

Lancashire Schools Forum

eNewsletter

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Fair Exchange?

Welcome to Issue 123 of 'Fair Exchange?' a Post-Forum Edition of the eNewsletter of the Lancashire Schools' Forum. This issue deals with matters considered at the summer term 2022 cycle of meetings.

School Balances 2021/22

The final outturn position against schools delegated budgets at 31 March 2022 was an underspend of £5.173m. This meant that school balances had increased by £5.173m in 2021/22, to a total of £95.325m.

21 schools ended the 2021/22 financial year in deficit compared to 30 schools a year earlier, the lowest number since March 2015.

Clawback at March 2023

The Lancashire clawback of excessive revenue balances policy has been suspended for last 3 years due to COVID-19 uncertainties, but the covid situation is now more stable and the level of school balances has been rising significantly in the last 2 years.

The Schools Forum has therefore agreed to reintroduce the clawback policy on excess school balances at 31 March 2023.

The current guideline balance is 12% of Consistent Financial Reporting (CFR) income for all phases of maintained school.

The Forum has agreed to raise the minimum balance threshold from £60,000 to £75,000 from 2022/23, taking into account inflation over the years since the last time that the minimum value was raised. This will provide smaller schools with a larger level of allowable balance as a protection against future costs pressures,.

Please also remember that the clawback policy will exempt 5/12 any funding received in advance that is funded on an academic year basis to schools by the DfE, for example Covid catch up funding.

As clawback was suspended at March 2022, no 100% clawback rate will be applied at March 2023.

The Forum have agreed that the reintroduction of clawback be kept under review to assess the impact on Lancashire schools.

Further information will be issued about the 2022/23 clawback policy will be issued via the schools portal shortly.

Schools Forum Annual Report 2021/22

The Forum have agreed their 2021/22 Annual Report for publication. This report highlights the key issues involving the Forum during the course of the 2021/22 financial year.

A copy of the report is available [here](#).

Scheme for financing Schools

In March 2022, the DfE issued a 14th update to Statutory Guidance on schemes, which amended the guidance for the 2022 to 2023 financial year. In addition to some minor edits to wording and the revision of dates, the main change highlighted by the DfE is that in the 'Borrowing by schools' section the reference to the Salix Scheme has been removed, as this scheme has now closed.

The guidance also confirmed that there is no extension to the school or LA submission deadlines for submitting Schools Financial Value Standard (SFVS) returns, with the school deadline for 2021/22 SFVS returns being 31 March 2022, and the LA Assurance Statement deadline being 31 May 2022.

A consultation was held with maintained schools seeking views on the proposed national and local scheme changes and 32 responses were received.

An analysis of responses and comments were provided for the Forum, with the majority supporting the proposed amendments.

Changes to the Scheme are a formal decision for the Schools Forum and maintained school members of the Forum voted to approve the proposed amendments. A copy of the revised Scheme has now been published and is available [here](#).

Service De-delegations 2023/24

The Forum supported de-delegation proposals being incorporated in the consultation with schools, which will be issued in September 2022 and will include similar proposals to those agreed for 2021/22, including:

- Staff costs – Public Duties/Suspensions
- Heritage Learning Service - Primary Schools Only
- Support for Schools in Financial Difficulty
- Inclusion Hubs - Primary Schools Only

The proposals for the charging methodology for the Staff Costs and Schools in Financial Difficulty de-delegations will include a move to a fully pupil number based calculation.

Following changes to how School Improvement Functions are funded, the LA is also considering a possible de-delegation in 2023/24. If the LA decides to proceed with a de-delegation proposal, information will be included in the annual consultation with schools to be issued in September

What else is Happening?

Growth Fund Policy Update

Since 2014, the Schools Forum has had 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 Dedicated Schools Grant (DSG).

The Forum agreed some minor revisions to the policy so that there is clarity on the funding calculation and expectations on schools that are in receipt of growth funding. The revised policy is available [here](#)

DfE Visit to Lancashire to Raise Awareness of EY Funding Issues

CC Jayne Rear, the Cabinet Member for Education and Skills has been making representations to the Secretary of State for Education, highlighting key concerns around funding and recruitment/retention impacting on the early years sector in Lancashire.

In response to these representations, a visit to Lancashire has been arranged with senior DfE officials and visits to a maintained and PVI setting have been scheduled along with discussions at County Hall with officers and members.

What's Happening Nationally

Implementing The Direct National Funding Formula Consultation

On 7 June 2022, the DfE launched a further consultation on 'Implementing the Direct National Funding Formula'. A copy of the DfE consultation document is available [here](#).

The consultation focuses on the detail of the implementation of the direct NFF, including:

- The interaction between the direct NFF and funding for high needs
- Growth and Falling Rolls funding
- Premises funding
- The minimum funding guarantee (MFG) under the direct NFF
- The annual funding cycle

The Schools Forum have submitted a response, attached at Appendix A, and individual schools are asked to consider submitting their own responses.

The consultation closes on 9 September 2022 and submissions can be made [here](#).

Who's Who? - Forum Membership

A number of Forum members are leaving the Forum at the end of this academic year as part of the annual membership review, with the thanks of their colleagues, including:

- Cathryn Antwis Primary School Headteacher
- Steve Campbell Secondary School Headteacher
- Nicola Regan Secondary School Headteacher
- Gaynor Gorman Academy Headteacher
- Alan Porteous Academy Headteacher
- Shaun Jukes Special School Headteacher
- Jane Eccleston PRU Headteacher
- James Johnstone Primary School Governor
- Karen Stracey Primary School Governor
- Laurence Upton Primary School Governor
- Sam Ud-din LASGB Observer

The LA is making arrangements to seek replacement representatives for September 2022 and two of these members will be returning in different capacities:

- Steve Campbell will be returning as an academy headteacher representative
- Sam Ud-din will be returning as a primary school governor representative

One of those colleagues leaving the Forum at the end of the academic year is Shaun Jukes, the current Forum Chair. Forum members expressed their appreciation for all the work Shaun had done as Chair, particularly guiding the Forum through challenges including the significant in year deficits in the High Needs Block and the difficulties created by the COVID-19 pandemic.

The Forum elected Daniel Ballard, primary school headteacher representative, as the Chair for the 2022/23 academic year.

From September 2022, Paul Bonser, the current Clerk to the Forum will be retiring and the new clerk will be Sylwia Krajewska.

Questions?

Remember, if you have any questions about the Schools Forum, please contact Paul Bonser, Forum Clerk, 01772 531815, or email schoolsforum@lancashire.gov.uk

Implementing The Direct National Funding Formula Consultation Schools Forum Response

Question 1

Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?

Yes, this seems like a sensible approach to managing transfer requests after the introduction of the direct NFF, providing a simple and consistent framework.

Do you have any other comments on the proposals for the operation of transfers of funding from mainstream schools to high needs?

Our biggest concern with this is that the mechanism is only referring to transfers of funding from mainstream schools to high needs. In Lancashire, our most recent transfers have been from school block to early years block, as the early years sector has been facing the most significant financial challenges. Whilst we recognise that the most significant DSG deficits nationally are related to high needs pressures, we would urge DfE to retain the options available in the current framework that facilitates transfers to early years block, in addition to high needs block.

Question 2

Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?

Yes, we would welcome national standards for notional SEND budgets to aid consistency across the country. Our main concern about such a system is about how this may put additional pressure on the local HNB budget if changes provide a more generous system than we currently operate, and we would urge DfE to ensure that any national system that is introduced is accompanied by relevant transitional protections.

Question 3

Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?

In general, some basic requirements to assist in national standardisation and transparency are welcomed, especially given the proposals seems to allow for a degree of continued local flexibility. From the initial proposals, our local growth fund arrangements would appear compatible with the examples provided. Again, our biggest concern is around the affordability of some existing commitments with schools, that could have up to 7 years to run, if the calculation methodology reduces the amount of funding available to us. Any final proposals that are implemented must allow adequate transitional protections to allow LAs to honour existing commitments funded under growth and falling rolls funding. Allowing unspent funding to continue to revert to local DSG balances may be one way provide some protection going forward.

Question 4

Do you believe that the restriction that falling rolls funding can only be provided to schools judged “Good” or “Outstanding” by Ofsted should be removed?

Whilst we understand the rationale of the current restriction that falling rolls funding can only be provided to schools judged “Good” or “Outstanding” by Ofsted, we would support the removal of such a restriction. It is clearly beneficial that all schools are providing good and outstanding education to pupils, but if places are needed, the use of the falling rolls fund to support the availability of places that will be needed in the near future, regardless of their Ofsted judgement, seems reasonable. Falling rolls funding at schools not judged good or outstanding could assist schools alongside other strategies to support their educational improvement.

Question 5

Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?

Re-baselining the total amount of growth funding and allocating funding to LAs on the basis of both growth and falling rolls by calculating allocation on the basis of MSOAs which have either seen growth or significant declines in pupil numbers seems sensible and we would support this, subject to our early comments about ensuring that LAs can honour existing commitments. We would also urge DfE to keep the level of funding under review to ensure that adequate resources are being delivered through this mechanism to enable LAs to properly support expansion costs at schools and academies that are meeting basic need demand now or in the future.

Question 6

Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?

We would favour the extension of the growth and falling rolls funding so that it could be used to support LAs for the revenue costs associated with repurposing or reducing school places, especially as the number of pupils begins to decline in future years. Again, our primary concern is that adequate funding is provided to the LA to ensure that existing commitments can be honoured, and new requirements can be met.

Question 7

Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding; and that we should implement the changes for 2024-25?

Yes, we agree that the best option to allocating growth funding is the one with a local, flexible approach, especially given LAs sufficiency duty. Implementing changes from 2024/25 does not seem unreasonable, so long as existing commitments can be honoured, and sufficient funding levels are available to ensure LAs can meet their statutory duties.

Question 8

Do you have any comments on the proposed approach to popular growth?

We would welcome the implementation of a change that would enable maintained schools to apply for 'popular growth'. A system that provides equitable arrangements across maintained schools and academies seems to be in keeping with the principles of a direct NFF.

Question 9

Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'?

Yes, this seems like a sensible approach and is similar to the arrangements adopted in Lancashire.

Question 10

Do you agree with our proposed criteria for split site 'basic eligibility'?

Yes, where school sites are separated by road/railway there are additional operational costs, and we would support this as a methodology to determine basic split site eligibility. We also support the qualifying and exclusions criteria set out in the consultation.

Question 11

Do you agree with our proposed split site distance criterion of 500m?

No, we do support a distance component to split site arrangements and although arguments can be made for a range of distances, we have opted for a 300m threshold in Lancashire, as this was judged to be a distance above which more significant additional costs were incurred. We would commend the 300m distance to you. We also acknowledge the cliff edge nature of any distance threshold without a taper, but when considering split site arrangements locally we came down on the side of simplicity and would support this in the national arrangements, whatever distance is ultimately implemented.

Question 12

Do you agree with total available split sites funding being 60% of the NFF lump sum factor?

Yes, in Lancashire our current arrangements use a % of the lump sum to calculate split site allocations and we welcome this approach nationally. Our local percentage is not as high as the proposed NFF methodology, but we are sure schools with split sites would welcome the increased allocation to help them meet the additional costs of operating on more than one site.

Question 13

Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?

Yes, we currently use differencing levels of split site allocation dependent on the level of eligibility and the DfE proposals seem sensible.

Question 14

Do you agree with our proposed approach to data collection on split sites?

Yes, there does not seem to be any existing mechanism that would allow DfE to calculate this factor nationally from existing data, so we would support the proposed approach.

Question 15

Do you have any comments on our proposed approach to split sites funding?

As with many areas in this consultation, a key factor will be the transition to the new national arrangements from the previous local formula, and we welcome the use of the MFG to protect schools losing funding on the introduction of the NFF methodology.

Question 16

Do you agree with our proposed approach to the exceptional circumstances factor?

No.

Question 17

Do you have any comments on the proposed approach to exceptional circumstances?

Whilst we are largely supportive of the approach set out, we are concerned about the movement in threshold from 1% of budget to 2.5%. We are concerned that the introduction of such a change in threshold could disadvantage schools reliant on the exceptional circumstances factor. Though amounts are likely to be low, this may impact on schools at a time when the other costs pressure are rising significantly. We would welcome an approach that retained the 1% of budget threshold.

Question 18

Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?

Yes, as specified in the consultation, it is most important that schools receive protection against their actual previous years allocation rather than any notional allocation.

Question 19

Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?

Yes, in principle we agree that a simplified pupil-led funding protection for the MFG is the correct approach, aiding simplicity and transparency. We note that the transition before full implementation of the direct NFF will allow protection around split site and exceptional circumstances changes and would seek clarification that the existing MFG protection would be classed as pupil led-funding once the direct NFF MFG methodology is implemented. We would also ask DfE to consider the implications of the sparsity calculation on the MFG, as it appears that this funding is more likely to fluctuate overtime as the characteristics of pupils attending a school change, but it does not appear that schools would be offered any protection against this under the proposed arrangements as the factor is classed as school-led.

Question 20

Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?

We support the proposals set out in the consultation document to make adjustments to the baselines such that schools that change their year-group structures will not be unfairly “overprotected” compared to other schools under the direct NFF.

Question 21

What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?

We would favour the option to make a calculator tool available. This will allow schools to use their own data to generate a forecast budget, which is much more likely to be understood by schools as they are interacting with the process. Our concern about notional allocations is that they can be taken as a definitive budget for planning purposes, leading to schools incorrectly making decisions on a level of funding that may have a material change.

Question 22

Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget?

The proposed funding cycle seems reasonable and fits with the amended arrangements following the implementation of the direct NFF.

Question 23

Do you have any comments on the two options presented for data collections in regards to school reorganisations and pupil numbers? When would this information be available to local authorities to submit to DfE?

Of the options presented in the consultation we would prefer the use of a pre-populated to be issued in December. We acknowledge there would be a short turn around for the school reorganisations and changes in pupil numbers information, but believe that this should be archivable, and will be easier to facilitate with October data pre-populated.

Question 24

Regarding de-delegation, would you prefer the Department to undertake one single data collection in March covering all local authorities, or several smaller bespoke data collections for mid-year converters?

Of the options available, Lancashire would support Option 1 for a single collection of de-delegation information.

Question 25

Do you have any other comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?

The maximisation of return dates within the constraints available would be greatly appreciated.