

LANCASHIRE SCHOOLS FORUM
Date of meeting 13 January 2022

Item No 6b

Title: Possible Schools Block Transfer to the High Needs Block in 2022/23

Executive Summary

Following receipt of final DSG allocations for 2022/23 forecasts revealed the need for an urgent consultation with schools about the transfer of circa £1.7m from the Schools Block to the High Needs Block. This transfer is technical in nature and relates to the impact of decisions taken by the County Council regarding the closure of the former Hameldon School in Burnley. From 2022/23, the site will become the permanent base for a Lancashire special school and the ongoing PFI contribution should come from the high needs block.

Forum Decision Required

The Forum is asked to:

- a) Note the report,**
- b) Note the analysis of consultation responses from schools (to be presented at the meeting on 13 January 2022)**
- c) Agree the proposed transfer of circa £1.7m (0.19% of the Schools Block budget) from the Schools Block to the High Needs Block in 2022/23.**

Background

In recent years, following consultations with schools, a £2m transfer has been agreed to support pressures in the Early Years Block. Schools Block modelling for 2022/23 carried out in autumn 2021 indicated that there was unlikely to be any available headroom from April 2022, due to increased pressures in the Schools Block, largely as a result of higher deprivation funding requirements.

The Autumn term 2021 Consultation on the Schools Block Funding Arrangements and Service De-delegations for 2022/23 and Fair Exchange 118 mentioned the possibility of a consultation being issued if any headroom was available once an analysis of final allocations had been undertaken.

Following receipt of our final allocations, forecasts of the 2022/23 Schools Budget have now been completed and calculations indicate that the Schools Block funding is sufficient for all the National Funding Formula factors and rates to be applied in full, including updated Minimum Pupil Funding (MPF) rates, and the agreed Minimum Funding Guarantee (MFG). However, no headroom is available to support pressures in other funding blocks.

The forecasts did however reveal the need for an urgent consultation with schools about the transfer of circa £1.7m from the Schools Block to the High Needs Block. This transfer is technical in nature and relates to the impact of decisions taken by the County Council regarding the closure of the former Hameldon School in Burnley. Following the closure of Hameldon, the school site was used temporarily to house pupils from another Lancashire secondary school whilst remedial work took place on their own premises. From 2022/23, the site will become the permanent base for Lancashire special school.

Hameldon school was built under the 'Building Schools for the Future' programme financed by a Private Finance Initiative (PFI) contract that is not yet complete. The Government's Dedicated Schools Grant regulations and guidance have different arrangements for a school's contributions depending whether they are funded through the Schools Block (secondary school provision) or the High Needs Block (when a special school utilises the site).

The Lancashire Schools Block allocation for 2022/23 includes an element for premises funding, which is calculated on the basis of premises expenditure in 2021/22. This calculation incorporates circa £1.9m of funding as the Schools Block Private Finance Initiative (PFI) payment for the former Hameldon school site. However, in 2022/23, this contribution will actually be attributable to the High Needs Block, as the site will be taken over by a special school.

The County Council is therefore seeking school views about the transfer from the Schools Block to the High Needs Block, to enable the required special school contribution towards the Private Finance Initiative (PFI) contract to be met from the relevant funding block in 2022/23, in accordance with Department for Education guidance. Due to the pressures in the Schools Block only £1.7m of the £1.9m is available to transfer.

School Funding Regulations and Guidance for 2022/23 continue to allow local authorities to transfer up to 0.5% of their Schools Block to other blocks of the Dedicated Schools Grant (DSG) in 2022/23, subject to Schools Forum approval.

This circa £1.7m transfer equates to 0.19% of the Schools Block in 2022/23, so a formal decision on the transfer can be taken by the Schools Forum at their meeting of 13 January 2022.

The urgent consultation with Lancashire schools and academies was issued at the start of the spring term 2022 with a closing date of 4.00pm 12 January 2022, so that responses can be reported to the Schools Forum on 13 January 2022.

An analysis of school responses will be shared with the Forum at the meeting.