

LANCASHIRE SCHOOLS FORUM

Virtual meeting to be held at 10.00 am on Thursday 18 March 2021

If you wish to join this virtual meeting but are not a member of the Schools Forum, please email Schoolsforum@lancashire.gov.uk

A G E N D A

- 1. Apologies for Absence**
To note any apologies for absence
- 2. Substitute Members**
To welcome any substitute Members.
- 3. Forum Membership (Enclosure)**
To note the Forum membership report.
- 4. Minutes of the Last Meeting (Enclosure)**
To agree the minutes of the last meeting held on 12 January 2021.
- 5. Matters Arising**
To consider any matters arising from the minutes of the 12 January 2021 meeting that are not covered elsewhere on the agenda.
- 6. Recommendations from the Schools Block Working Group (Enclosure)**
To consider the recommendations from the Schools Block Working Group meeting held on 4 March 2021.
- 7. Recommendations from the High Needs Block Working Group (Enclosure)**
To consider the recommendations from the High Needs Block Working Group meeting held on 2 March 2021.
- 8. Recommendations from the Early Years Block Working Group (Enclosure)**
To consider the recommendations from the Early Years Block Working Group meeting held on 9 March 2021.
- 9. Recommendations from the Chairs' Working Group (Enclosure)**
To consider the recommendations from the Chairs' Block Working Group meeting held on 2 March 2021.
- 10. Recommendations from the Apprenticeship Levy Steering Group (Enclosure)**
To consider the recommendations from the Apprenticeship Levy Steering Group meeting held on 8 February 2021.

11. Urgent Business

No items have been considered using the Forum's Urgent Business procedure since the last Forum meeting.

12. Forum Correspondence

No items of correspondence have been received since the last meeting.

13. Any Other Business**14. Date of Future Meetings**

To note that the next scheduled Forum meeting will be held at 6 July 2021. Arrangements for the meeting will be confirmed in due course, which is likely to be a Microsoft Teams meeting.

Lancashire Schools Forum meeting of 18 March 2021 via Zoom

Executive Summary

1. Attendance and Apologies for Absence and 2. Substitute Members

To note attendance and apologies for absence and welcome any substitute members.

3. Forum Membership

To note the Forum membership changes since the last meeting.

4. Minutes of the Last Meeting and 5. Matters Arising

To agree the minutes of the last meeting held on 12 January 2021 and any matters arising.

6. Recommendations from the Schools Block Working Group

To consider the recommendations from the Schools Block Working Group held on 4 March 2021.

i. New School Proposals

Lynn MacDonald, School Planning Manager, attended working group for this item.

This report provided additional information about the policy and data around considerations relating to the possible commissioning of a new primary school in the Ribble Valley

The Working Group:

a) Noted the information provided.

b) Thanked Lynn for the useful background information to help shape the necessary amendments to the Forum growth fund policy.

ii. Growth Fund Policy Update – New Schools

This report was linked to the previous item and provided an update on the School Growth Fund policy proposing amendments related to support for new schools. A copy of the new policy is provided with the report.

The Working Group:

a) Noted the report.

b) Supported the new school addition to the Lancashire Growth Fund policy.

iii. School Block Funding 2021/22

An update was provided about the finalisation of the Schools Budget setting process for 2021/22, culminating in the issuing of individual school budget in February 2021. Information was also included on other matters relating to 2021/22 school funding.

The Working Group:

a) Noted the report.

iv. Inclusion Hub Funding

This report dealt with proposals for Inclusion Hub allocations in 2021/22 and provided an update on key developments and challenges in 2020/21.

The Working Group:

- a) *Noted the report.*
- b) *Supported the methodology for allocating 2021/22 Inclusion Hub funding to districts.*
- c) *Asked that feedback be provided to the Inclusion Hub Steering Group to help inform future reports.*

v. *Schools national funding formula: changes to the sparsity factor in 2022-23*

The DfE issued a consultation on Schools national funding formula: changes to the sparsity factor in 2022-23. Information and analysis of the implications for Lancashire were provided, together with an opportunity for members to express initial views. A draft Forum consultation response is included in the papers for approval.

The Working Group:

- a) *Noted the report.*
- b) *Noted that a draft Forum consultation response would be presented to the 18 March 2021 meeting, incorporating views expressed to date.*
- c) *Requested that diocesan authorities and primary and secondary schools should be alerted to the consultation.*

The Forum are asked to ratify the Working Group's recommendations.

7. Recommendations from the High Needs Block Working Group

To consider the recommendations from the High Needs Block Working Group meeting held on 2 March 2021.

i. *High Needs Block Funding*

An update was provided about the finalisation of the HNB budget setting process for 2021/22, culminating in the issuing of individual school budget in February 2021. Information was also included on other matters relating to 2021/22 school funding and future consultations

The Working Group:

- a) *Noted the report.*

ii. *High Needs Block Termly Redetermination Process*

During the summer and autumn terms 2020, the Forum has supported the application of protections for special schools and pupil referral units in the termly budget redeterminations, to provide some mitigation against NOR reductions caused by COVID-19. This report set out information on support provided and sought views on the arrangements for the spring term 2021

The Working Group:

- a) *Noted the report and the further information.*
- b) *Recommended that protections are applied to the HNB spring term 2021 redetermination process to mitigate the impact of COVID-19 for any special schools or PRUs with a reduced NOR in the January 2021 count.*
- c) *Supported the issuing of an eform to special schools to collected January census data to enable spring term redeterminations to be actioned on time.*
- d) *Supported further investigation into possible funding implications around the teachers pay and pensions methodology for PRUs and any possible protection that could be provided for 2021/22.*

- e) *Requested that the involvement of maintained nursery schools in Inclusion Hub discussions be raised with relevant Directors.*
- f) *Noted that wider strategic considerations around PRUs was being taken forward by the Alternative Provision Steering Group.*

The report includes proposals around PRU Pay and Pensions.

iii. *Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23*

On 10th February 2021, the DfE launched a consultation on the 'Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23'. This report provided information on the proposals are offered an opportunity for members to shape a Forum response. A draft Forum consultation response is provided in the report.

The Working Group:

- a) *Noted the report.*
- b) *Expressed some initial views on the consultation.*

Individual members were asked to consider any further comments on the consultation and inform the LA.

iv. *Alternative Provision Strategy Group Update*

A brief verbal update was provided for members on the work of the Alternative Provision Strategy Group.

The Working Group:

- a) *Noted the report.*

The Forum are asked to ratify the Working Group's recommendations.

8. Recommendations from the Early Years Block Working Group

To consider the recommendations from the Early Years Block Working Group meeting held on 9 March 2021.

i. *SEN Inclusion Fund*

Dr Sally Richardson, Head of Service for the Inclusion Service, attended the Working Group meeting for this item, and the SEND Partnership: Ofsted Revisit report.

A number of issues have previously been raised with the Inclusion Service in connection with support for SEN children in early years. In response to this, an SEN working group had been established with the service consider some of the key issues, and this meeting provided an opportunity to discuss progress with the Head of Service.

The Working Group:

- a) *Noted the report*
- b) *Asked that officers consider the views expressed at the meeting.*

ii. *SEND Partnership: Ofsted Revisit*

At the last working group meeting, members asked if there was any feedback from the OfSTED SEND inspection of the Authority, to which some colleagues had contributed. An update from the Inclusion Service was provided.

The Working Group is asked to:

- a) *Note the report.*

iii. *Early Years Block Funding*

At the last working group meeting, members supported a letter being sent to the Schools Forum to highlight the significant pressures being faced by the sector and asking for consideration of three measures:

- Funding for the 2021 spring term, with at least a similar measure as applied this term in comparing it with spring 2020;
- A one off Covid support payment for each setting;
- Additional funding for the whole of the next financial year.

An update on the three key areas is provided.

The Working Group:

- a) *Note the report.*

iv. *Interim EEF Payments*

In order to support the sustainability and cash flow of early years providers during the pandemic, instead of 3 payments each term, the local authority has made 2 payments instead. The changes to interim payments during the course of the pandemic have been very positively received and appreciated by the sector. A decision needs to be taken on the future basis for calculation of interim payments from autumn 2020-21 onwards.

The Working Group:

- a) *Noted the report:*
- b) *Recommended that the sector be consulted on the future options for interim payments.*

v. *Executive Recovery Board*

The Working Group chair fed back from recent Executive Recovery Board meetings, emphasising that awareness about the important role played by the early years sector had been enhanced through this process

The Working Group:

- a) *Noted the report.*

The Forum are asked to ratify the Working Group's recommendations.

9. Recommendations from the Chairs' Working Group

To consider the recommendations from the Chairs' Block Working Group meeting held on 2 March 2021.

i. DSG Historic Commitments

A report was presented that considered the options for a possible continued DSG funding contribution towards services that were previously funded for the 'historic commitments' element, which DfE are reducing/ceasing

The Working Group:

- a) Noted the report.*
- b) Asked that services be invited to present information to the July 2021 Schools Forum meeting.*

ii. Schools in Financial Difficulty (SIFD) –Categorisations

Regular reports have been presented to the Chairs' Group/Forum around Schools in Financial Difficulty (SIFD) categorisations, and an updated analysis was provided for the group, which was based on the county council's forecasts of the outturn position for schools at 31 March 2021, taken from data in the LCC accounts at 31 December 2020.

The Working Group:

- a) Noted the report and information provided.*
- b) Welcomed the proposal to link in with Schools Forum to align with strategic priorities.*
- c) Noted that the SIFD categorisation would be rerun when the actual outturn data*

The Forum are asked to ratify the Working Group's recommendations.

10. Recommendations from the Apprenticeship Levy Steering Group

To consider the recommendations from the Apprenticeship Levy Steering Group meeting held on 8 February 2021.

i. Urgent Business Apprenticeship Levy Transfer Protocol

It was noted that responses were obtained from the Steering Group in February 2020 using the urgent business procedure, in connection with the protocol to be used to in connection with the transfer of 'schools' monies, to non-levy paying settings rather than returning funding to central government.

The Working Group:

- a) Noted the report.*

ii. School Apprenticeship Levy Update

Colleagues from the Apprenticeship Levy team delivered a presentation to members providing an update on the latest school related developments.

The Working Group:

- a) Noted the information.*
- b) Requested that the transfer opportunity be promoted with early years providers.*
- c) Welcomed the possibility of pooled payroll issue being resolved for April 2021.*
- d) Thanked the Apprenticeship Levy Team for their continued hard work and dedication during difficult circumstances.*

The Forum are asked to ratify the Working Group's recommendations.

11. Urgent Business

No items have been considered using the Forum's Urgent Business procedure since the last Forum meeting.

12. Forum Correspondence

No items of correspondence have been received since the last meeting.

13. Any Other Business

DfE Consultation Changes to the payment process of schools' business rates

On 10 March 2021, the DfE issued a consultation on Changes to the payment process of schools' business rates. A copy of the consultation is provided with the papers/ The Forum meeting will provide an initial opportunity to express views on the DfE proposals.

14. Date of Future Meetings

To note that the next scheduled Forum meeting will be held at 6 July 2021. Arrangements for the meeting will be confirmed in due course, which is likely to be a Microsoft Teams meeting.

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 March 2021

Item No 3

Title: Forum Membership

Executive Summary

This report summarises the changes to the Forum membership since the last meeting.

Forum Decision Required

The Forum is asked to:

- a) Note the report and information about the annual membership review;**
- b) Welcome Jane and Stephanie to the Forum**

Background

This report provides information on Forum membership issues that have arisen since the last Forum meeting. Details are provided below.

i. PRU headteachers representative

At the January 2021 Forum meeting it was reported that the new PRU headteachers representative was Jane Eccleston, from Acorns School.

Jane was unable to attend the January meeting, so the March Forum meeting will be Jane's first.

The Forum will wish to welcome Jane to the Forum.

ii. Alternative Provision Academy representative

Stephanie Carter, from Coal Clough Academy is the new Alternative Provision Academy

The Forum will wish to welcome Stephanie to the Forum.

iii. Schools Forum Annual Membership Review for September 2021

The Schools Forum regulations require that the balance of Forum membership is kept under review to ensure that the number of primary, secondary and academy members are reflective of the pupil population at these schools.

The current membership breakdown for these categories is:

- Primary schools 22 representatives.
- Secondary schools 10 representatives.
- Academies 8 representatives.

This membership will be received against the revised pupil data from the January 2021 census once this information becomes available. As members may be aware, the availability of the data from the spring term data has been delayed. The assessment will also include any known academy conversions ahead of September 2021.

The Forum's Operational Arrangements also include the following section in relation to the schools membership arrangements:

“A minimum of 10% of schools members of the Forum shall be re-elected each year. If this has not occurred through normal turnover, then, in the first instance, the LA shall contact annually all existing schools members to ascertain if individuals wish to continue to serve on the Forum. In the event that more than 90% of the schools members wish to continue, appointment date and term of office will be taken into account, and if necessary lots will be drawn to identify which members are no longer able to serve on the Forum.”

All schools members of the Forum have been contacted to ascertain if members wish to continue on the Forum in September 2021. Responses are requested by requested by 1 April 2021, so that any necessary appointments and elections can take place in the summer term 2021.

The Forum are asked to note the annual membership review.

Individual members are asked to respond to the membership review communication if they have not already done so.

LANCASHIRE SCHOOLS FORUM

**MINUTES OF THE MEETING HELD AT 10:00 A.M. ON TUESDAY, 12 JANUARY 2021
(Virtual meeting via Zoom)**

Present:

Schools Members:

Primary School Governors

Chris Bagguley
Ian Ball
Stephen Booth
Eleanor Hick
Michelle O'Neill
Robert Waring
Karen Stracey
Karen Stephens
Laurence Upton

Primary School Headteachers

Cathryn Antwis
Daniel Ballard
Sarah Barton
Jenny Birkin
Neil Gurman
Deanne Marsh
Keith Wright

Secondary School Governors

Janice Astley
John Davey
Brian Rollo
Gill Donohoe
Julie Langham

Secondary School Headteachers

Steve Campbell
Ivan Catlow
Mark Jackson

Nursery School Headteacher

Jan Holmes

Nursery School Governor

Thelma Cullen

Academy Governor

Chris McConnachie
Kathleen Cooper
Helen Dicker
Louise Shaw

Academy Principal/Headteacher

Matt Eastham
Gaynor Gorman
James Keulemans
Alan Porteous
John Tarbox

Alternative Provision Academy

Special School Academy

Louise Parrish

Special School Governor

Laura Brennan

Special School Headteacher

Peter Higham

Short Stay Governor

Short Stay Headteacher

Chris Mitchell (Sub for Jane Eccleston)

Members:

Early Years - PVI

Sharon Alexander
Peter Hindle
Anne Peat

Other Voting Members

Rosie Fearn

Observers

Mark Evans (Unison)
David Fann (NAHT)
Paul Hannant (NASUWT)
Barbara Reeves (sub for Ian Watkinson
(NEU)
Sam Ud-din (LASGB)

Observers - Members of the Public

CC Jennifer Mein

In attendance: Paul Bonser
Matt Dexter
Millie Dixon
Jane Rimmer
Kevin Smith
Howard Walsh

In the absence of Shaun Jukes, Stephen Booth took the Chair for this meeting of the Forum.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from: Gerard Collins, Jane Eccleston, Shaun Jukes, and Sandra Thornberry.

2. SUBSTITUTE MEMBERS

Chris Mitchell was present as a substitute for Jane Eccleston, representing the Short Stay Secondary Schools. Barbara Reeves (NEU) was present as a substitute for Ian Watkins.

3. FORUM MEMBERSHIP

The Forum noted a number of membership changes since the last meeting, including:

Primary Governor Vacancy

Karen Stephens, a governor at Woodlea Junior School was successful in the recent election process, for the primary governor vacancy

PRU Headteacher

Anne Kyle has left her post as head of Oswaltwistle School.

PRU headteachers have nominated Jane Eccleston, the head at Acorns School, as their new representative.

Head of School Improvement

Suzanne Edwards has now left the county council to return to headship.
Delyth Mathieson has been appointed as the permanent Head of School Improvement.

School Forum Finance Support Officer

Millie Dixon, has been appointed as School Forum Finance Support Officer.

The Forum:

- a) **Noted the report,**
- b) **Welcomed Karen Stephens, Jane Eccleston, Delyth Mathieson, and Millie Dixon to the Forum;**
- c) **Thanked Anne Kyle and Suzanne Edwards for their contribution to the Forum.**

4. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 20 October 2020 were agreed as a correct record.

5. MATTERS ARISING

There were no matters arising from the minutes of the meeting held on 20 October 2020 that were not covered elsewhere on the agenda.

6. HIGH NEEDS BLOCK MONITORING 2020/21

Provisional autumn term 2020/21 data has now been reviewed to enable an updated forecast position to be estimated for 31 March 2021.

The forecast High Needs block budget position at 31 March 2021 predicts a circa £2m surplus.

There remains some concerns around the ongoing financial pressures facing this block, as forecasting data may have been impacted due to COVID-19 implications and the demand and costs are expected to rise in the spring term 2021.

The Forum:

- a) **Noted the report**
- b) **Agreed to bear this information in mind when making decisions/recommendations about the 2021/22 Schools Budget.**

7. CONSIDERATION OF THE SCHOOLS BUDGET 2021/22

- a) **Schools Budget 2021/22**
- b) **Schools Block Transfer Consultation – Analysis and Responses**
- c) **Recommendations from the Forum Chair's Group Budget Meeting**
- d) **Formal Forum Decisions relating to the Schools Budget 2021/22**

The Forum consider the 4 Schools Budget sub items as a single report.

A report was presented setting out information about the Schools Budget for 2021/22. This included information from the original report to the Forum and subsequent information from the Chair's Working Group meeting held on 7 January 2021 and the responses to the consultation on a possible Schools Block transfer. The overall DSG allocations were provided as set out in the table below and the report provided further details on how the funding blocks were calculated using the DfE's national funding formulae.

Forecast DSG for 2021/22

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

Estimated Schools Budget 2021/22

Forecast DSG Expenditure	£m's
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
Total forecast DSG Expenditure	1,081.812

In aggregate terms the 2021/22 Gross DSG allocation is some £86m higher than that received in 2020/21. This increase 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.

Further information on the 2021/22 budget proposals were presented to the meeting:

Schools Block 2021/22

The Forum previously agreed that the Government's NFF methodology should be used as the Lancashire formula from 2018/19, and this continues in 2021/22. 2021/22 NFF changes include:

- Every mainstream school will be allocated at least 2% more pupil-led funding per pupil compared to its 2020/21 NFF baseline;
- Incorporation of funding for teachers pay & pensions grants that were previously paid separately;
- Additional funding for small and remote schools will increase in 2021/22;
- Mandatory Minimum Pupil Funding levels now include pay and pensions:
 - £4,180 per pupil for primary schools (£3,750 per pupil for primary schools in 2020/21)
 - £5,415 per pupil for secondary schools (£5,000 per pupil for secondary schools in 2020/21)

- The 2019 update to the Income Deprivation Affecting Children Index (IDACI) has been incorporated in deprivation funding

Modelling indicated that the NFF can be implemented/mirrored in full as the local formula, including +2.0% MFG and leaves circa £2m of headroom. A consultation had therefore been held with schools about the possible transfer of headroom to 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.

Analysis and comments from the consultation responses were provided for the Forum, with 91% of 79 school submissions supporting the transfer.

Information was also provided about the Schools Block recommendation that the Growth Fund from April 2021 for future agreements, should use the DfE MPF rate incorporating the pay and pension grants:

- Primary £4,180 per pupil
- Secondary £5,415 per pupil

High Needs Block 2021/22

DfE announcements provide extra £730m nationally for HNB in 2021/22, plus teachers pay and pensions grants have been included in the DSG allocation. Lancashire's share equates to circa £15.5m additional funding.

Modelling of the additional HNB funding suggests that:

- the forecast growth in expenditure from April 2021 can be covered
- a similar level of increase to funding rates as those applying to the Schools Block rates can be afforded

Proposals were shared setting out a 2% increase in the WPN rate and the school specific rate for in special schools and PRUs.

A proposal to align Excluded Pupils, Medical and Other pupils to WPN value at Band E2 (1 WPN) from April 2021 was also presented:

- in the secondary PRU formula, 1 WPN paid rather than the average of the secondary AWPU value
- in the primary PRU formula, 2/3 of 1 WPN paid rather than the primary AWPU value

It was noted that both phases receive a circa £30 per pupil increase using the revised methodology.

In line with working group recommendations, the incorporation of teachers pay and pensions grant payments to special schools and PRUs was to pay via the school specific factor, at £660 per pupil, as a separate line on budget statements

The Hospital Education budget had also been increased to take account of inflation and a pay and pensions uplift.

Provision had also been made in the proposals to account of circa £1.5m in the AP budget to mitigate for missing demand in 2020/21, including additional funding made in the year.

Pupil Premium Grant (PPG) 2021/22

Information was also provided that funding rates for PPG will remain unchanged in 2021/22. Although it was noted that DfE had indicated they will be using data from the autumn term school census to calculate pupil premium allocations from October 2020 onwards, with exceptions including alternative provision and pupil referral units where eligibility will continue to be based on the January census.

Information on other grants for 2021/22 was still awaited.

Early Years Block 2021/22

The Government increased early years funding by £44m nationally for 2021/22, as follows:

- 2021/22 allocations for 3 and 4 years olds increased by 6p per hour by DfE
- 2021/22 allocations for 2 year olds increased by 8p per hour by DfE.

The proposed budget assumes the above increases are added to the relevant base rates, but it was noted that this dilutes the proportion of deprivation funding for 3/4 year olds.

For the deprivation supplement, the formula has been updated to reflect the 2019 Income Deprivation Affecting Children Index (IDACI) dataset, to mirror Schools and High Needs Block.

Early Years Pupil Premium (EYPP) and Disability Access Fund DAF remain unchanged for 2021/22.

The Maintained nursery school supplementary funding allocations also continue in 2021/22, but DfE indicate that allocations for September 2021 to March 2022 are conditional and may be subject to change. The Government confirmed that their commitment to the long-term funding of maintained nursery schools is unchanged.

Following on from Schools Block recommendations the proposed transfer of £2m headroom from Schools Block to EYB would provide for one year only support to enable the increase in Government funding to be passed on in full and to continue the additional local increases facilitated by the similar transfer last year.

Central School Services Block 2021/22

For 2021/22, proposals recommended a continuation of 2020/21 combined budget allocations:

- MASH (£150k)
- Emotional Health and Wellbeing Service (200k)

It was noted that this was affordable in 2021/22 due to subsidy from the 'ongoing costs' allocation, but this is not sustainable, as future reductions in 'historic costs' funding will occur.

The Chair's Group had asked that enquiries be made of DfE to ascertain if these contributions can be made from elsewhere in DSG as 'Historic Commitments' funding is reduced/ceased. It was advised that services should be notified that 'combined budget' allocations for 2022/23 would need to cease and any future funding from DSG could not be guaranteed, but consideration would be given to options depending on the response from DfE.

The proposed Central School Services Block for 2021/22 was provided for members, as set out below:

	Central School Services Block 2020/21	Central School Services Block 2020/21	Variance
	£m	£m	£m
ESG Retained Duties (transferred to DSG)	2.591	2.591	-
Overheads	0.262	0.397	0.135
Copyright Licence	0.960	1.000	0.040
Pupil Access (Admissions)	0.937	1.400	0.463
School Forum	0.188	0.188	-
Early Intervention	0.350	0.350	-
PFI - Sixth Form	0.859	0.915	0.056
Prudential Borrowing	0.240	-	(0.240)
Rate Rebates	-	(0.075)	(0.075)
Total CSSB	6.387	6.766	0.379

Information was also provided on the Commissioned Services for 2021/22, as below:

Commissioned Services	Budget 2020/21	High Needs Budget	Early Years Budget	CSSB	Total	Variance
	£m	£m	£m	£m	£m	£m
PFI - Special	1.176	1.194	-	-	1.194	0.018
Commissioned Alternative Provision services	1.000	1.000	-	-	1.000	-
Hospital Provision	0.858	0.927	-	-	0.927	0.069
Out County - Specialist provision places	16.000	19.500	-	-	19.500	3.500
Out County - Mainstream / academies places	1.410	2.000	-	-	2.000	0.590
SEND Specialised Equipment	0.447	0.447	-	-	0.447	-
SEND Inclusion Projects	1.247	0.747	0.500	-	1.247	-
SEND Teachers & Support	3.464	3.464	-	-	3.464	-
Multi Agency Development	0.075	0.075	-	-	0.075	-
Support for Vulnerable Pupils - SI	0.899	0.899	-	-	0.899	-
Overheads	0.651	1.052	-	-	1.052	(0.599)
Total	28.227	31.305	0.500	-	31.805	3.578

Context about the level of DSG balances across recent years was also provided:

Year end	DSG Reserve	In year movement
31.03.15	£27.94m	
31.03.16	£20.15m	-£7.79m
31.03.17	£20.69m	+£0.54m
31.03.18	£14.40m	-£6.29m
31.03.19	£12.74m	-£1.66m
31.03.20	£11.15m	-£1.59m

Members considered the information provided and discussed key issues and implications including the proposal to align PRU Excluded Pupils, Medical and Other pupils to the WPN value at Band E2 (1 WPN) from April 2021, the increase in the out-county budget, commissioned places used in the AP formula and pressures on early years funding.

A questions about Inclusion Hub services were also raised.

The Forum:

- a) **Noted the report, including the 2021/22 Dedicated Schools Grant (DSG) allocations and the budget proposals for each of the 4 funding blocks;**
- b) **Noted the information from the Forum Chair's Group meeting on 7 January 2021 and the responses from the consultation with schools on the Schools Block transfer proposals;**
- c) **Voted on the 2021/22 Schools Budget Proposals, as follows:**

Unanimously supported the Schools Block proposals, as follows:

- **The DfE's National Funding Formula (NFF) methodology should continue to be used as the Lancashire formula in 2021/22;**
- **The Minimum Funding Guarantee (MFG) be set at +2.0% for 2021/22, mirroring the National Funding Formula;**
- **To transfer Schools Block headroom of circa £2m (0.26% of the Schools Block) once the National Funding Formula methodology has been implemented in full as the local formula, to support the Early Years Block.**

Unanimously supported the High Needs Block (HNB) proposals, as follows:

- **To use the increased High Needs Block allocation to cover the forecast growth in High Needs expenditure from April 2021;**
- **To increase High Needs Block expenditure to broadly match uplifts in the mainstream sector , including:**
 - **Increasing the Weighted Pupil Numbers (WPN) rate by 2% to £4,391**
 - **Special School and PRU School Specific factors uplifted by 2%**
 - **Increase the Hospital Education budget to £927k**
- **To align Pupil Referral Unit (PRU) Excluded Pupils, Medical and Other pupils to the Weighted Pupil Number (WPN) value at Band E2 (1 WPN) from April 2021:**
 - **in the secondary PRU formula, 1 WPN would be paid rather than the average of the secondary AWPU value;**
 - **in the primary PRU formula, 2/3 of 1 WPN would be paid rather than the primary AWPU value.**
- **For the teachers pay and pensions grants to be incorporated into the special school and PRU school specific factor, at £660 per pupil, as a separate line on budget statements.**

Unanimously supported the Early Years Block (EYB) proposals, as follows:

- **To passport increased Government allocations for 2021/22 by increasing base rates for 2 year olds by 8p per hour and 3&4 year olds by 6p per hour;**
- **The transfer of the £2m Schools Block Headroom to the Early Years Block, to allow the increase in Government funding to be passed on in full and to continue the additional local increases facilitated by the similar transfer first supported by a Schools Block transfer in 2020/21, to continue into 2021/22;**

Unanimously supported Central School Services Block (CSSB) proposals, as follows:

- The proposals for the Central School Services Block in 2021/22, including the allocations of Dedicated Schools Grant (DSG) Combined Budgets as follows:
 - MASH - £150k;
 - Emotional Health and Wellbeing Service - £200k.
 - Requested that enquiries be made of DfE to ascertain if these contributions can be made from elsewhere in DSG as 'Historic Commitments' funding is ceased.
- d) Supported the Dedicated Schools Grant (DSG) Reserve underwriting the uncertainties around the 2021/22 Dedicated Schools Grant Schools Budget, across Schools Block, High Needs Block, Early Years Block and the Central School Services Block;
- e) Unanimously approved the budget lines requiring Forum agreement, as set out below:

Function	LA proposals 2021/22	Proposed Expenditure 2021/22 £m
Consultation on Formula Changes		
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	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
In response to requests from PRU representatives, proposals have been developed to use WPN values in the AP funding formula, rather than AWPU values	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
De-delegation for mainstream schools	LA proposals for: <ul style="list-style-type: none"> • Schools in financial difficulty; • Museum service (primary only); • Staff Costs Public duties/Suspensions; • Primary Inclusion Hubs Approved by the Schools Forum on 20 October 2020	3.456
Movement of up to headroom from the schools block to other blocks	Consultation responses are provided in the Forum papers, and in accordance with responses and recommendations from the Schools Block, proposals to transfer	2.000

	headroom from Schools Block to the Early Years are built into the Schools Budget 2021/22.	
Contracts (where the LA is entering a contract to be funded from the schools budget)	No Proposals at this time	
Financial issues relating to:		
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	Proposals contained in the High Needs Block Working Group recommendations report to the Forum and the Forum budget papers	98.839
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	Proposals contained in the High Needs Block Working Group recommendations report to the Forum and the Forum budget papers	12.094
arrangements for early years provision	Proposals contained in the Early Years Block Working Group report to the Forum and the Forum budget papers	84.471
administration arrangements for the allocation of central government grants	No Proposals at this time beyond passporting DfE allocations to schools	
Minimum funding guarantee (MFG)	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%.	
General Duties for maintained schools Contribution to responsibilities that local authorities hold for maintained schools	No Proposals at this time	
Central spend on and the criteria for allocating funding from:		
funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy	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 Final budget proposals are contained in the Schools Budget 2021/22 report	1.797
funding for good or outstanding schools with falling rolls where	No Proposals at this time	-

growth in pupil numbers is expected within three years		
Central spend on:		
early years block provision funding to enable all schools to meet the infant class size requirement	No Proposals at this time	
back-pay for equal pay claims	No Proposals at this time	
remission of boarding fees at maintained schools and academies	No Proposals at this time	
places in independent schools for non-SEN pupils	No Proposals at this time	
admissions	Final budget proposals are contained in the Schools Budget 2021/22 report	1.400
servicing of schools forum	Final budget proposals are contained in the Schools Budget 2021/22 report	0.188
Contribution to responsibilities that local authorities hold for all schools	No Proposals at this time	
Central spend on:		
capital expenditure funded from revenue: projects must have been planned and decided on prior to April 2013 so no new projects can be charged	No Proposals at this time	
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	Final combined budget proposals are contained in the Schools Budget 2021/22 report	0.350
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)	No Proposals at this time	
prudential borrowing costs – the commitment must have been approved prior to April 2013	Historic commitment ended in 2020/21	0.000
Central spend on:		
high needs block provision	2021/22 funding level presented as part of the Schools Budget setting proposals	31.305
central licences negotiated by the Secretary of State	2021/22 funding level presented as part of the Schools Budget setting proposals	1.000
Carry forward a deficit on central expenditure to the next year to be funded from the schools budget	No Proposals at this time	

Any brought forward deficit on de-delegated services which is to be met by the overall schools budget.	No Proposals at this time	
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After the meeting, a copy of an Inclusion Hub report due to go to the Lancashire Partnership Board was circulated to members and provided a January 2021 update of the provision in each district, information on barriers and possible solutions to Inclusion Hubs work and suggested impact measures and next steps.

Members also asked to be kept informed with any further details relating to the change of PPG dataset from the January census to the October census.

8. RECOMMENDATIONS FROM THE SCHOOLS BLOCK WORKING GROUP

A report was presented setting out the recommendations from the Schools Block Working Group held on 8 December 2020.

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

This report provided an update on schools block modelling for 2021/22 and local pupil number data from the October 2020 school census.

The Working Group:

- a) Noted the report.*

The Forum noted that final pupil information and allocations had been included in Schools Budget report.

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

The initial estimates suggest that the implementation of the National School Funding Formula (NFF) methodology in Lancashire is affordable as the local funding formula and modelling indicates that there could still be circa £2m of headroom available in 2021/22. 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 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.*

The Forum noted that final consultation information had been included in Schools Budget report.

iii. 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

Key proposals for 2021/22 supported by working group were:

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 – support for cover for staff self isolating due to COVID-19 symptoms or as a result of test and trace
- 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.
- Scheme will match the government guidance for workers who are Clinically Extremely Vulnerable (CEV)

Scheme Premiums

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

Reimbursement rates

- 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.

The Working Group

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

The Forum ratified the Working Group's recommendations.

iv. Schools Expansion Funding 2021/22

The School Expansion: Policy for Additional Revenue Funding provides support for basic need growth commissioned by the LA. Information was provided about the level of MPF to be used in the 2021/22 Expansion Funding Policy.

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*

The Forum noted that working group recommendations had been included in Schools Budget report.

v. 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 and information about the details and conditions of the fund were provided.

The Working Group

a) *Noted the report.*

The Forum noted the report.

vi. 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.

The Working Group:

a) *Noted the report.*

The Forum noted the report.

vii. The Cost of a New School

An 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.

The Working Group:

a) *Noted the information.*

The Forum noted the report.

viii. 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 Working Group:

a) *Noted the information.*

The Forum noted the report.

9. RECOMMENDATIONS FROM THE HIGH NEEDS BLOCK WORKING GROUP

A report was presented setting out the recommendations from the High Needs Block Working Group held on 3 December 2020.

i. SEND/AP Strategy Update

Dr Sally Richardson, Head of the Inclusion Service attended the working Group for this item. Sally discussed key issues raised by the working group at previous meetings, including the drivers behind the increases in the Out County budget, including increased number of pupils

needing placements and rises in the costs of provision. Information was provided about some of the strategies being deployed to control expenditure, which included the commissioning arrangements.

The Working Group

- a) *Noted the report;*
- b) *Agreed to consider any funding implications that would support the various High Needs Block strategies going forward.*

The Forum noted that cost pressures and budget implications had been included in Schools Budget report.

ii. High Needs Block Commissioned Places 2021/22

The School and Early Years Finance (England) Regulations require that the Forum is consulted annually on the places to be commissioned by the local authority in different schools and other institutions, and on the arrangements for paying top-up funding. This report provided an update about the proposed HNB places to be commissioned for 2021/22, including those place numbers submitted on the DfE on the annual place change notification submission. All the changes to commissioned places relate to the 2021/22 academic year.

The Working Group:

- a) *Noted the report;*
- b) *Supported the HNB commissioned places set out in the report.*

The Forum noted that commissioned place numbers had been included in Schools Budget report.

iii. Historic Commitments Combined Budget Funding 2021/22 (MASH)

Information on DfE School Funding announcements for 2021/22 included confirmation that the historic commitments element of the Central School Services Block (CSSB) will decrease by a further 20% from April 2021. This report provided information from the Multi Agency Safeguarding Hub (MASH) giving a 2020 update.

The Working Group:

- a) *Noted the report;*
- b) *Agreed to bear the information provided in mind when setting the 2021/22 Schools Budget.*

The Forum noted that recommendations had been included in Schools Budget report.

iv. HNB Teachers Pay and Pensions Grant

For 2021/22 the DfE have incorporated the teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG) within the high needs national funding formula. Information was provided on options for incorporating this allocation in Lancashire special school and PRU budgets from April 2021.

The Working Group:

- a) *Noted the report;*
- b) *Supported the proposed methodology for allocating Teachers' pay and employer contribution funding in 2021/22.*

The Forum noted that recommendations had been included in Schools Budget report.

v. 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

The Working Group

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

The Forum noted that recommendations had been included in Schools Block report.

vi. High Needs Block Termly Redetermination Process

Some data issues have occurred in the High Needs Block Termly Redetermination Process, partly due to changes in the arrangements for processing the data in the Inclusion Service. The service have looked into this and intend to make a permanent additional appointment to the service for someone responsible for dealing with the data. Appointments are expected after Christmas and this should improve the data validity going forward.

In addition, for the HNB autumn term 2020 redeterminations the higher of autumn 2020 and autumn 20196 has been used. Statements will be issued in the normal way and an additional letter will be issued to each school explaining the calculation and if any top up protection has been included in the redetermination.

PRU representatives reported that the Covid-19 pandemic continued to impact on the NOR at short stay schools and suggested that protections are again need in the spring term 2021,

The Working Group:

- a) *Notes the information;*
- b) *Support the extension of HNB redetermination protections into the spring term 2021.*

The Forum noted the recommendations and that further DfE guidance was awaited about the spring term census 2021 now that we were in lockdown 3.

vii. 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.

The Working Group:

- a) *Noted the report.*

The Forum noted the report.

viii. 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 and information about the details and conditions of the fund were provided.

The Working Group

- a) *Noted the report.*

The Forum noted the report.

10. RECOMMENDATIONS FROM THE EARLY YEARS BLOCK WORKING GROUP

A report was presented setting out the recommendations from the Early Years Block Working Group held on 1 December 2020.

i. Early Years Block Funding 2021/22

Information was provided about the Chancellor's November 2020 announcements of additional £44m for early years education in 2021/22. A draft letter from the working group Chair to the Schools Forum was shared with members, which highlighted the significant pressures being faced by the sector and asked for consideration of three measures:

- Funding for the 2021 spring term, with at least a similar measure as applied this term in comparing it with spring 2020;
- A one off Covid support payment for each setting;
- Additional funding for the whole of the next financial year.

The Working Group

- a) *Noted the report;*
- b) *Supported the submission of the letter from the Chair of the EYB Working Group.*

Subsequent to the working group meeting, the correspondence from the chair was sent and an update is provided below in connection with the 3 key representations made in the EYB letter.

- ***Spring Term Funding 2021***

On 17 December 2020, the DfE confirmed that funding for early years for the spring term 2021 will be purely on the basis of the January 2021 census data. However since that point, the country has entered lockdown 3 and further advice from DfE is expected shortly.

The Forum noted the report.

- ***A one off Covid support payment for each setting***

In response to the suggestion for a covid related payment to be made to early years providers and following further discussions with the working group chair, a consultation was issued on 14 December 2020.

The proposal is for a one-off lump sum payment to be made in the spring term 2021 of £250 for childminders and £1,000 for other early years providers, to assist with covid related costs. As the Dedicated Schools Grant (DSG) reserve would be used to fund this allocation, views were sought from all Lancashire schools and academies and early years settings in receipt of Dedicated Schools Grant (DSG) funding.

A copy of the consultation response analysis and comments were shared with the Forum.

Question: Do you agree with the proposal to make a one-off Covid allocation to Lancashire early years providers in Spring 2021?				
Type of Setting	Yes	No	Not Sure	Total
Private, Voluntary and Independent Setting	105	0	3	108
Primary School or Academy with Nursery Class	62	5	3	70
Other Maintained School or Academy	28	0	3	31
Maintained Nursery School	29	0	1	30
Eligible Child Minder	197	1	8	206
Other	12	2	0	14
Totals	433	8	18	459
	94%	2%	4%	

Key themes to emerge from the responses including:

- Thanks, agree, welcome the proposals;
- Proposals not enough to cover the actual costs, or discussion of wider costs/impact;
- A different methodology should be used:
 - especially childminders suggesting equal payments,
 - size criteria
 - recognition of opening periods/working through lockdowns;
 - related to closures for self-isolation.
- Request for the proposals to cover settings not in receipt of DSG funding;
- Small number of comments not supporting the proposals at all.

Members discussed the responses and the proposed rationale and allocations/

The Forum

- a) **Noted the report and the consultation analysis and comments;**
- b) **Unanimously supported the proposal for a one-off lump sum payment to be made in the spring term 2021 of £250 for childminders and £1,000 for other early years providers, to assist with covid related costs.**

Members noted that the county council would need to submit what is known as a 'disapplication' request to the DfE. This request would need to seek the agreement of the Secretary of State to disapply the regulations and change budget allocations in-year by making the one-off Covid allocation.

- ***Additional funding for the whole of the next financial year***

The Forum noted that recommendations for the transfer of £2m Schools Block headroom to Early Years Block in 2021/22 had been included in Schools Budget report.

ii. **SEN Inclusion Fund**

Following concerns raised at the last meeting, the Chair wrote to the Inclusion Service expressing concerns about inclusion related matters. Subsequently, the Chair, plus a small group of other representatives, have met with the Inclusion Service colleagues to discuss the issue raised.

Members also asked if there was any feedback from the OfSTED SEND inspection of the Authority, to which some colleagues had contributed and officers agreed to check with Inclusion Service colleagues.

The Working Group

- a) *Noted the report;*
- b) *Welcomed the actions from the meeting with Inclusion Service colleagues;*
- c) *Requested that the Group be kept informed of developments.*

The Forum:

- a) **Supported the working group's recommendations;**
- b) **Noted that further information about the OfSTED SEND inspection had been provided for members.**

iii. Take-up of Funded Places.

Information was shared with the group analysing the take-up of funded places in Lancashire. Figures showed a reduction in the take-up of 2 year old places in the county and further analysis revealed some significant variations on a district by district basis.

Officers explained that a number of initiatives were being developed to promote further take-up, both county wide, and targeted at districts with the lowest take-up.

The Working Group:

- a) *Noted the information;*
- b) *Welcomed the initiatives being developed to increase take-up, including the coordination of promotional messages using settings communication channels.*

The Forum:

- a) **Supported the working group's recommendations.**

11. URGENT BUSINESS

No decisions have been taken using the Forum urgent business procedure since the last meeting.

12. FORUM CORRESPONDENCE

A report was presented providing information on the Forum related correspondence received since the last meeting:

a) Correspondence to the Secretary of State

As requested by the Forum at the meeting of 20 October 2020, the Chair wrote to the Secretary of State for Education making representations about the covid-19 costs being borne by school and early years providers in the county and seeking additional DSG resources to help continue to delivery education in Lancashire in a Covid safe environment. The Cabinet Member for Children, Young People and Schools also sent similar correspondence.

The Forum has received a very generic reply from the DfE in response to the letter, however a later response had been sent to the Cabinet Member from Nick Gibb, Minister of State for Schools.

b) Correspondence from Education Mutual

Correspondence has been received from Educational Mutual about the possibility of offering Staff Absence Protection in Lancashire. The correspondence included an initial letter and some further details in the form of 2 information brochures.

Members considered the correspondence received.

The Forum:

a) Noted the correspondence received.

13. ANY OTHER BUSINESS

i. Edenred FSM system in term time

An extract from the covid bulletin was shared with the Forum about term time FSM vouchers from Edenred and it was noted that schools would be charged for any vouchers ordered for term-time.

Discussion of DfE guidance and the quality of some food parcels took place.

The Forum noted the report.

ii. School Teaching and Support Staff Supply Reimbursement Scheme

A draft supply scheme update for January 2021 was provided, which responded to the latest lockdown requirements on schools for supply cover.

The Forum supported the January 2021 Supply Scheme update.

iii. Schools Forum response to Covid-19

A paper setting out the Schools Forum response to Covid-19 was provided for consideration.

Key responses included:

- Supported arrangements for redeterminations in the spring and summer terms 2020 to protect early years providers at historic levels where headcount was reduced by the impact of covid-19
- Other assistance for early years providers including double funding in summer term where child's usual setting was closed, larger upfront interim payments to help cashflow, and waiving of some charges for the sector
- Supported arrangements for redeterminations in the spring and summer terms 2020 to protect high needs block providers at historic levels where census data was reduced by the impact of covid-19
- Supported numerous in year revisions to the Lancashire supply scheme arrangements to respond to changing government advice on covid-19, including, under certain circumstances, covering staff who are self isolation or clinically extremely vulnerable
- Wrote to the Secretary of State and DfE making representations about the covid response on behalf of Lancashire schools and early years providers
- Supported the allocation of a covid payment to Lancashire early years providers
- Underwritten the additional costs of the support through the DSG reserve
- Supported LCC position on school staff absences, where parents need to care for their own children asked to isolate

- Supported the remote delivery of the traded school finance package

The Forum noted the report.

iv. Early Years and High Needs Spring Term Redeterminations

Further information from DfE on early years funding and high needs pupil counts and was awaited.

The Forum noted the report.

14. DATE OF FUTURE MEETINGS

It was noted that the next scheduled Forum meeting will be held at 10.00am Thursday 18 2021 at County Hall, Preston, subject to COVID-19 implications.

A schedule of Forum meetings for the academic year 2021/22 was provided for consideration.

Views were also sought about whether members would prefer virtual meetings to continue (if allowable) even when things return to more normal.

The Forum:

- a) Noted the report;**
- b) Expressed a preference for a blended approach to virtual meetings.**

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 March 2021

Item No 6

Title: Recommendations of the Schools Block Working Group

Appendices A and B refer

Executive Summary

On 4 March 2021, Schools Block Working Group considered a number of reports, including:

- New School Proposals
- Growth Fund Policy Update – New Schools
- School Block Funding 2021/22
- Inclusion Hub Funding
- Schools national funding formula: changes to the sparsity factor in 2022-23

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 4 March 2021**
- b) **Ratify the Working Group's recommendations.**

Background

On 4 March 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. New School Proposals

Lynn MacDonald, School Planning Manager, attended working group for this item.

Lancashire has commissioned almost 4000 new primary places since 2010, mainly as a result of rising birth rates. These places have mostly been provided in existing schools. Whilst the birth rate has now stabilised or started to reduce in many areas, there are pockets across the county, including Clitheroe, where significant housing development is creating a further need for places.

Lancashire's School Place Provision Strategy states that *“Lancashire County Council will aim to provide additional places at existing schools, wherever possible.....”*

“However, as the demand for places has continued to rise and places have been provided in a number of areas around the county, the options available for LCC to commission new places have reduced, meaning that alternative options must be considered.”

“In some areas where expansions have already taken place and limited options remain, it may be necessary to consider the establishment of new schools or look further afield for solutions.”

Having considered the current situation and anticipated need for additional places from 2023 in Ribble Valley, the Cabinet agreed on 11 June 2020 to ‘begin consultation on the establishment of a new primary school in Clitheroe, in accordance with the (DfE) process and framework’.

A new school would be the first new school to be commissioned in LCC since Trinity CE /Methodist (2010) and the first under the DfE ‘Free School Presumption’, and the reasons for considering a new school at this time were provided for the group.

Information was shared on projected intake (Births and Housing Projections) from autumn forecast 2020

LCC would normally expand existing school(s) in the first instance, however, the scale and speed of development planned in Clitheroe and wider Ribble Valley means that expansion options are limited. To lose the Higher Standen site (through lack of use) would put LCC's ability to provide sufficient places at risk. There is also limited window of opportunity to secure planning permission on the site.

Given the lead in time and processes to be followed if a new school is to be commissioned, we need to start the process now. A future timetable could include

- Competition Phase - Summer 2021
- Decision Making - Autumn 2021
- Building works - 1.5 – 2 years
- School Opening - September 2023

As part of a competition, LCC must prepare the specification for the school and set out its arrangements for start up costs, which is the subject of the next item.

Members considered the information provided and sought clarification on a number of issues, including the regulatory framework governing the commissioning of new schools, the mechanism for pupil number forecast and birth rate data, queries about the proposed site and around Section 106 contributions from developers.

The Working Group:

- a) Noted the information provided.**
- b) Thanked Lynn for the useful background information to help shape the necessary amendments to the Forum growth fund policy.**

2. Growth Fund Policy Update – New Schools

This report was linked to the previous item and provided an update on the School Growth Fund policy proposing amendments related to support for new schools.

The Schools Forum has in place a Growth Fund Policy to assist schools/academies commission by the LA for basic need growth. The policy ensures that a transparent and formulaic process is used for allocating additional funds that takes account of expanding schools' needs whilst minimising the effect on the DSG.

However, the latest proposals from the School Place Planning Team are that a new primary school could be required to open, possibly from September 2023. To establish a new school, the current DfE guidance indicates that the LA must follow the free school presumption process. The presumption process is the main route by which local authorities establish new schools in order to meet the need for additional places, both in terms of basic need and the need for diverse provision within their areas.

The LA is responsible for determining the specification for the new school and will fund and deliver the site and buildings and work with the approved sponsor to establish the school.

The DfE's 'The free school presumption Departmental advice for local authorities and new school proposers' also indicates that:

'Local authorities are also required to meet the revenue costs of the new provision. This relates to:

- 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 (which local authorities should make provision for in their DSG growth funds to support increases in pupil numbers relating to basic need, as detailed in the Pre-16 schools funding: guidance). '

The ongoing revenue funding costs of a new school would be allocated on the Lancashire Schools Block funding formula, as with any other school or academy. The pre-opening

development costs and post-opening diseconomies of scale funding will need to be met from Lancashire's Growth Fund.

The county council has been considering the costs of establishing a new school and has been in contact with other LAs that have recently established new schools through the presumption process. A range of options exist in the policies applied across other LAs, for example the pre-opening costs provide a wide range of lump sum payments ranging from £50k up to £200k and a range of options exist to consider the post opening support that may be required.

A possible Growth Fund policy addition, setting out the proposed support that will be provided to assist in the establishment and growth of a new school in Lancashire was provided for the working group.

Any updated Growth Fund policy agreed by Forum would need to be included in the annual Authority Proforma Tool (APT) return, which sets out our Schools Block budget proposals for the following financial year and must receive approval from the DfE to confirm compliance with the relevant regulations.

Future calculations around the forecast expenditure that will be required from Lancashire's growth fund allocation will need to include any pre-opening development costs and post-opening funding costs associated with new schools, in addition to the requirements linked to the basic need expansion at existing schools and academies.

Members considered the policy update and supported the new school proposals.

The Working Group:

- a) **Noted the report.**
- b) **Supported the new school addition to the Lancashire Growth Fund policy.**

3. School Block Funding 2021/22

At the Schools Forum on 12 January 2021, decisions and recommendations about the 2021/22 Schools Budget were agreed.

In connection with the Schools Block, the Forum unanimously supported the 2021/22 Schools Block proposals, including:

- The DfE's National Funding Formula (NFF) methodology should continue to be used as the Lancashire formula in 2021/22;
- The Minimum Funding Guarantee (MFG) be set at +2.0% for 2021/22, mirroring the National Funding Formula;
- The transfer Schools Block headroom of circa £2m (0.26% of the Schools Block) once the National Funding Formula methodology has been implemented in full as the local formula, to support the Early Years Block.

On 14 January 2021, the County Council's Cabinet formally approved the Schools Budget for 2021/22.

The Authority Proforma Tool (APT), setting out the agreed Schools Block proposals for 2021/22, was then submitted to the ESFA for compliance checking ahead of the 21 January 2021 deadline.

The ESFA subsequently contacted the LA seeking a small number of clarifications and explanations and once satisfied with the responses provided the following approval:

"The authority's adherence to the finance regulations and proforma appear to meet the required criteria, and we would like to thank you for the work done to achieve this."

School Budgets were prepared and issued on 22 February 2021, together with forecast High Needs Block allocations and forecast PPG allocations.

Other Matters Relating to 2021/22 School Funding

Since the last working group, the DfE have also confirmed other matters relating to school funding arrangements from April 2021. These have included:

Pupil Premium Grant (PPG)

The DfE have reconfirmed that PPG rates for 2021/22 will remain as they were in 2020/21, as set out below:

- Primary pupils: £1,345
- Secondary pupils: £955
- Looked-after children: £2,345
- Children who have ceased to be looked-after: £2,345
- Service children: £310

The PPG eligibility criteria will also remain unchanged for 2021/22.

DfE have also confirmed that they will be using October 2020 school census data to calculate pupil premium allocations for 2021/22 onwards (except for alternative provision and pupil referral units where eligibility will continue to be based on the January census).

The recent DfE confirmation indicated that this change was introduced to bring the pupil premium in line with how the rest of the core schools' budget is calculated and will provide both schools and DfE with greater certainty around future funding levels earlier in the year.

Hard National Funding Formula

A DfE consultation on the introduction of a 'hard' national funding formula is expected shortly.

The Working Group:

- a) **Noted the report.**

4. Inclusion Hub Funding

Inclusion Hub Allocations 2021/22

Following a consultation with schools in the autumn term 2020, the Forum again voted to de-delegate funding for primary inclusion hubs in 2021/22. The de-delegation was set at a rate of £11.00 per pupil for maintained primary schools and generates circa £1m for inclusion hub activities in Lancashire.

Following an initial year of Inclusion Hub funding allocated on a 'pump priming' basis of £80k per district in 2019/20, the 2020/21 distribution methodology used pupil numbers and a deprivation factor to calculate the allocations. For 2021/22, it is proposed to continue the methodology agreed for 2020/21.

The table below provides information on the allocations per district from April 2021:

District	NOR (90%) £	Deprivation (10%) £	Total £
01	98,239	11,222	109,461
02	69,124	6,882	76,006
04	44,171	3,691	47,862
06	122,406	15,127	137,533
07	77,838	7,115	84,953
08	78,604	8,084	86,688
09	91,223	8,020	99,243
11	104,978	11,849	116,827
12	74,921	11,002	85,923
13	80,884	11,007	91,891
14	57,612	6,001	63,613
	900,000	100,000	1,000,000

District allocations are very similar to those for 2020/21, with 5 districts receiving marginally higher allocations and 6 slightly lower allocations. The largest change for a single district is circa £1.5k.

Inclusion Hubs Update 2020/21

Supplementary information was provided giving an update on the work of Inclusion Hubs.

The Inclusion Hub Steering Group are keen to keep Forum involved in the work of the Hubs as it progresses, and a February 2021 update was shared with the group. The report included sections on:

- Summary of key challenges and key successes
- Vision
- Structure and accountability
- District offers in summary
- Indications of impact (suggestions for ongoing reviews)
- Next Cross-District Steps (2021-22)

Members appreciated the update, especially given the current pressures on schools, and gave careful consideration to the information provided. The positive impacts report from some districts, despite the challenges faced by the projects during 2020/21, were welcomed. Whilst it was acknowledged that individual districts were developing local strategies, comment was made that some consistency around outcome measures in reports would assist in evaluating the impact of the initiatives across district and assessing value for money.

It was noted that the county council was establishing a Lancashire Education Partnership Board, which would include school representatives and would take a strategic overview of education provision across the county and would seek to coordinate the work of various initiatives.

It was also noted that further updates will be presented to the Forum in due course about the operation of the hubs, and the Forum will need to make formal decisions in October 2021 about de-delegation options for 2022/23.

The Working Group:

- a) Noted the report.**
- b) Supported the methodology for allocating 2021/22 Inclusion Hub funding to districts.**
- c) Asked that feedback be provided to the Inclusion Hub Steering Group to help inform future reports.**

5. Schools national funding formula: changes to the sparsity factor in 2022-23

On 2 March 2021, the DfE issued a consultation on Schools national funding formula: changes to the sparsity factor in 2022-23. The purpose of the consultation is to seek views on how the DfE propose to provide greater support to small, remote schools through changes to the national funding formula's (NFF) sparsity factor in 2022-23.

The DfE's consultation overview indicates that they recognise the challenges faced by small schools in rural areas due to limited opportunities to attract more pupils or to achieve efficiencies, and that such schools often play a significant role in the rural communities they serve.

DfE say that they made a public commitment to do more to support this group of schools in 2019 and increased the level of funding through the NFF's sparsity factor in 2021-22. In this consultation, DfE are seeking views on proposals to continue to improve how the funding system supports such schools through further changes to the sparsity factor from 2022-23.

To assist consideration, information was provided to the working group, including:

- A copy of the main consultation document published by DfE
- A copy of the consultation questions
- A copy of recent SIFD analysis based on Lancashire primary schools forecast outturn position at March 2021, subdivided into school size.

Currently, 14 schools in Lancashire receive sparsity funding, which totals circa £0.5m. It was noted that initial analysis of the proposals for the county showed that a further 20 schools may qualify, generating an additional £1m+ for the qualifying schools.

Members expressed a range of initial views on the DfE proposals and one concern that was highlighted related to the pattern of provision in Lancashire, where over 50% of schools are aided. This means that large numbers of small schools in Lancashire do not qualify using the existing or revised sparsity criteria, as a small church schools is often found in close proximity to another small school.

The group also suggested that diocesan authorities and primary and secondary schools should be alerted to the consultation, so that they could submit responses if they so wanted.

The Working Group:

- a) **Noted the report.**
- b) **Noted that a draft Forum consultation response would be presented to the 18 March 2021 meeting, incorporating views expressed to date.**
- c) **Requested that diocesan authorities and primary and secondary schools should be alerted to the consultation.**

A draft Forum consultation response is attached at Appendix B for consideration.

School Expansion: Policy for Additional Revenue Funding Draft Insert for New Schools

New Schools

Where a new school is needed to meet the expected growth in pupil numbers this will be commissioned in accordance with the DfE's free school presumption guidance.

This guidance indicates that Local authorities are also required to meet the revenue costs of the new provision. This relates to:

- all funding for pre-opening development costs and post-opening funding required to address diseconomies of scale as the school builds up to capacity (which local authorities should make provision for in their growth funds to support increases in pupil numbers relating to basic need, as detailed in the Pre-16 schools funding: guidance).
- the per-pupil revenue funding (which the ESFA recoups from the local authority and pays directly to the school)

Support will be provided as follows for a one form entry primary school:

Pre-Opening Costs for 1 FE Primary school (opening one year group at a time)

The Lancashire growth fund policy will provide a one off-lump sum of £65,000 to support pre-opening costs.

Pre-opening costs could include:

- Salary costs for a Headteacher designated;
- Administration and finance support costs;
- Recruitment and interview related costs;
- Marketing and consultation;
- Any other incidental expenses.

It will be up to successful proposer to use these funds how they see fit, but no further one off funding prior to opening will be payable.

Any unspent funds can be retained by the school.

It should be noted that the DfE will also provide a one-off Project Development Grant (PDG) payment of £25,000 to the successful proposer towards meeting the legal costs associated with establishing the new school

Post-Opening Diseconomies Funding

The Lancashire growth fund policy will provide additional funding for the new school once it has opened to support the school and to ensure that the new school is not disadvantaged due to diseconomies of scale in its early years.

The growth fund will guarantee to provide the revenue funding for a prescribed number of pupils for the first four years of opening, as follows:

Year	Guaranteed funding for the following pupil numbers
1	30
2	60
3	90
4	120

The guarantee of funding will occur through the mechanism of adjusting the pupil numbers funded via the county council's Authority Proforma Tool (APT), which is submitted annually to the Education and Skills Funding Agency (ESFA) and is subject to compliance checking and approval by the ESFA each year.

For years 5 to 7 in the school opening process, the new school will be supported on the basis of the criteria set out in the earlier '**Expansion of Existing Schools/Academies**' section of this policy.

If the NOR of the new school reaches 60% or more of the 210 capacity before year 4, it will be deemed that the diseconomies support is no longer required and the criteria set out in the earlier '**Expansion of Existing Schools/Academies**' section of this policy will apply.

Please note that the DfE has only confirmed local authority involvement in calculating school budgets up to and including 2021/22. The guarantee will only therefore apply if the LA continues to be involved in calculating school budgets in the future years.

Ongoing Revenue Funding

Once the full number of year groups are operating within the school, the funding will be based on pupil numbers on roll as at the previous October school census.

Schools national funding formula: changes to the sparsity factor in 2022-23 Consultation Questions

Section 2. Increased support for small, remote schools

To build on the increased sparsity factor values that will be introduced from 2021-22, we aim to broaden the reach of the sparsity factor to a greater number of small schools serving rural communities from 2022-23. This is to increase the support for schools that are currently not eligible for sparsity funding in the NFF – many of which are only narrowly beneath the sparsity distance thresholds – but that are likely to face similar financial challenges to those that are.

We intend to achieve this aim by improving the methodology used to identify remote schools. Our proposal is to begin measuring sparsity distances by road journeys rather than ‘as the crow flies’ (a straight-line distance measure), which will better reflect the actual distance between schools and help us to identify schools that warrant extra support more accurately. This would see more schools become eligible for sparsity funding and receive greater levels of support through the NFF.

The need for greater support for small, remote schools is driven by evidence – published data on deficits and school closures indicates that this group of schools are likely to require additional support. Such evidence has been corroborated by what we have heard about the financial challenges of such schools from stakeholders, including the National Association of Head Teachers, the Church of England Education Office and Catholic Education Service, and in response to our consultation on mandatory minimum per pupil funding levels in 2019. This also recognises the vital role that such schools play in the rural communities they serve and that without them pupils could face long travel distances to school.

To illustrate the impact of this change, we have measured schools’ sparsity distances by the road using the same data as in the 2021-22 NFF. This would have seen approximately 900 more schools become eligible for sparsity funding, up to over 2,050 in total (see the ‘sparsity consultation data tables’ spreadsheet for a full list), which means 54% of all small schools would have been eligible – up from 30% under the current distance measure.

Please refer to section two of the main consultation document for more information on our aim to broaden the reach of the sparsity factor before answering the questions below.

8. Do you support our aim to allocate sparsity funding to a greater number of small schools in rural areas?

Yes No Unsure

9. Do you agree to us targeting additional sparsity funding to roughly 900 more schools nationally than at present?

Target a greater number This is about the right number Target a lower number
 Unsure

Section 3. The design of the sparsity factor in 2022-23

We propose the following changes to the design of the sparsity factor in 2022-23:

- Measuring sparsity distances by road journeys rather than 'as the crow flies', to better reflect schools' remoteness based on actual journeys that pupils would be likely to take to their closest and second closest schools.
- Maintaining the same sparsity distance thresholds as in 2021-22: two miles for primary, middle, and all-through schools and three miles for secondary schools. These are the thresholds that determine whether a school is remote enough to be eligible for sparsity funding.
- Increasing the maximum sparsity factor values by £10,000 across all phases in the 2022-23 NFF. In 2021-22, these values are £45,000 for sparse primary schools and £70,000 for sparse secondary, middle and all-through schools.
- Keeping the definition of a small school and the sparsity factor's average year group threshold sizes the same in 2022-23 as in 2021-22.
- While sparsity distances can only be a proxy for remoteness and additional financial challenges, we recognise the need for as accurate and fair a measure as is reasonably possible. This is to ensure that sparsity distances are a good indicator of greater need and that the schools NFF is distributing funding where extra resource is most likely to be needed. Our first proposal addresses this and is a more accurate measure to reflect actual travel times.

Based on our illustration of the impact of these changes – measuring sparsity distances by the road, increasing the maximum sparsity factor values by £10,000, and maintaining the same distance and size thresholds as in 2021-22 – approximately 900 more schools would have become eligible for sparsity funding and the total amount allocated through the sparsity factor would have increased by £43m to £85m. Therefore, these proposals would result in many more schools becoming eligible for sparsity funding and significant amounts of additional support for each.

This is without having an excessive impact on the increases that will be affordable to the values of factors concerning pupils' characteristics. We think this achieves a good balance between better supporting small, remote schools, helping to ensure that pupils in rural areas have access to local provision within reasonable travel distances, while enabling us to continue to allocate the great majority of overall funding based on pupils' characteristics.

We do not propose changing local flexibilities regarding the sparsity factor, outlined in section one of the main consultation document, in 2022-23. This is in recognition of the need to transition to a hard NFF smoothly.

Please refer to section three of the main consultation document for more information on the proposed design of the sparsity factor in 2022-23 before answering the questions below.

10. Do you agree with our plan to measure sparsity distances by the road?

Strongly agree Agree Disagree Strongly disagree Unsure

11. Do you agree with our plan to maintain the same sparsity factor distance thresholds as in 2021-22?

Set higher thresholds These are the right thresholds Set lower thresholds
 Unsure

12. Do you agree with our proposed increase to the primary and secondary maximum sparsity factor values of £10,000?

Allocate a higher amount **This is about the right amount** Allocate a lower amount Unsure

13. Do you have any further comments regarding the design of the schools NFF sparsity factor from 2022-23?

We welcome the acknowledgement of the financial challenges facing small schools in the DfE consultation and broadly support the shape of the DfE proposals and increases in funding that would be generated at an individual school level.

Our main concern relates to the pattern of provision in Lancashire, where over 50% of schools are aided. This means that large numbers of small schools in Lancashire do not qualify using the existing or revised sparsity criteria, as a small church schools is often found in close proximity to another small school. Within the county there are 142 primary schools with a NOR under 150, but only 31 of these would qualify under the proposed changes.

We acknowledge the need for schools to collaborate and to share resources in order to meet the budgetary pressures and constraints faced by small schools. However, the DfE proposals specify that the National Funding Formula is being amended to recognise the challenges faced by small, rural schools in rural areas due to limited opportunities to attract more pupils or to achieve efficiencies, and that such schools often play a significant role in the rural communities they serve.

We feel that in Lancashire there are numerous small schools supporting rural communities and facing the specified challenges, but that do not qualify under these arrangements, only because a small rural church schools and small rural community school are close by.

We would urge the DfE to consider this difficulty, perhaps by allowing the next appropriate school to recognise parental choices to select a faith school, or not. The nearest school could be determined as the nearest alternative community schools, for small rural community schools, and the nearest CE/RC/Muslim school for a small rural CE/RC/Muslim school etc.

Section 4. Measuring sparsity distances by the road

Sparsity distances are currently calculated using straight-line, or 'as the crow flies', distances from pupils' postcodes to schools' postcodes. As postcodes tend to cover a number of different properties, we use postcode 'centroids' to set the specific points that are measured to and from in our 'as the crow flies' distances. Centroids are the centre of the properties within the postcode area (henceforth, when referring to distances to or from postcodes, we are referring to postcode centroids). We then, for each school, identify the pupils who live nearest to it and for whom it is compatible, and calculate the average distance to their second nearest compatible schools. This is each school's sparsity distance.

We propose calculating sparsity distances by the shortest distance by the road from schools' properties – not the centroid of their postcode, as at present – to pupils' postcodes. Where

schools' properties cannot be exactly identified, we propose reverting to measuring from schools' postcodes to pupils' postcodes, by the shortest road distance. A school's sparsity distance would still be based on the average distance from nearest pupils' postcodes to second nearest compatible schools.

The new method involves us calculating actual distances from two points on the road network that are closest to schools' properties or postcodes and pupils' home postcodes. We consulted with the national mapping agency, Ordnance Survey (OS), about data to enable us to achieve this, and have used one OS dataset on addresses and one on the road network (see Annex B.1 of the main consultation document for more information on each). Both were available under the Public Sector Geospatial Agreement (PGSA) between OS and the public sector.

Once we have calculated road distances, we calculate schools' sparsity distances in the same way as now: for each school, we identify pupils for whom it is their closest compatible school (now by the road), and calculate the average distance to their second nearest compatible schools (now by the road). We compare these distances to the distance thresholds of three miles (for secondary schools) or two miles (for all other schools), to determine whether the school is remote.

For the purpose of this consultation we have calculated new sparsity distances by the road (see the 'sparsity consultation data tables' spreadsheet for a full list) using data collected via the autumn (October) 2019 school census. This is so that new distances, by the road, can be compared with existing distances, 'as the crow flies', which were used for 2021-22 NFF allocations. These distances are illustrative and will not inform funding allocations.

Please refer to section four in the main consultation document for the full information on the design of the new road distance methodology before answering the questions below.

14. Do you have any comments on our methodology to calculate sparsity distances by the road?

This seems a sensible approach developed in consultation with the national mapping agency, Ordnance Survey (OS) and more accurately reflects the distance o travel pupils will need to undertake to get to a school.

15. We welcome any additional comments about our proposals and our equalities impact assessment (Annex D of the main consultation document), including any evidence, examples, or data of possible equalities impacts of the proposals.

No Comments.

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 March 2021

Item No 7

Title: Recommendations of the High Needs Block Working Group

Appendix A refers

Executive Summary

On 2 March 2021, High Needs Block Working Group considered a number of reports, including:

- High Needs Block Funding
- High Needs Block Termly Redetermination Process
- Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23
- Alternative Provision Strategy Group Update

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 High Needs Block Working Group held on 2 March 2021**
- b) **Ratify the Working Group's recommendations.**

Background

On 2 March 2021, the High Needs Block Working Group considered a number of reports. A summary of the information presented and the Working Group's recommendations are provided below:

1. High Needs Block Funding

At the Schools Forum on 12 January 2021, decisions and recommendations about the 2021/22 Schools Budget were agreed, with additional HNB funding used to:

- cover the forecast cost and demand led pressures in High Needs expenditure from April 2021;
- support increases in HNB expenditure to broadly match uplifts in the mainstream sector, including:
 - increasing the Weighted Pupil Numbers (WPN) rate across all school and FE settings by 2% to £4,391;
 - increasing 'School Specific' allocations in special schools and PRUs by 2%;
 - aligning PRU Excluded Pupils, Medical and Other pupils to WPN value at Band E2 (1 WPN) from April 2021
 - in the secondary formula, 1 WPN paid rather than the average of the secondary AWPU value
 - in the primary PRU formula, 2/3 of 1 WPN paid rather than the primary AWPU value
 - incorporating increased income relating to the teachers pay and pensions grants (previously distributed as a separate grant) into school specific allocations for special schools and PRUs, at £660 per pupil;
 - Increase the Hospital Education budget to £927k as set out in DfE operational guidance, taking into account the addition pay and pensions grants.

On 14 January 2021, the County Council's Cabinet formally approved the Schools Budget for 2021/22.

Certain parts of the Schools Budget were then submitted to the ESFA for compliance checking, as required by Regulations. The ESFA subsequently contacted the LA seeking various clarifications and explanations and, once satisfied with the responses, provided approval.

Special School and PRU School Budgets were prepared and issued on 22 February 2021, together with the forecast High Needs Block allocations for high needs pupils at mainstream schools.

Early Information about Future Funding Arrangements.

The DfE have indicated that they will issue various SEND Review consultation 2021 and further information is provided elsewhere on the agenda in connection with a consultation relating to the HNB national funding formula for 2022/23.

The Working Group:

- a) **Noted the report.**

2. High Needs Block Termly Redetermination Process

During the summer and autumn terms 2020, the Forum has supported the application of protections for special schools and pupil referral units in the termly budget redeterminations, to provide some mitigation against NOR reductions caused by COVID-19.

Autumn term 2020 redeterminations were processed in December 2020 and resulted in top-up payments of circa £583k being issued from the High Needs Block. 9 special schools (30%) received top-up payments and 8 out of 9 PRUs (89%) received protection.

An analysis of the autumn term top-up payments are provided below:

Type	Total Payments	Highest Payment	Lowest Payment	Average of all payments	Average including nil payment	Percentage of total payments
Special Residential	£208,274	£167,256	£41,018	£104,137	£104,137	35.7%
Special Non-Residential	£121,321	£43,451	£1,901	£17,332	£4,333	20.8%
PRU/AP	£253,779	£92,892	£2,687	£31,722	£28,198	43.5%

Similar protections were also provided as part of the early years redetermination process for the summer and autumn terms 2020.

The January 2021 census took place during the third national lockdown. This may again affect the NOR data across all HNB providers, it is however expected that the PRU delivery will be the most significantly impacted and views were sought about offering protection for special schools and PRUs in the spring term 2021 redetermination.

The protection could again compare actual January 2021 census data with the funding that was estimated in the 2020/21 HNB budgets for the spring term 2021, with top up protection being provided to any special school or PRU where the actual pupil data in January was below the budgeted figure.

In considering this proposal, members noted that protection is not proposed for the early years block in spring term 2021. Thus far, the redetermination protections have been similar across HNB and EYB. However, the government placed different requirements on schools and early years providers for lockdown 3. Schools were instructed to close to all pupils, except for vulnerable children and those of key workers. Early years establishments were told to remain opening for all children and the DfE issued some specific guidance about the spring term early years census/headcount. This guidance confirmed that the EYB funding for spring 2021 would return to the standard methodology with the actual headcount being used to determine funding (although some account could be taken of reduced numbers caused by COVID-19 sickness absence or self-isolation).

Members also noted feedback from proposals at other NW Las on this issue.

Teachers pay and pensions allocation

After the papers were issued, representations have been received from some PRUs in connection with the calculation of the teachers pay and pensions in 2021/22 budgets. The Forum agreed that the grants were would be incorporated into school specific allocations for special schools and PRUs, at £660 per pupil. PRU colleagues are concerned that the actual number of pupils they will have on roll may be lower than the number of commissioned places, hence may generate a reduced pay and pensions allocation for the schools.

Spring Term Census data

Information had recently been received to indicate that the spring term 2021 census deadline has been extended nationally, to 17 March 2021, due to delays at Capita with completion of the census. The county council is not expecting to receive cleaned data from the census until after 17 March 2021, or later, which is unlikely to provide time to calculate and issue the spring term redeterminations before March year end deadlines.

The LA was therefore proposing to contact special schools to ask for information on pupil numbers entered on the spring term schools census for pre-16 pupils and post-16 figures using a short eform. This should enable redeterminations to be issued before March deadlines.

Members considered the report and discussed the additional issues raised at the meeting, including issues about longer term PRU funding and strategy and links to Inclusion Hub proposals and possible maintained nursery school involvement.

The Working Group:

- a) **Noted the report and the further information.**
- b) **Recommended that protections are applied to the HNB spring term 2021 redetermination process to mitigate the impact of COVID-19 for any special schools or PRUs with a reduced NOR in the January 2021 count.**
- c) **Supported the issuing of an eform to special schools to collect January census data to enable spring term redeterminations to be actioned on time.**
- d) **Supported further investigation into possible funding implications around the teachers pay and pensions methodology for PRUs and any possible protection that could be provided for 2021/22.**
- e) **Requested that the involvement of maintained nursery schools in Inclusion Hub discussions be raised with relevant Directors.**
- f) **Noted that wider strategic considerations around PRUs was being taken forward by the Alternative Provision Steering Group.**

Since the meeting, the LA has been considering the PRU Pay and Pensions representations. Officers are sympathetic to the representations made, given that PRU pupil numbers may be lower in 2021/22 budgets as a result of COVID-19 implications.

As PRU's school specific places do not include intervention places, it is proposed that protection could be applied to the PRU pay and pensions methodology for 2021/22, by including intervention places, This figure would change each term depending on data,

but would top up the allocations for PRUs in 2021/22 and provide some protection against the current reduced numbers in PRUs.

Initial analysis suggests that this methodology would generate circa £95k of additional pay and pensions allocations to PRUs in 2021/22, although there are school by school variations. This overall figure would likely increase throughout the year, if intervention placements increase as expected.

Decisions about the longer term methodology for teachers pay and pensions allocations could be considered alongside any other funding proposals that emerge from the AP Strategy Group.

3. Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23

On 10th February 2021, the DfE launched a consultation on the 'Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23'. The consultation closes on 24 March 2021.

A copy of the consultation documentation was provided for members.

It was noted that the consultation is fairly limited in scope and was seeking views on some possible changes to two specific factors in the high needs national funding formula for 2022/23. The DfE indicated that this consultation forms the first stage of the review of the high needs national funding formula, and that future consultations will cover further proposals for changes to the formula and to the arrangements for the funding for SEND and AP.

Members gave initial consideration to the consultation questions and possible responses and colleagues were asked forward any further observations they may have to the LA. The Group were informed that FE colleges in Lancashire were responding to the consultation and views could be shared.

Views were also being sought from other LA officers in Childrens' Services.

Comments expressed by the Group would be collated and used to shape a Schools Forum response, which would be presented to the Forum meeting scheduled for 18 March 2021 for approval.

The Working Group:

- a) Noted the report.**
- b) Expressed some initial views on the consultation.**

Individual members were asked to consider any further comments on the consultation and inform the LA.

A copy of draft Forum response is attached at Appendix A.

4. Alternative Provision Strategy Group Update

The work of the Alternative Provision Strategy Group had been referred to in discussions earlier on the agenda, but a brief verbal update was provided for members.

It was confirmed that the AP strategy group, which include representatives from PRUs, special schools, mainstream schools and FE colleges, in addition to relevant LCC officers, was meeting regularly. The Group was making progress and work was being undertaken in the background. Considerable engagement with the sector representatives was reported and considerations were linking in with other appropriate initiatives like Inclusion Hubs and the team around the school.

Officers agreed to raise the involvement of Coal Clough Academy with the Group with the relevant Director.

The Working Group:

- a) Noted the report.**

Draft Schools Forum response to DfE consultation: Review of national funding formula for allocations of high needs funding to local authorities: changes for 2022-23

Historic spend factor - question 1

The historic spend factor in the high needs national funding formula is the main proxy we currently use for local circumstances that can significantly affect local authorities' levels of spending on high needs, and that take time to change. This formula lump sum is calculated using 50% of each local authority's planned expenditure on high needs in 2017-18, reported by local authorities.

We now have access to actual spending data from 2017-18. We therefore propose replacing the current lump sum included in the formula calculation with an amount calculated on the basis of actual expenditure in 2017-18, as reported by each local authority.

Before answering the question below, please read section 3 of the consultation document. Annex B to that document includes further information, and for each local authority the lump sum amount that we propose to use.

Do you agree that we should replace the current lump sum included in the formula calculation with an amount calculated on the basis of actual local authority expenditure, as reported by each local authority?

(Required) Agree Disagree **Unsure**

Please provide any additional comments:

The reason for the answer is that demand has changed significantly over the last 4 years making the comparison with either historic budget or actual spend is out of date and an inappropriate basis for calculating funding allocations. From the options given under this question, then actual costs would seem more appropriate that budgeted figures.

Historic spend factor - question 2

The historic spend element of the high needs national funding formula has remained at a cash-flat level since the introduction of the national formula in 2018-19, moving from 44% of the overall formula funding in 2018-19 to 34% in the 2021-22 formula as that total funding has increased. Some local authorities may not have been able to change their spending patterns to keep pace with the percentage reduction in this factor, despite the protection afforded by the funding floor minimum increase of 8% this and next year. We are therefore considering whether to increase the proportion of funding allocated through this factor, alongside using actual expenditure amounts.

Using actual expenditure from a more recent year, and leaving the percentage at 50%, would increase the amount of the lump sum, but we are not proposing to do this as we are clear that local authorities' actual spending now or in future should not determine how much funding they receive. We could, however, increase the significance of this

factor in the 2022-23 formula, by increasing the percentage of 2017-18 spending that is applied, allowing for a more gradual rate of change in the local pattern of spending.

Before answering the question below, please read section 3 of the consultation document.

Do you think that we should increase the percentage of actual expenditure in 2017-18 included in the funding formula calculation, or leave it at 50%? Use the comments box to propose a particular increase or reduction in the percentage.

(Required) Increase the percentage Keep the percentage at 50% Decrease the percentage **Unsure or other**

Comments:

As set out in the document, we agree that historic spend should not determine future allocations. Increasing the percentage of 2017/18 expenditure in 2022/23 allocations seems a retrograde step, but we understand the need to manage turbulence between funding methodologies.

Historic spend factor - question 3

We are aware that the continued use of historic spend is not the perfect long term solution for reflecting the patterns of local demand and supply that affect spending on high needs, as those patterns will naturally change over time. As part of the funding formula review that we are carrying out, and for consideration as we develop that formula in the years after 2022-23, we are therefore seeking views on potential alternatives to the historic spend factor. Any new factors would need to be appropriate for a funding formula (e.g. the data used should be collected on a consistent basis) and would also need to avoid creating a perverse incentive (e.g. to spend more on a certain type of provision so as to gain more funding, rather than to improve the quality or appropriateness of provision).

Before answering the question below, please refer to section 3 of the consultation document.

To what extent do you agree that the funding formula should include factors that reflect historical local demand for and supply of SEND and AP provision? If you have any suggestions for such factors that could eventually replace the historic spend factor, please provide these in the comments box.

(Required) **Strongly agree** Agree Neither agree nor disagree Disagree Strongly disagree

Comments:

We do not see that historic spend is a medium or long term funding solution, but the provision of High Needs support for pupils can have expensive long term contractual obligations and any move to a new system must try to minimise any transitional

turbulence and protect against making existing commitments unaffordable at individual LA level.

Low attainment factor - question 4

The high needs national funding formula uses low attainment at both key stage 2 and key stage 4 as a proxy indicator for SEND. This figure is calculated using an average of results over the most recent 5 years of tests and exams, which for the 2022-23 formula would have meant using test and exam results from 2016 to 2020. Due to the COVID-19 pandemic, the 2020 key stage 2 tests and GCSE exams were cancelled. This has resulted in no key stage 2 data, and GCSE data that would be inappropriate to use because of the inconsistencies with the results from previous years.

We have considered using the same data as used to calculate last year's attainment formula factors, but this would mean data from more than 5 years ago. Instead, we propose to calculate low attainment by using data from 2016 to 2019, but then to double the weighting of the most recent exam data from 2019. This method could be used for a further year, assuming the 2021 test and exam results are also not able to be used for this purpose.

Please refer to section 4 of the consultation document before answering the following question.

Do you agree with our proposal to update the low attainment factors using data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data?

(Required) **Agree** Disagree – calculate in the same way as last year
Disagree – other (please provide further details in the comments) Unsure

Comments:

Using data from 5 years ago seems too out of date and it would seem better that more recent data should have higher weighting. However, if attainment is improving then this could reduce funding received.

SEND and AP proxies - question 5

The high needs national funding formula uses six indicators which together act as a proxy for the level of more complex SEND, and need for alternative provision (AP) in an area. These indicators include: a measure of the local population of children and young people, the two low attainment measures (key stage 2 and key stage 4) referred to in question 4, two health and disability measures (the number of children in bad health and the number of families in receipt of disability living allowance), and two deprivation indicators (the number of children eligible for free school meals and a local area deprivation measure).

Numbers of EHC plans are not be used as a robust indicator of underlying need because the way they are used varies considerably across local areas, and the

number of plans is therefore not necessarily directly associated with the local authority's need to spend. The ongoing SEND review is considering whether system changes are needed, to provide more consistency in EHC needs assessment and planning process, and to improve other aspects of the SEND arrangements.

Following the SEND review, we will consider whether consequent changes to these proxies that we use in the funding formula, as well as other funding changes, would be appropriate, as it is important that the proxies used support local authorities to deliver the outcomes of the review. At this stage we are keen to understand whether there are new factors either that could replace existing factors that have become out of date or otherwise unreliable, or that could be added to the formula to address types or prevalence of identified need, and we would welcome views.

Please refer to section 5 of the consultation document before giving your comments.

If you wish to offer ideas on factors that could be added to the current formula, or that could replace the current proxies, please provide further details in the comments box below

The use of the Early Years Foundation Stage Profile was identified by Schools Forum members as an important indicator of need.

Equalities impact assessment - question 6

Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change. Before answering this question, please refer to Annex C of the consultation document.

Please provide your answer in the box below:

No comments

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 March 2021

Item No 8

Title: Recommendations of the Early Years Block Working Group

Executive Summary

On 9 March 2021, Early Years Block Working Group considered a number of reports, including:

- SEN Inclusion Fund
- SEND Partnership: Ofsted Revisit
- Early Years Block Funding
- Interim EEF Payments
- Executive Recovery Board

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 Early Years Block Working Group held on 9 March 2021**
- b) Ratify the Working Group's recommendations.**

Background

On 9 March 2021, the Early Years Block Working Group considered a number of reports. A summary of the information presented and the Working Group's recommendations are provided below:

1. SEN Inclusion Fund

Dr Sally Richardson, Head of Service for the Inclusion Service, attended the Working Group meeting for this item, and the SEND Partnership: Ofsted Revisit report.

A number of issues have previously been raised with the Inclusion Service in connection with support for SEN children in early years. In response to this, an SEN working group had been established with the service consider some of the key issues, and this meeting provided an opportunity to discuss progress with the Head of Service.

It was noted that since the last Early Years Block working group meeting, further meetings have taken place between colleagues from the inclusion service and sector representatives. The key area of concern related to the ability of settings to access the SEN Inclusion Fund. The appropriateness of the CAF as an accompanying document to the Inclusion Fund applications was discussed and it was agreed that this could be removed as a requirement.

The best way to share this with settings at this time, in light of covid pressures and feedback from SENCOs to the Specialist Teaching Service (STS) regarding recent changes in paperwork was considered and it was agreed that the STS managers would circulate a letter to settings to make them aware that the CAF would no longer be required, with immediate effect. Further work as a sub-group would be undertaken over the summer term to review the Inclusion Fund application form and guidance more comprehensively before circulating revised forms.

The group also suggested that a flow chart for the Inclusion Fund process may assist the process and it was indicated that this may also be useful for LCC Directors.

It was confirmed that £500k had been budgeted for the Inclusion Fund in 2020/21 and the expenditure in the current financial year, to 31 December 2020, was circa £45k. However, it was emphasised that in-year figure should be treated with some caution and a forecast of the year end position is currently around £200k. Final year end figures would be available for the next meeting. Any underspend at 31 March 2021 would be retained within the Dedicated Schools Grant and it was also confirmed that £500k had again been budgeted for the Inclusion Fund in 2021/22.

The SEN working group had agreed to consider a number of further issues going forward, but some key areas of concern remained that were shared with Sally, including:

- The impact of COVID and lockdowns on children attending early years providers
- The lead professional role falling on the early years providers who no longer have capacity to undertake this
- The alignment of forms and data requests across the services
- Utilising data/completed forms by services that already had involvement with children before they started nursery, eg portage or speech and language services

- Concern that SEN Inclusion Funding was limited to 2 terms support and was often insufficient to meet the cost of support provided
- Also, the Inclusion Fund only covered support related to 15 hours universal and not the extended 30 hours
- Concern about the access to the Inclusion fund for childminders
- Suggestion that the team around the school philosophy be extended to the team around the early years provider

It was noted that the discussion had covered a wide range of areas, some of which were not within the remit of the Inclusion Service.

It was suggested that some of the issues being raised around the CAF/TAF and the lead professional role falling on the early years providers could be discussed at a CAF conference scheduled for 22 March.

Officers also suggested that it may be helpful if Frances Parker, newly appointed Principal Educational Psychologist and James Farrow, Quality Childcare Team Leader were invited to the SEN working Group going forward.

Sally agreed to liaise with other officers to consider some of the other matters raised at the meeting.

Future meetings of the SEN working group had also been arranged and the EYB working group will be kept informed of further developments.

The Working Group:

- a) **Noted the report**
- b) **Asked that officers consider the views expressed at the meeting.**

2. SEND Partnership: Ofsted Revisit

At the last working group meeting, members asked if there was any feedback from the OfSTED SEND inspection of the Authority, to which some colleagues had contributed.

An update from the Inclusion Service was provided, including:

Ofsted and Care Quality Commission (CQC) inspectors revisited Lancashire between 9 - 12 March 2020 to assess improvements made to SEND services for children and young people in Lancashire. The purpose of the revisit was to review Lancashire's progress against the twelve areas of significant concern identified during the November 2017 inspection.

During the revisit inspectors met with leaders, managers and frontline workers in health, social care and education. More than 550 parents and carers contributed to the revisit. Inspectors spoke with children and young people with special educational needs and/or disabilities and looked at a range of information about the performance of the area. Inspectors considered 239 pieces of evidence and sampled more than 20 Education, Health and Care (EHC) plans.

The feedback from the revisit has been positive and overall, the inspectors judged that sufficient progress had been made in seven of the twelve area of significant weaknesses identified at the initial inspection.

Some of the important improvements the inspectors found include:

- Provision for SEND is a priority for leaders;
- Strong working relationships across the partnership;
- Clear quality assurance systems in place;
- Good practice being shared across the area; and
- Improved outcomes for children and young people.

The report highlighted five areas for continued targeted improvement work. Partners are working closely with the Department for Education (DfE) and NHS England/NHS Improvement (NHSE/I) to agree the key actions for improvement, which will continue to be monitored.

For our SEND services across the partnership this includes:

- Continuing to improve our understanding about the local area;
- Further developing and evaluating our commissioning arrangements;
- Improving the effectiveness of the new neuro-developmental pathway;
- Improving transition arrangements in 0 to 25 healthcare services; and
- Implementing the changes to the Local Offer.

Lancashire will respond to the findings in the report with a targeted action plan, which will be monitored by the DfE SEND Intervention Unit and NHSE/I, to address the five areas which continue to require improvement.

It was noted that a 6 monthly review of progress with Ofsted and Care Quality Commission (CQC) was scheduled for 24 March 2021.

The Working Group is asked to:

- a) Note the report.**

3. Early Years Block Funding

At the last working group meeting, members supported a letter being sent to the Schools Forum to highlight the significant pressures being faced by the sector and asking for consideration of three measures:

- Funding for the 2021 spring term, with at least a similar measure as applied this term in comparing it with spring 2020;
- A one off Covid support payment for each setting;
- Additional funding for the whole of the next financial year.

Subsequent to the working group meeting, the correspondence was sent by the Working Group chair.

An update on the three key areas is provided below.

a) Spring Term Funding 2021

On 17 December 2020, the DfE confirmed that funding for early years for the spring term 2021 would be purely on the basis of the January 2021 census data.

For the summer and autumn terms 2020, protection had applied to early years funding for local authorities, which has allowed settings to be funded on the higher of the summer or autumn term census data, or the numbers for the same term a year earlier, to provide some protection from lower take up of places due to COVID-19.

The December announcement from the DfE confirmed that the funding for spring 2021 will return to the standard methodology. The DfE did say that there is some protection that will be provided to local authorities in exceptional circumstances. This exceptional process involves a top-up for LAs where take-up grows after the January 2021 census date, but the criteria includes a threshold of 85% of January 2020 levels and Lancashire expects to be above that point.

Initial analysis also suggested that it was unlikely that Lancashire will be able to fund continued covid protection for take-up in spring term 2021 now that this has been removed by DfE, especially if the overall early years pupil numbers in Lancashire returned to anywhere near previous levels in January 2021.

When the 3rd national lockdown was introduced on 5 January 2021, the Government guidance was that early years providers should remain open for all children. No changes to the principles of the December 2020 guidance were received in terms of the completion of spring term census data and the actual headcount being used to determine funding. Due to the COVID-19 situation settings could include children who were temporarily absent, due to covid related reasons.

It was noted that there was also considerable risks for the DSG in the current census and funding arrangements for the spring term 2021, as this data will be used by the DfE in the calculation our early years block funding. If census levels are low, but then rise in the summer term 2021, the funding to pay for any significant uplift in numbers will need to be found from the DSG reserve.

Initial analysis of the spring term 2021 data compared to spring 2020 indicates that funded hours fell by 6.7% overall. However, this comparison only includes PVI data at this point, due to delays in the availability of maintained census data. Also, the spring 2021 hours do not include any supplementary claims.

The table below provides further details, and, as can be seen, there is a more significant impact on 2 year old hours.

Change in EEF Total Funded Hours Claimed @ 23.2.2021				
PVI Sector				
Funding Type	Spring 2020	Spring 2021	Change	% Change
2 Year Old	468,022	374,689	-93,332	-19.9%
34 Year Olds	3,479,576	3,309,185	-170,391	-4.9%
Total	3,947,597	3,683,874	-263,723	-6.7%

The latest complete dataset is for autumn term 2021, which saw an overall 7.3% reduction in funded hours across both maintained and PVI settings, and including all supplementary payments, when compared to the autumn term of 2019.

The issues around a lower than usual spring term 2021 headcount have been raised with the DfE by regional representatives.

Information was also provided that following receipt of the final supplementary claims for the autumn term 2020, the autumn term 2020 Early Years Block budget redeterminations have now been calculated on the methodology that provided protection for settings to mitigate the impact that COVID-19 may have had on headcount/NORs in that term.

The basic principle agreed with the Forum was that funding would be protected at the higher of October 19 and October 20 census data, but with certain principles and adjustments applied. The full methodology was circulated to the sector in the autumn term.

Additional top up payments were made to providers in January 2021, totalling circa £4.2m.

b) A one off Covid support payment for each setting

In response to the suggestion for a covid related payment to be made to early years providers and following further discussions with the working group chair, a consultation was issued on 14 December 2020.

The proposal was for a one-off lump sum payment to be made in the spring term 2021 of £250 for childminders and £1,000 for other early years providers that had not been able to access additional DfE covid support for schools, to assist them with covid related costs. As the Dedicated Schools Grant (DSG) reserve would be used to fund this allocation, views were sought from all Lancashire schools and academies and early years settings in receipt of Dedicated Schools Grant (DSG) funding. The proposal was limited to those settings in receipt of government funding, as the cost of support would be taken from the DSG reserve.

The consultation closed on 8 January 2021 and responses were reported to the Schools Forum on 12 January 2021. The analysis of responses and key themes from consultation comments were provided for the group and it was noted that 94% of the 459 replies supported the proposals.

Having considered the information provided, the Forum unanimously supported the proposal for a one-off lump sum payment to be made in the spring term 2021 of £250 for childminders and £1,000 for other early years providers, to assist with covid related costs.

As previously advised by the DfE, the county council then submit what is known as a 'disapplication' request. This request sought the agreement of the Secretary of State to disapply the regulations and change budget allocations in-year by making the one-off Covid allocation.

On 25 January 2021 the DfE responded to the request to indicate that a formal disapplication was not required and that they would therefore be content for us to continue with the proposals.

One-off covid payments were therefore issued to relevant providers in January 2021, in accordance with the proposals and totalling over £0.6m.

One key issue that emerged in the consultation related to requests for support for Lancashire early years providers not offering Government funded hours. It was recognised that these providers were still incurring covid costs and the county council was able to identify some additional funding from LCC monies to enable an offer of a £250 one-off covid payment to be made to the non-Dedicated Schools Grant settings.

To receive this additional payment, providers must have an open registration with Ofsted and not have received the one-off lump sum funded through DSG reserves.

As the county council does not hold bank details for non-DSG settings, information was issued in the week commencing 22 February 2021 asking eligible providers to complete an application form in order to claim the payment. The deadline for receipt of claims was set as 5 March 2021 and we will aim to process payments by the end of March 2021, or as soon as possible thereafter.

It is estimated that these payments will total circa £0.1m.

c) Additional funding for the whole of the next financial year

The Government had announced that an extra £44m will be made available in 2021/22 for the Early Years block nationally. This equates to additional base rate funding, as follows:

- 2021/22 allocations for 3 and 4 years olds will increase by 6p per hour;
- 2021/22 allocations for 2 year olds will increase by 8p per hour.

The Government have also updated the Income Deprivation Affecting Children Index (IDACI) using 2019 data. IDACI is used to calculate the deprivation factor in the early years formula. Overall, updated data generates a further £85k in allocations across the early years block.

Other elements of the Early Years funding formula remain unchanged from 2020/21:

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

Initial estimates suggested that the implementation of the National School Funding Formula (NFF) methodology in Lancashire, was affordable as the local Schools Block funding formula and would provide circa £2m of headroom in 2021/22.

A consultation was therefore issued to schools in the autumn term 2020 about a transfer of circa £2m from the Schools Block to the Early Years Block to help mitigate the impact of pressures on that block.

Consultation responses were reported to the Schools Forum on 12 January 2021, with 91% of 79 school submissions supporting the transfer. Having considered the responses, the Forum unanimously supported the transfer of Schools Block headroom of circa £2m to support the Early Years Block

This will provide, for one year only, support to enable the increase in Government funding to be passed on in full and to continue the additional local increases facilitated by the similar transfer last year. 2021/22 base rates will therefore be as follows:

- 2 Year Old Base rate- £5.16 per hour (compared to £5.08 in 2020/21);
- 3&4 Year Old Base rate- £4.35 per hour (compared to £4.29 in 2020/21).

Maintained nursery school (MNS) supplementary funding allocations are included in the budget on the same basis as for 2020/21.

However, the DfE Dedicated Schools Grant allocations to local authorities (LAs) indicate that the MNS supplementary funding allocations for September 2021 to March 2022 are conditional. DfE say these allocations may be subject to change and LAs should therefore treat them as unconfirmed.

Further information will be provided on any DfE proposals as soon as we are able. The Government did confirm that their commitment to the long-term funding of maintained nursery schools is unchanged.

Members thanked the county council and Forum for the local response to the pressures facing the sector, although it was noted that pressures on the DSG in future years meant that the £2m schools block transfer was unlikely to be available again in future years. The county council support for sector covid testing was also highlighted as another welcome policy implemented in Lancashire.

Some concern was expressed around the 2 year old take up figures shared with the group, and it was noted that a detailed paper on the response to this data was due to be considered by the Early Years Consultative Group.

The Working Group:

- a) **Note the report.**

4. Interim EEF Payments

Early Education Funding – Interim Payment Terms

Current Contractual Payment Terms

The current payment terms contained in the Funding Agreement for the Provision of Early Education and Childcare mean that registered providers receive three payments each term which is made up of 2 interim payments and one final balance payment.

The council makes 2 termly interim payments, estimated as a percentage of the previous terms actual headcount hours claimed, followed by a balancing payment, as outlined in the table below:

Term	Interim % Payment	Interim Payment Date	Balancing Payment Date
Autumn	20% 20%	15 September 15 October	15 November
Spring	30% 30%	15 January 15 February	15 March
Summer	30% 30%	15 April 15 May	15 June

All childminders, plus any other provider that did not make a previous term headcount Funding Claim, have the opportunity to submit their own estimate of hours for the current term via the on-line Provider Portal. Where the provider submits an estimate, payments are made as outlined in the table below:

Term	Interim % Payment	Interim Payment Date	Balancing Payment Date
Autumn	25% 25%	15 September 15 October	15 November
Spring	30% 30%	15 January 15 February	15 March
Summer	20% 20%	15 April 15 May	15 June

COVID-19 Interim Payment Terms

In order to support the sustainability and cash flow of early years providers during the pandemic, instead of 3 payments each term, the local authority has made 2 payments instead.

The 2 payments have consisted of a larger interim payment which has been paid up from prior to the start of the new term, followed by a final balance payment in line with normal contracted deadlines as detailed under point 1.2 & 1.3 above.

Interim payments made during the pandemic have been processed as follows:

Term	Interim % Payment	Interim Payment Date
Summer 2019-20	90%*	End of March 2020
Autumn 2020-21	50% **	End of August 2020
Spring 2020-21	60%***	End of December 2020
Summer 2020-21	Proposed 60%****	Requested approval for end of March 2021

* For summer 2019-20 the interim of 90% was agreed to help mitigate the risk of the council being unable to make final balance payments by the 15 June 2020 due to the unknown impact of home working and staff sickness.

** For autumn 2020-21 the council agreed to pay 50% in one instalment, up front, rather than two instalments of 20% each. This was a slightly higher interim payment overall compared to the normal 40%, to compensate for the council only being able to process the autumn 'top up' payments in January 2021.

*** For spring 2020-21 the council agreed to pay 60% in one instalment, up front, rather than two instalments of 30%. The overall interim amount was the same as normal.

**** For summer 2020-21 agreement is being considered to pay 60% in one instalment, up front, rather than two instalments of 30%. The overall interim amount will be the same as normal.

Interim Payment Terms from autumn 2021-22 onwards

The changes to interim payments during the course of the pandemic have been very positively received and appreciated by the sector.

A decision needs to be taken on the future basis for calculation of interim payments from autumn 2020-21 onwards.

The council and Schools Forum were presented with possible options including:

- i. Revert back to the normal interim payments contained in the current Funding Agreement as outlined under 1.2 & 1.3 above. If this approach is agreed no further action is needed.
- ii. Review the existing interim payments in line with how these have been processed during the pandemic. If this approach is agreed, the council would need to consult with the sector before a final decision could be taken. The Funding Agreement would then need to be updated in line with agreed policy changes for the 2021-22 academic year.

Members reported that the revised interim payment terms during the pandemic had been well received and it was judged that this may well be welcomed as a more permanent option, the group therefore recommended that a consultation take place with the sector. Some finalisation of proposals was required around the March payment options to ensure compliance with Local Government accounting, audit and CiPFA requirements .

The Working Group:

a) Noted the report:

b) Recommended that the sector be consulted on the future options for interim payments.

5. Executive Recovery Board

The Working Group chair fed back from recent Executive Recovery Board meetings, emphasising that awareness about the important role played by the early years sector had been enhanced through this process

As the pressure from the pandemic became eased, it was envisaged that the objectives of the board would take on a more strategic emphasis.

The development of the team around the early years provider concept, to mirror developments on the team around the school, would be a key focus for the chair at this group.

The Working Group:

a) Noted the report.

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 March 2021

Item No 9

Title: Recommendations of the Chair's Working Group

Executive Summary

On 2 March 2021, Chair's Working Group considered a number of reports, including:

- DSG Historic Commitments
- Schools in Financial Difficulty (SIFD) –Categorisations

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 Chair's Working Group held on 2 March 2021**
- b) Ratify the Working Group's recommendations.**

Background

On 2 March 2021, the Chair's Working Group considered a number of reports. A summary of the information presented and the Working Group's recommendations are provided below:

1. DSG Historic Commitments

The Central School Services Block (CSSB) of the Dedicated Schools Grant (DSG) is to fund central functions that local authorities carry out on behalf of pupils in state-funded maintained schools and academies in England. CSSB allocations for local authorities are split into funding for 'historic commitments' and funding for 'ongoing responsibilities'.

As has been reported to the Forum and working groups for a number of years, the DfE are reducing historic commitments funding each year and have indicated that they will continue to unwind the historic commitments funding to zero in future years.

The Forum have made considerable reductions in historic commitments expenditure in Lancashire over recent years, in accordance with DfE requirements, as indicated below:

- 2017/18 - £1,243k historic commitments contribution.
- 2018/19 - £450k historic commitments contribution.
- 2020/21- £350k historic commitments contribution.

School funding announcements for 2021/22 included confirmation that the historic commitments element of the CSSB will decrease by a further 20% from April 2021.

In setting the Lancashire Schools Budget for 2021/22, the Forum supported a continuation of the existing combined budgets that are funded from the Historic Commitments element of DSG as follows:

- Emotional Health and Wellbeing Service - £200k
- MASH - £150k

Members noted, however, that this was only affordable in 2021/22 as a prudential borrowing expenditure commitment had ended in 2020/21 and due to a subsidy from the 'ongoing costs' allocation. It was clear that continued support for these services was not sustainable from the 'historic commitments' allocation going forward as the DfE allocation reduced further/ceased.

Both services supported by the historic commitments funding had produced annual reports for the Forum in the lead up to the 2021/22 budget cycle and members stated that they held the services in high regard.

When offering a steer about the budget setting process for 2021/22, the Chairs' Group had asked that enquiries be made of DfE to ascertain if these contributions can be made from elsewhere in DSG when 'historic commitments' funding is reduced/ceased. It was advised that services should be notified that 'combined budget' allocations for 2022/23 would need to cease and any future funding from DSG could not be guaranteed, but consideration would be given to possible support options depending on the response from DfE.

Subsequent to the Forum meeting, enquiries have been made of the DfE and the response indicates that:

'Movements from the central school services block (CSSB) or high needs block to any other block, are not subject to any limit and can be made in consultation with the schools forum.

Local authorities can also transfer up to 0.5% from the schools block to the CSSB with the agreement of the schools forum, or with a disapplication request if the schools forum does not agree.'

This response made clear that the Forum could decide to offer continued support to these services from the wider DSG funding envelope, even when historic commitments funding is further reduced/ceased.

The group noted that Lancashire receives an overall DSG allocation of over £1b, and a commitment of circa £350k is not a significant amount in these terms, but there are considerable cost and demand led pressures facing a number of funding blocks and any continued allocation would need to be balanced against other DSG pressures and also any impact for schools and pupils if these services were discontinued.

Members recommended that service representatives for MASH and Emotional Health and Wellbeing be invited to attend the full Schools Forum meeting in July 2021 and to present information about what any future DSG funding would provide, including information on value for money for schools and to set out what the impact for schools and pupils if these services were discontinued.

The Working Group:

- a) **Noted the report.**
- b) **Asked that services be invited to present information to the July 2021 Schools Forum meeting.**

2. Schools in Financial Difficulty (SIFD) –Categorisations

Regular reports have been presented to the Chairs' Group/Forum around Schools in Financial Difficulty (SIFD) categorisations, against the agreed criteria, as set out below:

Schools in Financial Difficulty (SIFD) Categorisation

Category	Description	Financial Indicators
Category 1 Structural Deficit	Structural deficit that could be beyond recovery within the school finances, the school may not be financially viable and a strategic solution is required	<ul style="list-style-type: none"> • Closing deficit in excess of 30% of the schools budget, • And - In deficit for more than 2 years; • And - No approved recovery plan.
Category 2 Significant Deficit	School has a significant deficit requiring the school to make substantial organisational savings that need intensive intervention and focussed support to recover. Maybe	<ul style="list-style-type: none"> • Significant Deficit: in excess of 5% of the schools budget

	pushing boundaries of statutory 3 year recovery timescale	
Category 3 Financially Vulnerable	Schools using significant reserves to balance their budget or have lost significant pupil numbers on the October census, or have low-level deficit or indications of going into a financial deficit.	<ul style="list-style-type: none"> • In Deficit below 5% of the schools budget, or • Indicated deficit closing balance of any level, or; • Over 70% reduction in surplus balances, or; • Reduction in pupil numbers exceeds 10%.
Category 4 Financially Stable	No budget issues but continued monitoring of financial indicators to confirm ongoing financial health.	None of the above indicators are present

Information was shared with the group most recently in September 2020 and an updated analysis was provided for the group, which was based on the county council's forecasts of the outturn position for schools at 31 March 2021, taken from data in the LCC accounts at 31 December 2020. The analysis is provided below:

Category	No. of schools	%
1	4	0.7%
2	18	3.2%
3	36	6.3%
4	511	89.8%
	569	

It was noted that:

- The number of schools in Category 1, Structural Deficit, had reduced by one since that last report, due to the closure of a secondary school that had a substantial structural deficit.
- In percentage terms the current analysis represents 10.2% of schools identified with some level of financial challenge, compared to 18.1% in the previous report;
- This does represent a more positive outlook for school funding overall, but there are still significant uncertainties around school funding, especially when unpredictable covid-19 related costs are factored in, and many schools may continue to face financial challenges.

An analysis and comparison data by sector was also provided to the group.

In the sector data small primary schools, PRUs and nursery schools were identified as those phases facing specific challenges. It was noted that some of the higher risk sectors may have faced additional pressures due to COVID-19 issues, for example reduced income.

It was also confirmed that reviews were taking place in some areas, for example in connection with the AP strategy and the review of maintained nursery schools.

In addition, the county council was establishing a Lancashire Education Partnership Board, which would include school representatives and would take a strategic overview of education provision across the county. The importance of Schools Forum linking into outcomes from this group were emphasised, so that funding and strategic priorities were aligned. To assist with this process, it was suggested that a dialogue could take place through the chairs' group initially.

The SIFD categorisation will be run again, based on the actual outturn position of schools at 31 March 2021, and SIFD support will continue to be provided to any school in financial difficulty.

The Working Group:

- a) Noted the report and information provided.**
- b) Welcomed the proposal to link in with Schools Forum to align with strategic priorities.**
- c) Noted that the SIFD categorisation would be rerun when the actual outturn data for 31 March 2021 was available.**

LANCASHIRE SCHOOLS FORUM
Date of meeting 18 March 2021

Item No 10

Title: Recommendations of the Apprenticeship Levy Steering Group

Executive Summary

On 8 February 2021, Apprenticeship Levy Steering Group considered a number of reports, including:

- Urgent Business Apprenticeship Levy Transfer Protocol
- School Apprenticeship Levy Update

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

Recommendations

The Forum is asked to:

- a) **Note the report from the Apprenticeship Levy Steering Group held on 8 February 2021;**
- b) **Ratify the Working Group's recommendations.**

Background

On 8 February 2021, the Apprenticeship Levy Steering Group considered a number of reports. A summary of the information presented and the Steering Group's recommendations are provided below:

1. Urgent Business Apprenticeship Levy Transfer Protocol

It was noted that responses were obtained from the Steering Group in February 2020 using the urgent business procedure, in connection with the protocol to be used to in connection with the transfer of 'schools' monies, to non-levy paying settings rather than returning funding to central government.

Members responded to the proposals and having reviewed the responses, the Apprenticeship Levy Team proceeded with the schools levy transfer arrangements, but due to the uncertainties expressed, did not include 'Organisations providing support to schools' in the eligible categories. This group remained eligible for support from transfers from the LCC levy.

The agreed proposals were:

Categories eligible for 'Schools' Apprenticeship Levy Transfer:

- Aided schools situated with the LCC footprint (where possible as limited number due to PAYE issue)
- Academies situated with the LCC footprint
- Aided schools and academies in Unitary authorities (Blackpool and Blackburn)
- Independent Nurseries/Early years settings

Process:

- Allow the Apprenticeship Levy Team to identify, arrange and authorise unspent levy transfers to be made to the above categories.

The Working Group:

- a) Noted the report.**

2. School Apprenticeship Levy Update

Colleagues from the Apprenticeship Levy team delivered a presentation to members providing an update on the latest school related developments.

Overview

107 new Requests for Funding had been received and approved since May 2020, with a total value for this window of opportunity of approx. £839,240 over the duration of the apprenticeships.

There are currently 224 on-going apprentices, 33 awaiting enrolment, and 167 have completed, since April 2017.

Schools Engagement

Covid-19 and the lockdown has meant schools visits have been replaced with video calls and discussion via phone. Schools have welcomed this approach with many heads engaging in

discussions. The schools portal has also proved an excellent way to communicate important information and keep schools updated with new developments.

On-line learning is underway across our schools for all our apprentices with all our providers continuing to sign up, deliver and maintain contact.

Recruitment has been effected by lockdown and is likely to remain so until schools return to normality. Schools have taken advantage of the new employment incentives with 43 potential new apprentices having been recruited who are eligible for up to £3000.

27 Apprentices are on a current Break in Learning, 12 due to Covid-19.

Apprenticeship Reviews are underway where the team will be speaking to each one of our apprentices in person to get their feedback on their experiences. To date 55 % of the reviews have been completed.

8th-12th February 2021 is National Apprenticeship Week and several communications will be issued on the portal raising awareness and celebrating success.

Recruitment Process

Vacancies are now uploaded to the National Apprenticeship Service website (NAS) and LCC website, schools recruitment site and Indeed. The team are in regular contact with the schools helping them with the documentation and process.

All new documents have been uploaded to the schools portal A-Z for schools to download including our new schools training menu for 20/21. Job support packs have also been developed to aid schools in completing their adverts

Apprenticeships

A total of 430 apprenticeships have been undertaken in Lancashire schools since 2017/18. Whilst the level of take up in 2020/21 has reduced due to covid, the number of apprenticeships in schools has not fallen to the same extent as for LCC.

Further details of the apprenticeships being undertaken and a breakdown by district were provided for the group.

Members noted that a number of the previous apprenticeship frameworks had been turned off by the government and new apprenticeship standards had been introduced. The team were working on developing further relevant standard for schools and recent additions included:

- Outdoor Activity Instructor L3
- Teacher L6
- Career Development Professional L6

Further details on each of the new standards were provided for the group.

Financial Position

An update on the financial position of the schools levy fund was provided:

Annual Schools Levy fund approx.	£1.5 million
Spend across Levy schools in 2017/18	£28,098
Spend across Levy schools in 2018/19	£319,075
Spend across Levy schools in 2019/20	£565,245
Spend so far this year 2020/2021	£368,469
Forecast spend this year approx.	£782,150
Total spend to date	£1,271,173

Update on Levy Transfer

The Annual Levy Transfer pot is approx. £373,910. 23 Transfer requests going ahead, with 5 still awaiting enrolment in the first window.

11 schools, academies and early years settings will have been supported when all are enrolled.

The significant barrier still exists to utilising the transfer where eligible schools using LCC payroll, and therefore on the same PAYE number cannot be supported. However, the team have recently got some assurances from the ESFA that a solution to the pooled payroll issue will be resolved for April 2021.

The possibility of promoting the transfer opportunity for early years providers via the weekly newsletter was suggested.

It was noted that circa £1m had been returned to the ESFA to date from Lancashire levy funding, both schools and LCC, but it was hoped that the level of return would reduce in future if levy support increased and the options for transfer were made resolved.

Looking Forward

The key issue for the team in the near future will be the large Procurement exercise that will provide the opportunity to look at the offer to support schools and engage with potential new programmes (become a trailblazer) and providers.

The team are also proposing a newsletter to introduce the new team supporting schools apprenticeships.

The Working Group:

- a) **Noted the information.**
- b) **Requested that the transfer opportunity be promoted with early years providers.**
- c) **Welcomed the possibility of pooled payroll issue being resolved for April 2021.**
- d) **Thanked the Apprenticeship Levy Team for their continued hard work and dedication during difficult circumstances.**

LANCASHIRE SCHOOLS FORUM

Date of meeting 18 March 2021

Item No 13

Title: AOB

DfE Consultation Changes to the payment process of schools' business rates

Appendix A refers

Executive Summary

This report provides information on the DfE consultation in connection with Changes to the payment process of schools' business rates.

Forum Decision Required

The Forum is asked to:

- a) Note the report.**
- b) Express any initial views about the consultation**

Background

On 10 March 2021, the DfE issued a consultation on Changes to the payment process of schools' business rates. A copy of the consultation document is provided at Appendix A.

The Forum meeting will provide an initial opportunity to express views on the DfE proposals.

The consultation closes on 5 May 2021.



Education & Skills
Funding Agency



Department
for Education

Appendix A

Changes to the payment process of schools' business rates

Government consultation

Launch date 10 March 2021

Respond by 5 May 2021

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Introduction

The Department for Education (DfE) is seeking views on the proposal to centralise the payment of national non-domestic rates (NNDR), more commonly known as business rates, for state-funded schools from the 2022-23 financial year onwards. Our proposals continue to align the NNDR billing period with the financial year.

This consultation complements the government's announcement at Budget 2020 that it would conduct a fundamental review of the business rates system in England. The consultation is aligned with the government's overarching objectives to reduce burdens and improve the existing business rates system. A separate consultation is being conducted by HM Treasury (HMT) to gather views on how the system currently works, areas that need to be addressed and ideas for changes to the taxation of non-domestic property. The Government is currently reviewing responses to the Call for Evidence.

Who this is for

- state-funded schools, including academies and local authority maintained schools
- local authorities and billing authorities
- any other interested organisations or individuals

Issue date

The consultation was launched on 10 March 2021.

Enquiries

If your enquiry is related to the policy content of the consultation, you can contact the team by emailing:

businessrates.consultation@education.gov.uk

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: Consultations.Coordinator@education.gov.uk or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

Additional copies

Additional copies are available electronically and can be downloaded from [GOV.UK DfE consultations](#).

The response

The results of the consultation and DfE's response will be [published on GOV.UK](#) in Summer 2021.

About this consultation

This consultation document suggests changes to the payment of business rates for schools. These changes are split into three sub proposals, as follows:

- **Proposal 1** - Education and Skills Funding Agency (ESFA) pays schools' business rates directly to billing authorities on behalf of the schools, removing the need for local authority maintained schools and academies¹ to make these payments to billing authorities themselves. To enable this, we propose that billing authorities will upload bill data for all schools to the online ESFA system which is already used to collect academies' business rates bill data. In addition, billing authorities will supply payment information to the schools to allow for local accounting for their business rates obligations
- **Proposal 2** - ESFA makes a single reconciliation payment to billing authorities to allow for adjustments before the end of the financial year

The first part of each proposal sets out:

- the current system in place for payment of schools' business rates and why this results in unnecessary burdens

The subsequent parts of each proposal set out:

- how the existing system could be improved and simplified through ESFA paying business rates to billing authorities directly, on behalf of schools

It is important to note that the proposed changes do **not** represent a change in funding levels, but instead represent a more streamlined system which restructures the payment process of existing funding. The funding available to cover the cost of local authority maintained schools' and academies' business rates will remain unchanged. This approach to topslicing dedicated schools grant (DSG) and general annual grant (GAG) funding to streamline cash management is already in place for other payments such as the risk protection arrangement (RPA).

We are inviting interested individuals and organisations to comment on the above proposals.

¹ For the purposes of this consultation, all references to academies are in respect of pre-16 academy school establishments and not 16-19 academies.

Respond online

To help us analyse the responses please use the online system wherever possible. Visit www.education.gov.uk/consultations to submit your response.

Other ways to respond

If, for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a word document version of the form and email or post it.

By email

BusinessRates.Consultation@education.gov.uk

By post

Business Rates Consultation
Funding Policy Unit
Department for Education
Sanctuary Buildings
Great Smith Street
SW1P 3BT

Deadline

The consultation closes 5 May 2021.

Proposal 1: Centralising the payment of business rates for local authority maintained schools and academies

Background

In this section of the consultation, we explain the current system in place for the payment of schools' business rates and the substantive changes we propose to make. We invite comments on these changes.

Existing arrangements

Business rates are charged on most non-domestic properties, including schools. Local authority maintained schools and academies have different processes in place for the payment of business rates. Whilst these processes may differ between local authorities, the following is typical.

i. **Local authority maintained schools**

Local authorities receive funding from ESFA for schools' business rates within their dedicated schools grant (DSG). This amount is calculated based on local authorities' actual spend in the previous year. Local authorities set and provide the budgets for local authority maintained schools, which contain business rates funding. Once local authority maintained schools receive a business rates bill from their billing authority, they pay the cost of the bill directly to the billing authority.

It is important to note variations in the existing system across different local authorities, in particular between unitary authorities and two-tiered areas with district councils. In some cases (most notably for unitary authorities where billing authorities are part of the local authority) there is an agreement for the schools' maintaining local authority to make the payment directly to the billing authority. Here, schools are bypassed and do not receive cash for business rates funding from their maintaining local authority via the wider DSG funding - their local authority topslices the DSG in much the same way as suggested in our proposal under a centralised system of business rates payments.

ii. **Academies**

Academies receive a bill from billing authorities for their business rates. Academies then pay their business rates directly to their billing authority.

Individual academies submit claims to ESFA to recoup the cost of their business rates via the [national non-domestic rates return portal](#). Academies with multiple bills and buildings must combine their bill values and enter these

into the form. Academies may be requested to submit their rates bill as evidence, where their claim is significantly different from the previous year or significantly varies from the authority proforma tool (APT) figure local authorities provide on their funding formulae for schools within their authority. Once claims are validated, ESFA directly reimburses academies for the exact cost of their business rates, within 2 months of receiving a claim. This payment is funded outside of the general annual grant (GAG) payments.

Note that alongside this, the cost of academies' business rates is included within the DSG, in order to be allocated according to local authorities' local formulae. However, ESFA recoups this amount from local authorities.

Academies are also able to submit historic claim requests dating back to 2014-15. If academies have neglected to lodge a rates claim during this period, this enables academies to claim the cost of their rates retrospectively.

Proposal and rationale

There is a complex flow of business rates funding, much of which is circular, involving substantial bureaucracy and which serves no benefit to front line services. The existing arrangements involve an unnecessarily resource intensive process, which schools and local authorities have previously raised as a source of frustration. DfE remains committed to reducing such unnecessary burdens wherever possible, to ensure that schools and local authorities can deliver essential public services efficiently.

We are proposing a change to this system for paying rates, to simplify the process and remove unnecessary burdens on schools. We are not proposing to alter the framework for who is liable for business rates. We propose that ESFA pays schools' business rates directly to billing authorities, removing the need for local authority maintained schools and academies to make these payments to billing authorities themselves. We suggest that this new system comes into force from the 2022-23 financial year onwards.

It is important to note that the proposed change does **not** represent a change in funding levels, but instead represents a more streamlined system which restructures the payment process of existing funding. The costs for local authority maintained schools' and academies' NNDR are currently covered by DfE and this would remain the case. The funding available to cover the cost of schools' business rates will remain unchanged.

The revised process for local authority maintained schools and academies

Billing authorities would provide one bulk upload of bill data every year to ESFA, for all the local authority maintained schools and academies within their borough/district. We propose to repurpose the online portal currently used to collect academies' rates data to accept billing authorities' data uploads. We suggest a two month window from the

beginning of March to the end of April for billing authorities to upload this data. Billing authorities may be requested to submit rates bills as evidence, where claims are identified by ESFA as significantly different to the previous year or significantly different from APT figures.

Once billing authority claims are validated, ESFA would pay billing authorities directly, funding the exact cost of business rates for local authority maintained schools and academies within their local authority. We suggest rates payments would be made to billing authorities once a year, with payments received and allocated to accounts by 30 June to inform billing authorities' quarterly return of council taxes and non-domestic rates (QRC1) form for performance reporting purposes.

Historic claims

Transitional arrangements would include bringing academies' ability to make historic claims to an end by the launch of the new business rates payment system. Academies would have until April 2022 to submit any historic claims from the 2014-15 financial year to the 2020-21 financial year. After April 2022, ESFA would no longer accept, process or reimburse academies for historic claims relating to unclaimed years. Frequent reminders will be issued to the sector throughout the next year to provide reasonable notice and sufficient opportunity for academies to bring historic claims up to date.

However, ESFA will continue to accept revised claims arising from historic adjustments. This applies to claims which have previously been submitted to ESFA by an academy (and reimbursed accordingly), but have since been subject to retrospective adjustments which have altered billing amounts. Academies can continue to submit these claims via the online portal. Academies will continue to receive a response from ESFA within 2 months (either reimbursing academies where historic adjustments have resulted in an increase to historic bills, or recouping the appropriate amount where historic adjustments have resulted in a decrease to historic bills). We would encourage academies to submit revised claims arising from historic adjustments by April 2023, where possible. Thereafter, revisions will be communicated to ESFA by billing authorities and academies will no longer need to notify ESFA of revisions.

Liability

Liability for business rates would remain unchanged. Local authority maintained schools and academies would retain liability for business rates, but ESFA would act as a paying agent on their behalf. Schools would, therefore, remain liable for the payment of any penalty charges incurred as a result of an unpaid bill, although DfE would never wilfully neglect to pay a bill. The exception to this would occur if a claim failed validation checks and, following DfE request, the school subsequently failed to provide further supporting evidence or amend their claim.

Therefore, where billing authorities currently send business rates bills to local authority maintained schools, we would suggest that they continue to do so since the local

authority maintained schools and academies are the liable party. Similarly, we propose that academies should continue to receive a bill from billing authorities for their business rates. This will continue to take place at an individual academy level rather than at academy trust level – each academy within a trust will continue to receive a bill for the cost of their own individual business rates. From 2022 onwards we propose these bills be labelled ‘For information only. This bill will be settled by ESFA’. This should prevent schools mistakenly paying the bill and billing authorities receiving duplicate payments.

Given that academies would retain liability for their business rates, despite no longer making the physical payments, academy trusts would still need to account (as a cash payment) for the costs of their business rates. This proposal would make no change to the financial reporting and/or accounting for NNDR by academy trusts. The change in payment process, but unaltered financial reporting requirements, will be communicated to trusts within the DfE-issued annual accounting guidance – the [Academies Accounts Direction](#).

For local authority maintained schools the cost of business rates would be deducted at source by topslicing the DSG. Both ESFA and individual local authority maintained schools would then gross the reduced cash movement back up by the amount of the rates obligation, so that this change does not give the erroneous impression that schools’ budgets are being reduced. Both the local authorities’ and the local authority maintained schools’ budgets would continue to include the rates funding, even though ESFA would no longer pay over physical cash. Otherwise, local authority maintained schools’ account balances would automatically decrease by the value of the business rates cost every year.

Under the revised process, the following burdens would be removed:

i. Local authority maintained schools

Business rates will remain part of national funding formula (NFF) allocations to preserve funding for schools. However, since ESFA will be making business rates payments directly to billing authorities, less cash will need to be moved to schools. The main savings here arise from reduced circular information and cash flows between ESFA, local authorities, billing authorities and schools. Under these proposals, billing authorities will still need to inform schools of their business rate liabilities. However, once the school allocations are confirmed ESFA will step in and make direct payments to billing authorities. This will greatly shorten cash payment trails and also lower the resource burden for parties involved. Finally, once ESFA has made payments, schools and local authorities will be able to account for the settling of their business rate liabilities and their full DSG/GAG income from the information previously supplied.

In cases where there is already an agreement for the school's local authority to make the payment directly to the billing authority, local authority maintained schools are likely to experience no change. However, local authorities will still be saved the burden of paying billing authorities for their schools' rates.

ii. **Academies**

Business rates will remain part of NFF allocations to preserve funding for schools. However, since ESFA will be making business rates payments directly to billing authorities, academies would no longer need to submit claims to ESFA to recoup the cost of their business rates via the NNDR return portal. This removes the potential risk that academies incur a cost to themselves if they neglect to claim back the cost of their rates from ESFA. ESFA will no longer need to directly reimburse academies for the cost of their business rates. Academies will no longer need to pay their business rates directly to their billing authority.

iii. **Billing authorities**

There is a potential for reduced burdens in areas with two-tier councils, which would no longer need to facilitate payments across tiers.

DfE and ESFA remain committed to working closely with billing authorities, both in unitary and district councils, to explore how the centralisation of schools' rates payments could be best operationalised. For example, we intend to consider whether it is feasible for bulk payments to be automatically allocated to individual NNDR accounts to avoid the need for manual allocations; and intend to adapt the data upload requirements so they are as easy and straightforward for billing authorities as possible.

Relief: discretionary and mandatory

Under the Local Government Finance Act 1988, local authorities are permitted to grant relief against the business rate liability to certain charitable and non-profit organisations. The above proposals to centralise the payment of schools' business rates would not preclude local authorities offering discretionary business rates relief. Those local authorities which already offer relief for the schools within their local areas can continue to do so and any local authority may start offering discretionary relief, if they choose to do so. As is the current practice, the cost of discretionary rate relief will be shared in accordance with the business rates retention regulations. Local authority and billing authority accountancy practices recording discretionary relief would remain unchanged.

Likewise, the above proposals would have no bearing on the 80% mandatory rates relief received by academies, which would remain unchanged.

Q1. Do you agree that the direct payment of schools' NNDR via ESFA to billing authorities is preferable to the current system?

Q2. Do you anticipate any new burdens as a result of the proposals? Alternatively, would the proposals result in savings for local authorities and schools?

Q3. We are anticipating that billing authorities would provide one upload of bill data to ESFA for all the schools within their borough/district. Is this the best way to collect rates information from billing authorities, and what information would billing authorities need in order to provide the required upload of bill data?

Q4. Where multiple billing systems exist within local authorities, what issues would this proposal raise?

Q5. In local authorities where discretionary relief is provided, how could this best be taken forward under the new system?

Q6. Are there any issues of detail that would need to be resolved in order to implement this proposal? One that occurs to us is how to handle schools occupying sites that also have other bodies on site, such as a children's centre.

Proposal 2: Reconciliations

Background

In this section of the consultation, we explain how we propose to adapt the current process of reconciliation for schools' business rates to fit into our proposed changes under Section 2, Proposal 1. We invite comments on these proposals.

Proposal and rationale

Existing arrangements

Billing authorities can send a revised bill to local authority maintained schools and academies at any point during the year. Revised rates bills can be generated as a result of changes to school buildings, or due to revaluations when the Valuation Office Agency (VOA) adjusts the rateable value of properties to reflect changes in the property market.

i. **Local authority maintained schools**

For local authority maintained schools, adjustments to bills are handled in the same way as when the amount invoiced by the billing authority differs from the amount allocated to the local authority maintained schools in their budget. That is, local authority maintained schools contact their local authority. The local authority then has the option to adjust the local authority maintained schools' budget in-year or adjust using the APT with changes reflected in the budget for the following year.

ii. **Academies**

When academies receive a bill adjustment, they submit the revised invoice via the online claims portal. ESFA then adjusts the amount owed by either clawing back excess funds or topping up any shortfalls. Academies are also able to submit historic adjustment requests dating back to the 2014-15 financial year. If these historic adjustment requests pass validation checks, the resulting ESFA clawback or top-up payment can cover the totality of this period.

The revised process

Under the new system, billing authorities would be able to communicate any changes to school's rates bills directly to ESFA via the online portal, alongside informing the school as ratepayer (and the liable party for rates). We propose re-opening the online portal to accept reconciliation uploads of adjusted bill amounts after the initial claims window has closed at the end of May. We suggest opening the portal from May to March for this purpose, allowing for continuous uploads throughout this time. Recent stakeholder

engagement with billing authorities indicates that this approach would be preferable to requesting a bulk upload of adjustments at discrete points throughout the year.

We suggest ESFA makes reconciliation payments to billing authorities once a year to account for any adjustments. We propose that reconciliation payments are made by mid-March, in any given rates assessment period, to ensure sufficient time for payments to be received and allocated to billing authority bank accounts by 31 March. These timings should be sufficient for reconciliation payments to be reflected within billing authorities' in-year collection rate, a reporting measure which informs billing authority performance. This should eliminate the potential for outstanding business rates debts from schools to inadvertently adversely impact billing authority reporting performance.

For any adjustments to business rates bills made after the closing date of the reconciliation claims window, we propose these be submitted once the reconciliation claims window reopens in May of the next financial year.

As stated in Section 1, Proposal 1, billing authorities may be requested to submit rates bills as evidence, where claims are identified by ESFA as significantly different to the previous year or significantly different from APT figures. We propose adjusting our validation thresholds in national revaluation years to account for changes to the uniform business rate multiplier and changes to schools' rateable values. This adjustment should prevent schools exceeding ESFA validation threshold where changes to business rates are a result of the revaluation, and thereby avoid the need for billing authorities to unnecessarily submit additional bills to ESFA as evidence.

Under the revised process, the following burdens would be removed:

i. Local authority maintained schools

If local authority maintained schools no longer receive cash from local authorities for their business rates, both local authority maintained schools and local authorities can be removed from that reconciliation process. However, since national funding formula (NFF) funding would still be allocated, some reconciliation work to match up revised rates assessments and topsliced dedicated schools grant (DSG) receipts would be required. Local authority maintained schools will no longer need to monitor discrepancies between the amount invoiced by the billing authority and the amount allocated in their budgets.

ii. Academies

Academies will no longer need to submit revised business rates invoices via the online claims portal, as billing authorities will do this on their behalf. Academies will no longer be asked to reimburse ESFA where business rates bills have been reduced, nor receive top-up funding to cover shortfalls where business rates bills have increased. However, academies would still need to

be informed of revisions in order to accurately account for amended business rates costs.

iii. **Billing authorities**

Changes to schools' rates bills will be corrected in-year and the potential for lagged adjustments (which arose when local authorities chose to adjust the following year's budget using the APT), will be removed.

The reconciliation process would operate between ESFA and billing authorities, significantly minimising the demand on schools. However, local authority maintained schools and academies would still be informed of changes in order to achieve correct local accounting.

Q7. If the direct payment of rates is implemented, would payments made once a year (in June) with a reconciliation for any adjustments at the end of the year (in March) be workable for billing authorities?

Q8. To ensure payments are properly reconciled at the end of the year, could billing authorities provide any revised claims via the online portal between May and March?

Annex A: Public Sector Equality Duty

Background

In this annex we set out the public sector equality duty and our equalities impact assessment on the changes proposed in this consultation. We welcome your views on the equalities impact of our proposals for change.

The Public Sector Equality Duty

The Equality Act 2010 identifies the following as protected characteristics for the public sector equality duty:

- Age
- Disability
- Gender Reassignment
- Pregnancy and Maternity
- Race (including ethnicity)
- Religion or belief
- Sex
- Sexual orientation

Under Section 149 of the Equality Act 2010, the Secretary of State is under a duty to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
 - tackle prejudice, and
 - promote understanding

Consideration of the protected characteristics identified in the Equality Act 2010

This is an assessment, pursuant to the public sector equality duty, of the potential impact of our proposals to reform the business rates payment process. The Equality Act 2010 identifies eight protected characteristics, as set out above.

Having considered the consultation proposals in relation to each of the eight protected characteristics, our initial assessment is that we have identified no evidence to suggest there would be a negative impact on equalities. The proposals above focus primarily on an operational change which will reduce the bureaucracy that schools, local authorities and billing authorities face under the current business rates payment system. The proposals are unlikely to have any noteworthy effect on staffing needs within schools, local authorities and billing authorities. Young people attending the academies and local authority maintained schools included within our proposals are unlikely to be impacted at all by changes to the business rates payment process. We conclude that the proposed changes set out above are likely to have a **neutral** impact on individuals with protected characteristics.

- Age – We have not identified any potential negative impact related to age.
- Disability – We have not identified any potential negative impact related to disability.
- Gender Reassignment – We have not identified any potential negative impact related to gender reassignment.
- Pregnancy and Maternity – We have not identified any potential negative impact related to pregnancy and maternity.
- Race (including ethnicity) - We have not identified any potential negative impact related to race (including ethnicity).
- Religion or belief – We have not identified any potential negative impact related to religion or belief.
- Sex – We have not identified any potential negative impact related to sex.
- Sexual orientation – We have not identified any potential negative impact related to sexual orientation.

We welcome stakeholder feedback on this topic.

Q9. Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change.

Annex B: Consultation Questions

1. Do you agree that the direct payment of schools' NNDR via ESFA to billing authorities is preferable to the current system?
2. Do you anticipate any new burdens as a result of the proposals? Alternatively, would the proposals result in savings for local authorities and schools?
3. We are anticipating that billing authorities would provide one upload of bill data to ESFA for all the schools within their borough/district. Is this the best way to collect rates information from billing authorities, and what information would billing authorities need in order to provide the required upload of bill data?
4. Where multiple billing systems exist within local authorities, what issues would this proposal raise?
5. In local authorities where discretionary relief is provided, how could this best be taken forward under the new system?
6. Are there any issues of detail that would need to be resolved in order to implement this proposal? One that occurs to us is how to handle schools occupying sites that also have other bodies on site, such as a children's centre.
7. If the direct payment of rates is implemented, would payments made once a year (in June) with a reconciliation for any adjustments at the end of the year (in March) be workable for billing authorities?
8. To ensure payments are properly reconciled at the end of the year, could billing authorities provide any revised claims via the online portal between May and March?
9. Please provide any information that you consider we should take into account in assessing the equalities impact of the above proposals.



Department
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Education & Skills
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