arrangements agreed with the Forum for 2020/21 looked to increase premiums and reimbursement rates to take account of the relevant teaching and support staff pay increases and the revised salary pay spine for support staff.

Following finalisation of the supply scheme arrangements with the Forum in January 2020 individual offers were issued to schools and academies for consideration. It was noted that 13 fewer schools joined the scheme in 2020/2 compared to 2019/20.

It was also noted that during the 2020/21 scheme year, the Forum have received reports and considered proposals to amend the scheme using the urgent business procedure in response to the COVID-19 pandemic. This has including extending cover to support COVID related self-isolation absences, subject to certain conditions, and covering 'shielding' absences for certain periods of time. A further update of the scheme rules has been issued since the last Forum meeting, to cover the period of the second national lockdown from 5 November 2020 to 2 December 2020. The rule changes for this period related to staff who are Clinically Extremely Vulnerable (CEV) identified through a letter from the NHS or from GPs. Following discussions with the Forum Chair, it was judged that this updated did not need to seek prior approval of the Forum, as it was in keeping with the recommendations expressed by members at the 20 October 2020 Forum meeting that the shielding rules within the scheme should be kept under review in the light of changing government guidance.

2021/22 Scheme Proposals

The pandemic has required the scheme rules to be reviewed and changed on a number of occasions in 2020/21 and it is expected that the year end cost burden on the scheme will be increased from what might have been expected in a 'normal' year. The updated operation of the scheme has tried to strike a balance between supporting schools with additional costs incurred during the pandemic and ensuring the scheme reserve is not exhausted, leading to significant increases in premiums for school members in future years.

However, the 2021/22 offer letter needs to be issued to schools in January 2021, which is several months in advance of the 2020/21 year end when the final position on the scheme finances will be known.

At the time of writing, positive news on COVID vaccinations has been announced, but the roll-out and effectiveness of this development is not yet clear and it remains likely that COVID will have implications for supply scheme costs well into 2021/22.

There was already an intention to increase the premiums for support staff cover in response to the continuing overspends on this element of the scheme.

It is also be usual practice to increase teaching and support staff premiums annually so that reimbursement rates can also increase in line with likely pay rises for the different categories of staff. Recent announcement by the Chancellor have introduced a public sector pay freeze, excluding frontline NHS workers and those earning less than £24,000.

All these factors combined make planning for 2021/22 extremely difficult. However, some proposals were outlined for consideration by the working group.

Operation of the Scheme

Changes to the operation of the scheme could include the amendments agreed by the Forum during 2020/21, including:

- **Self-isolation**
Staff who are self isolating due to COVID-19 symptoms or as a result of test and trace will continue to be covered by the scheme, where the school is incurring additional costs by covering the absence as if staff were off ill, and subject to the normal scheme rules, for example, the waiting periods chosen by the school and subject to the school remaining open and scheme reimbursement rates.
- In year changes to the level of cover provided will be suspended in 2021/22 so that the scheme reserve can be protected in order to cope with the demands caused by the pandemic.
- Ongoing government guidance for workers who are Clinically Extremely Vulnerable (CEV) is that that they no longer needed to shield. Staff in Lancashire schools can return to work as long as the workplace is COVID secure and supply cover is not therefore supported by the scheme in 2021/22. However, the scheme will respond in year to any changes to government/LCC Schools HR advice in respect of Clinically Extremely Vulnerable (CEV) staff. (For example, as happened during the second national restrictions from 05/11/20 to 02/12/20).

No other changes are proposed to the Scheme SLA.

Scheme Premiums

In order to mitigate against the risk to the scheme reserve due to COVID related pressures, allow for some small increases in the relevant reimbursement rates and respond to the ongoing overspend on the support staff element of the scheme, the following level of increases to premiums are proposed for 2021/22:

- Teaching staff element:+6%
- Support staff element :+10%

If need be, premiums can continue to increases at a level marginally above inflation over future years in order reinstate the recommended level of scheme reserve (£1.25m), without the need for a significant premium increases in a single year. Members are also reminded that if the scheme reserve exceeds the level recommended by Forum at any given year end, then the surplus funding is returned to scheme members.

Reimbursement rates

It is proposed the reimbursement rates in the teaching staff scheme for 2021/22 will be held at 2020/21 levels, in line with the Chancellor's decision to freeze public sector pay.

For the support staff scheme, reimbursements are aligned to estimated actual grades of staff in the School Financial Services Budget Preparation Guidance. This will recognise the pay freeze for staff on higher grades and incorporate the pay rises

for staff on less than £24,000 per annum, who will receive a minimum of a £250 increase.

Service Offer to Schools

Once scheme arrangements and charging/reimbursement rates are finalised by the Forum in January 2021, a formal individualised 2021/22 scheme offer will be issued to all schools and academies.

The Working Group

- a) **Noted the report;**
- b) **Supported the proposed 2021/22 School Teaching and Support Staff Supply Reimbursement Scheme arrangements.**

4. Schools Expansion Funding 2021/22

The School Expansion: Policy for Additional Revenue Funding provides support for basic need growth commissioned by the LA. This policy was originally approved by the Schools Forum on 14 January 2014 and introduced from 1 April 2014. Subsequent amendments to the policy have been agreed since that date.

The DSG calculation Lancashire received from DfE includes an element for Growth Funding, which is used to resource the expansion policy.

The policy calculates the support for schools or academies at the relevant Minimum Pupil Funding (MPF) rate contained in the National Funding Formula (NFF) and each year as part of the budget setting process, the Forum are asked to confirm that the expansion rate payable is increased in line with the relevant MPF for that year.

For 2021/22, DfE have published 2 MPF rates per phase.

DfE announcement have indicated that 2021/22 minimum pupil funding (MPF) levels for primary and secondary schools are:

- The primary schools, the MPF level will be £4,000 per pupil in 2021/22 compared to £3,750 per pupil in 2020/21.
- For secondary schools, the MPF level will be £5,150 per pupil from 2021/22, compared to £5,000 per pupil in 2020/21;

However, DfE have announced that MPF levels have been increased further from April 2021 to reflect funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, which has been added to schools' NFF allocations from 2021/22. MPF levels will therefore receive an additional £180 and £265 per pupil respectively to cover additional teachers' pay and pension costs previously funded through the separate grants. This provides the following enhanced MPF levels in 2021/22:

- £4,180 per pupil for primary schools;
- £5,415 per pupil for secondary schools.

The Working Group considered level of MPF should be used in the 2021/22 Expansion Funding Policy for future additional expansions that the authority may request of schools and

supported the use of the higher levels, incorporating pay and pensions uplifts as the level most reflective of the additional costs being borne by schools for extra pupils.

The Working Group:

- a) **Noted the report;**
- b) **Supported the use of the higher MPF levels in the 2021/22 School Expansion Funding Policy, incorporating pay and pensions uplifts as the level most reflective of the additional costs being borne by schools for extra pupils**

5. Covid workforce fund to support with costs of staff absences in schools and colleges

On 27 November 2020, the DfE announced new funding to support schools and colleges during Covid pandemic. The Covid workforce fund is to support with costs of staff absences in schools and colleges.

Schools and colleges facing the greatest combined staffing and funding pressures will be able to claim via a new short-term Covid workforce fund, as part of the government's national priority of keeping education settings open.

The DfE announced the fund which will be backdated to 01 November 2020 and cover the current half term. It is designed for schools and colleges facing significant funding pressure, and will cover the costs of high levels of staff absences over a minimum threshold, to help ensure schools and colleges can remain open.

Schools and colleges will be able to reclaim costs incurred over the course of the current half term, if they meet the following conditions:

- **Financial:** Schools will first need to use any existing financial reserves, as we would typically expect when facing unforeseen costs. They will be eligible for this additional funding once they have used these down to a level at 4% of the annual income. Colleges' eligibility will be based on their cash position set out in the November financial return;
- **Absence rates:** Mainstream schools and colleges must be experiencing a short-term teacher absence rate at or above 20%, and/or a lower long-term teacher absence rate at or above 10% - costs can only be claimed when incurred above this rate;
- **Absence rates:** Special schools and Alternative Provision schools must be experiencing a short-term teacher absence rate at or above 15%, and/or a lower long-term teacher absence rate at or above 10%, to be eligible - costs can only be claimed when incurred above this rate.

Guidance on the claims process will be published by DfE shortly so schools and further education and sixth form colleges have confidence in the costs they can incur and be eligible to reclaim.

Members discussed the possible crossover with the supply scheme claims that could be made by schools and it was noted that the thresholds within the DfE scheme would mean that individual claims for staff absences would not be eligible to claim.

The Working Group

- a) **Noted the report.**

6. Update on exceptional cost claim related to the coronavirus (COVID-19) from March to July 2020

DfE have now assessed all claims for costs outside of the three eligible categories and have determined there are no new categories of extraordinary costs that they are able to reimburse. They acknowledge that this represents a disappointing outcome for many schools and apologised that it has taken longer than they would have hoped to notify schools, which was due to the significant number of claims received taking longer than anticipated to assess.

As previously announced, there will be a second claims window which will cover any unclaimed eligible costs for the period March to July and free school meal support for the summer holidays for costs outside of the COVID Summer Food Fund:

This will launch in early December, along with details on how to make a claim, and will remain open until 22 December.

There will be no opportunity to submit further claims after that date.

It was noted that the information about the second claims window was being included in the regular covid bulletin to schools and the subject of a specific posting on the schools portal.

The Working Group:

a) Noted the report.

7. The Cost of a New School

During the earlier paper about pupil numbers in 2021/22, information had been shared that School Planning team analysis of future pupil number forecasts.

A verbal update was provided about the possibility of new school provision being required in certain areas to meet this demand, and the revenue funding implications associated with this.

As part of the duty to provide enough pupil places for Lancashire children, the county council is proposing to start the process of commissioning a new primary school in Clitheroe. The school would be commissioned to provide 210 places which would accommodate rising pupil numbers as a result of housing development in the area. The new school would be a 'free school' (not maintained by the local authority) and would be developed by following the DfE guidance on free school presumption. The school was proposed to open from September 2023.

A period of informal consultation has begun before the commissioning process starts. The commissioning process involves inviting sponsors to submit their expressions of interest to sponsor (run) the school.

The building for the new school would be provided by the county council's basic need capital pot and partly funded through contributions from a housing development contribution, secured in a Section 106 agreement.

This information was shared with the group, as the DfE guidance indicates that, in addition to providing the site for the new school and meeting the associated capital costs, the LA is also responsible for meeting the revenue costs of the new provision, including:

- the per-pupil revenue funding (which the ESFA recoups from the local authority and pays directly to the school);
- all funding for pre-opening development costs and post-opening funding required to address diseconomies of scale as the school builds up to capacity.

Provision for the pre-opening costs would need to come from the growth fund and details will need to be included in a specification which is detailed enough to enable proposers to understand the needs of the LA and submit the strongest proposal possible. Therefore information would need to be finalised for the next stage of the commissioning process.

Members discussed the process of determining pupil number forecasts and the involvement of local schools in potentially meeting this need, possibly by expanding existing provision. Other potential areas of growth were also discussed, for example north Preston, and it was confirmed that the availability of existing provision in surrounding areas would be considered as part of any deliberations about meeting demand.

The Working Group:

- a) **Noted the information.**

8. Covid Winter Grant Scheme (FSM during Christmas holiday period)

Members enquired if there was any information available from the county council about the Covid Winter Grant Scheme.

Information was confirmed that the government announced a package of extra targeted financial support for those in need over the winter period.

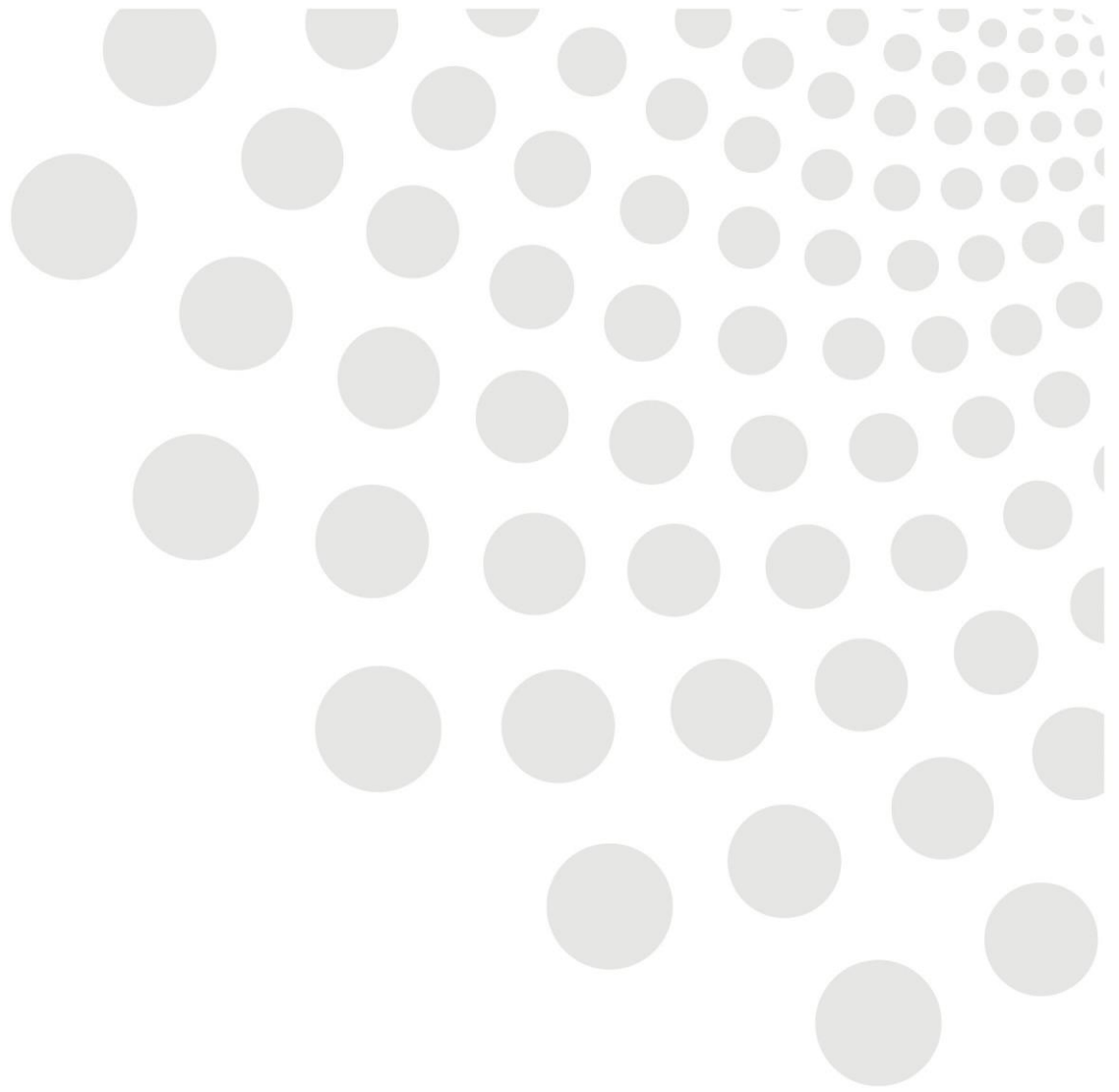
The COVID Winter Grant Scheme, which is to be made available in December 2020, will see new funding issued to LAs, totalling £170 million nationally, to support those most in need across England with the cost of food, energy and water bills and other associated costs.

It was noted that the grant scheme included provision of FSM during holiday periods, but that this was just one aspect of a broader range of considerations within the grant scheme expectations. The funding is intended to provide direct assistance to vulnerable households and families with children that are particularly affected by the pandemic. This will include families that normally receive benefit related free school meals during term time.

The county council is in the process of determining the arrangements for Lancashire and is aware timescales are tight for involving schools in the how the FSM element of the scheme and agreeing how it will operate and Schools Finance officers had already been pressuring the county council to issue urgent guidance to schools.

The Working Group:

- a) **Noted the information.**



Consultation on the Possible Schools Block Transfer to the Early Years Block in 2021/22

Proposal to transfer headroom from the Schools Block to be used in the Early Years Block in 2021/22

For the 2018/19 and 2019/20 financial years, a transfer from the Schools Block to the High Needs Block has been agreed as part of the budget setting process, following consultation with schools. This transfer has helped to mitigate the overspend in HNB expenditure, as demand and cost led pressures have continued to rise.

In 2021/22, another transfer from Schools Block was supported by schools and the Schools Forum, this time to assist the cost pressures in the Early Years Block.

Now that provisional Dedicated Schools Grant (DSG) allocations for 2021/22 have been made available and we have initial pupil data from the October 2020 school census, the county council has been able to model the Schools Block budget from April 2021.

Our initial estimates suggest that the implementation of the National School Funding Formula (NFF) methodology in Lancashire, including the increased minimum pupil funding (MPF) levels and the Minimum Funding Guarantee (MFG) set at positive +2% is affordable as the local funding formula. Modelling indicates that there could still be circa £2m of headroom available in 2021/22.

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

Forecasts suggest that the financial pressures remain most significant on the Early Years Block in 2021/22:

- The Early Years Block has not benefited from the over £14 billion of increased allocations that are being made available from the government covering the Schools Block and High Needs Block in the three years from 2020/21.
- Lancashire receives the lowest level of allocation nationally from the Early Years National Funding Formula (EYNFF), along with around a third of LAs.
- The level of Early Years Block funding has been cash flat for a number of years, or has been at a below inflation level, but costs continue to rise, particularly around pay, with increases in the National Living Wage.
- Using 2018 data, National nursery associations calculated that there was a shortfall in 30 hour funding of £2,166 per annum per place, which equates to £1.90 per hour. We know that many Lancashire providers are very concerned about their future viability.

Recent announcements by the Chancellor have indicated that an additional £44 million nationally will be available for early years education in 2021/22. This increase represents an uplift of circa 1.2 %, which will again be below inflationary pressures on the sector.

The county council is therefore proposing to transfer any available headroom to support ongoing pressures in the Early Years Blocks.

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.**

It must be emphasised that a conclusive position on headroom can only be modelled after receipt of final DSG allocations in mid December 2020. If the final modelling outcomes were vastly different from those based on the provisional data it may be necessary for an additional consultation to take place during a short window in early January 2021.

Any decision taken about a Schools Block transfer would only relate to 2021/22 and a further consultation would be held if a similar proposal was being suggested for 2022/23.

Your Views

Please let us know your views on the proposals 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, by completing the consultation questionnaire available [here](#), by **11 December 2020**.