

## Annual Report 2020/21 April 2020 - March 2021

### Introduction

The 2020/21 financial year was perhaps the most demanding period in a generation for schools and their staff, governors, and children, as we all faced the considerable challenges of the ongoing COVID-19 pandemic. For the Schools Forum, this meant that the business of the full Forum and its working groups had to be conducted virtually and consideration had to be given to numerous proposals that looked to help and support schools and mitigate the financial impact of the pandemic, whilst continuing to debate regular school funding issues throughout the year.

This annual report sets out some of the significant issues dealt with by the Forum in FY 2020/21, including some specific questions related to the COVID-19 situation.

### Chair of the Forum

Shaun Jukes, Headteacher at Sir Tom Finney High School, remained the Forum Chair for 2020/21, with Stephen Booth, a governor at Ellel St John the Evangelist CE Primary School, the Vice-Chair.

### School Budgets 2021/22

Advising on the Schools Budget is a crucial responsibility of the Forum. The key headlines from the 2021/22 budget setting process included:

Lancashire's Gross 2021/22 Dedicated Schools Grant (DSG) allocation is £1,090.214m. The 2021/22 figure is over £86m higher than the previous year. This growth in funding is due to increased education funding nationally, the incorporation into the DSG of most funding for the teachers pay and pensions grants that were previously paid as separate grants and an overall rise in pupil numbers compared to 2020/21.

#### Schools Block

Lancashire continues to use the National Funding Formula (NFF) methodology as the local Lancashire funding model in 2021/22. For 2021/22, the NFF includes.

- 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.

Following a consultation with schools and academies in Lancashire, areas where local discretion is available in 2021/22 were agreed by the Schools Forum and the LCC Cabinet as follows:

- The Minimum Funding Guarantee (MFG) was set at a +2.0% with no cap on gains; This means that mainstream schools will be allocated at least 2% more pupil-led funding per pupil compared to its 2020/21 NFF baseline.
- To transfer Schools Block headroom of circa £2m (0.26% of the Schools Block, prior to the inclusion of the teachers pay and pensions grant uplifts) once the NFF methodology has been implemented in full as the local formula, to support other funding blocks. (This headroom is generated from Lancashire's Growth allocation).

### High Needs Block (HNB)

The extra funding made available nationally for school budgets in 2021/22 have provided additional High Needs funding that will be 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.

### Early Years Block (EYB)

The Government have increased the 2021/22 EYB allocation, but not at the same level of increase that is included in the Schools and High Needs blocks, and there remain considerable cost pressures facing all providers across the sector. The extra funding does allow for base rates in Lancashire to be increased for 3 and 4 years olds by 6p per hour and allocations for 2 year olds to be increased by 8p per hour.

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

Other funding in the early years formula remains 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

The supplementary funding for Maintained Nursery Schools (MNS) also continues, but DfE announcements indicate that funding allocations for September 2021 to March 2022 period are described as conditional and they may be subject to change and local authorities are instructed to treat them as unconfirmed;

The local agreement to transfer £2m from the Schools Block to early years will 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:

- 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).

## Service De-delegations 2021/22

Regulations require that the Forum is responsible for deciding which services should be de-delegated each year. In October 2020, the Forum considered a number of de-delegation proposals. Primary and secondary members agreed by phase that a number of services would be de-delegated for the 2021/22 financial year. This means that for primary and secondary schools (but not academies) services will be provided centrally. A full list of de-delegations agreed from April 2021 are:

- **Staff costs – Public Duties/Suspensions.** This de-delegation incorporates reimbursement to schools for staff costs associated with public duties and suspensions;
- **Heritage Learning Service - Primary Schools Only.** Provides funding for the work the Heritage Learning Service undertakes for primary schools to help meet the national curriculum and to support wider cultural learning;
- **Support for Schools in Financial Difficulty.** This funding allows support to be offered to schools in financial difficulty, which is managed by the School Improvement Challenge Board (SICB) against published eligibility criteria.
- **Primary Inclusion Hubs.** This de-delegation continues to support Inclusion activities of primary schools in each district to reduce exclusions and improve attendance for pupils at risk of exclusion, including providing high quality training for staff in schools and sharing share good practice and expertise.

## Consultation Responses

As always, the Forum is very grateful for the consultation responses and comments from colleagues in schools and academies that help to shape and steer the Forum's decisions and recommendations. For example, circa 170 responses were received during the consultation on de-delegation proposals for 2021/22.

## Support for Schools in Financial Difficulty (SIFD)

The Schools Budget for 2021/22 contains a significant increase in the overall level of funding compared to 2020/21, with further increases announced by the Government for the next financial year.

However, a number of schools have continued to face a challenging financial environment in recent years. This additional funding will help ease some of the financial pressures on many schools from April 2021 going forward, but, there are many schools that will only receive inflationary level per pupil increases and may still face considerable financial pressures.

The final outturn position against schools delegated budgets at 31 March 2020 was an underspend of £1.752m. This means that school balances have increased by £1.752m in 2019/20, to a total of £47.319m. However, the aggregate net expenditure position only returned to a positive figure due to various adjustments, including the closure or academisation of schools with large deficit balances during the course of 2019/20 that no longer contribute to the 31 March 2020 school balances year end position. The net position relating to maintained schools that remain open at 31 March 2020 was an overspend of some £0.217m.

41 schools ended the 2019/20 financial year in deficit, including schools from all sectors. The number of schools in deficit at 31 March 2020 has increased slightly from 39 schools a year earlier, providing further evidence of the continuing financial pressures on some schools.

The Forum continues to work with the LA to support schools that are in, or may be heading towards, financial difficulty. This includes monitoring the financial outlook of schools on the Schools in Financial Difficulty category warning system for maintained schools, issuing early warning letters to offer a 'heads-up' that financial pressures may be mounting and using the agreed SIFD procedures to provide additional support to some schools.

During 2020/21, the Forum agreed one-off SIFD allocations to 3 Lancashire schools, to assist with their financial recovery plans.

## COVID-19

Throughout the COVID-19 outbreak, the Forum has continued to support a number of adjustments to the normal school funding arrangements in order to mitigate the impact of the pandemic on schools and pupils, which has included:

- Supporting arrangements for redeterminations in the summer and autumn 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 a child's usual setting was closed, larger upfront interim payments to help cashflow, and waiving of some charges for the sector
- Supporting arrangements for redeterminations across the FY 2020/21 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
- Making representations to the Secretary of State for Education and the DfE about the covid response on behalf of Lancashire schools and early years providers
- Supporting the allocation of a covid payment to Lancashire early years providers
- Underwriting the additional costs of the support through the DSG reserve
- Supporting the LCC position on school staff absences, where parents needed to care for their own children asked to isolate
- Supporting the remote delivery of the traded school finance package
- Suspending the application of the clawback policy at 31 March 2021 due to the funding uncertainties surrounding covid

Full details of all Schools Forum business are available from the [Schools Forum website](#).

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