

Lancashire Schools Forum eNewsletter

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Fair Exchange?

Welcome to Issue 119 of 'Fair Exchange?' a Post-Forum Edition of the eNewsletter of the Lancashire Schools' Forum.

Schools Budget for 2022/23

Initial information from the Government about the Schools Budget for 2022/23 has been included in previous editions of Fair Exchange. Final Dedicated Schools Grant (DSG) allocations for 2022/23 were published by the DfE on 16 December 2021 and pupil data was received on 20 December 2021.

Information on Lancashire's 2022/23 DSG allocations are provided below:

Forecast DSG Income	£m's
Schools Block	878.278
High Needs Block	166.908
Early Years Block	80.655
Central Schools Services Block	6.838
Gross Total forecast DSG Income	1,132.679
Total deduction for national schools non-domestic rates	-8.338
Total deductions for direct high needs payments made by the ESFA	-8.604
Net Total forecast DSG Income	1,115.737

At the Schools Forum meeting on 13 January 2022, school and early years representatives considered proposals for setting the 2022/23 Schools Budget. A meeting of the Lancashire County Council Cabinet was also held on 20 January 2022, where final decisions about the setting of the 2022/23 schools budget were taken. The key headlines from the 2022/23 budget setting process include:

Schools Block

As agreed from 2018/19, Lancashire will use the National Funding Formula (NFF) methodology to calculate Schools Block budgets in 2022/23.

Allocations for Lancashire schools and academies from April 2022 will include our share of the additional Dedicated Schools Grant (DSG) funding announced by the Government, which equates to £2.3b nationally in 2022/23. The main changes to NFF formula factors arising from this additional funding are set out below:

National Funding Formula factor values for 2022/23 have increased, as follows:

- 3% to basic entitlement, Free School Meals Ever 6, income deprivation affecting children index, lower prior attainment, English as an additional language and the lump sum;
- 2% to the funding floor, the minimum per pupil levels and free school meals,
- 0% on the premises factors, except for Private Finance Initiative which has increased by the Retail Price Index.

The announcements also included the relevant minimum pupil funding levels for primary and secondary schools, which incorporate the 2% uplift for 2022/23:

- For primary schools, the minimum pupil funding level will be £4,265 per pupil in 2022/23.
- For secondary schools, the minimum pupil funding level will be £5,525 per pupil from 2022/23.

Following a Government consultation on the Sparsity factor held in 2021, the DfE has amended the factor from April 2022, including increased maximum sparsity values, updated sparsity distance calculations so that they are now based on road distances, instead of straight-line distances, and the introduction of a sparsity distance taper, in addition to the existing year group size taper.

Another Government consultation in 2021 has also led to changes to the payment process of schools business rates. From 2022/23, schools business rates will be paid nationally by the Education and Skills Funding Agency to billing authorities directly on behalf of all state funded schools.

Following a consultation with schools and academies in Lancashire, areas where local discretion is available in 2022/23 were agreed by the Schools Forum and the LCC Cabinet as follows:

- The Minimum Funding Guarantee (MFG) was set at a +2.0%
- The transfer of £1.7m (0.19%) to enable the required school contribution towards the Private Finance Initiative (PFI) contract to be met from the relevant funding block in 2022/23.

High Needs Block (HNB)

The extra funding made available for high needs funding from April 2022 has allowed the following increases in expenditure to be agreed:

- To cover the forecast cost and demand led pressures in High Needs expenditure from April 2022;
- To support increases in HNB expenditure to broadly match or exceed uplifts in the mainstream sector, including:
 - increasing the Weighted Pupil Numbers (WPN) rate across all school and FE settings by 4% to £4,567;
 - increasing 'School Specific' allocations in special schools and PRUs by 2%; to match the Minimum Funding Guarantee (MFG) applicable in mainstream.

Early Years Block (EYB)

Government announcements for 2022/23 indicated that an extra £170m will be made available in 2022/23 for the Early Years Block nationally. Lancashire's share of this funding, together with a circa £1m contribution from Schools Forum reserves, enable increases to be made across all early years funding areas, as explained below.

3 and 4-year-old entitlements

In 2020/21 and 2021/22 the Schools Forum agreed to transfer £2m each year from the Schools Block to the Early Years Block, to help with the pressures being faced by the sector. This has meant that an additional £0.08 per hour has been added to the 3 and 4 year old base rate for these years. Unfortunately, Schools Block budget pressures in 2022/23 mean that this transfer will not be possible from April 2022 and the £0.08 per hour will need to be removed from the base rate for 2022/23. The Schools Forum is aware that the early years sector is already facing considerable cost pressures, so has agreed that circa £1m of Schools Budget reserves be used in 2022/23 to help reduce the turbulence in the system caused by this reduction. The circa £1m contribution will allow £0.04 per hour to be added back to the base rate and will be available for 2022/23 only.

The 2022/23 funding rate has therefore been calculated as follows:

2021/22 base rate, which included £0.08 contribution from Lancashire Schools Block	£4.35 per hour
2022/23 adjusted base rate without £0.08 contribution	£4.27 per hour
2022/23 base rate with DfE £0.17 uplift	£4.44 per hour
2022/23 base rate with £0.04 one off contribution from Schools Forum reserves	£4.48 per hour

This Lancashire base rate for 3 and 4-year-old entitlements will be £4.48 per hour in 2022/23, an increase of 13p per hour from 2021/22.

Supplementary funding hourly rate for maintained nursery schools

Lancashire will receive a £0.17 increase in the supplementary funding hourly rate for maintained nursery schools in 2022/23, which will be passed to the maintained nursery schools providing £3.67 per hour from April 2022 for eligible universal 3 and 4-year-old hours.

2-year-old entitlement

Lancashire will receive an additional £0.21 per hour for the 2-year-old entitlement for 2022/23, which will be passed to providers in full, providing a funding rate for 2 year olds of £5.37 per hour from April 2022.

Early Years Pupil Premium

Lancashire will increase our early years pupil premium rate by 7p to 60p per hour, equivalent to up to £342 per eligible child per year, for 2022/23, in line with national announcements

Disability Access Fund

Lancashire will increase the disability access fund by £185 to £800 per eligible child per year for 2022/23, in line with national announcements.

Central School Services Block (CSSB)

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

In order to protect some combined budget contributions that help support valued services to schools, the Schools Forum has agreed to transfer £0.350m historic commitments into the High Needs Block, so funding can continue to be provided for MASH and Emotional Health and Wellbeing Service, as the DfE have cut the 'historic commitments' element of the CSSB.

Issuing Individual Schools Budgets (ISBs)

Proposals for the Schools Block have now been submitted to the Education and Skills Funding Agency (ESFA) for compliance checking against the relevant Regulations before. The authority cannot issue school budgets until we have been notified that the checks are complete, and our proposals are compliant. It is anticipated that individual budgets should be issued in the week commencing 21 February 2022.

Consultations

The Schools Forum is very grateful for all the comments and responses that have been received to consultations around the 2022/23 Schools Budget, which are vital in shaping decisions and recommendations that need to be made. Details on consultation responses are provided at Appendix A.



Schools Supplementary Grant 2022/23

The Chancellor's autumn 2021 spending review confirmed £1.6bn funding for schools and high needs, for the 2022/23 financial year, above the previous Dedicated Schools Grant settlement. The extra funding is in recognition of the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original Dedicated Schools Grant (DSG) allocations were calculated. This includes the Health and Social Care Levy, which will be applied initially through increased national insurance contributions from employers, and wider cost pressures.

For mainstream schools, this funding will be allocated through a schools supplementary grant 2022/23. DfE announcements indicate that school-level allocations of the schools supplementary grant for 2022/23 will be published in spring 2022, but the stipulated funding rates are set out below:

Rate for early years

The base per-pupil funding rate for early years provision in schools, and for maintained nursery schools, will be £24 per pupil.

Rates for 5 to 16 schools:

The base funding rates for 5-16 schools will be:

- basic per-pupil rate of £97 for primary pupils
- basic per-pupil rate of £137 for key stage 3 pupils
- basic per-pupil rate of £155 for key stage 4 pupils
- lump sum of £3,680
- Free School Meals Ever 6 per-pupil rate of £85 per eligible primary pupil
- Free School Meals Ever 6 per-pupil rate of £124 per eligible secondary pupil

Rates for post-16

The base per-student funding rate for 16-19 provision in schools, including 16 to 19 schools and academies, will be £35 per student.

Lancashire has also been allocated supplementary grant funding for the High Needs Block. In accordance with Government guidance, we have discussed the Lancashire supplementary high needs grant allocation with the Schools Forum and are proposing a distribution methodology for 2022/23 that is split into 2 parts and details are provided below:

- *Health and Social Care Levy (Increased NI contribution in 2022/23 for social care)*
For special schools and AP only
To be calculated on 80% of total budget per school x 1.25% based on 2022/23 School Budget data, with an adjustment for exceptional place changes in year at special schools and increased exclusions at AP later in the year
- *Wider costs pressures*
To be paid across all sectors and calculated on basis of WPNs in 2022/23 School Budget data., estimated at circa £600 per WPN

Allocations will be finalised in 2022/23 and will match the payment terms for mainstream schools determined by the DfE, for example being paid as a one off payment or by instalments.

It is anticipated that the schools supplementary grant will be incorporated into the Dedicated Schools Grant from 2023/24.

Other Key Issues

School Teaching & Support Staff Supply Reimbursement Scheme

The School Teaching and Support Staff Supply Reimbursement Scheme arrangements for 2022/23 were agreed by the Forum on 13 January 2022. The Forum agreed that the premiums will increase by 3% in line with forecast wage increases for the year, with reimbursement rates being uplifted by 3% to match.

Individual 2022/23 scheme details and offers will be sent to all schools and academies in the County shortly – look out for your offer letter on the Schools Portal.

If you have any queries with your offer, please email schoolsforum@lancashire.gov.uk

Growth Funding

Schools and academies may be commissioned by the local authority to provide additional school places. To support this growth, additional funding allocations are made to assist with the lag that accompanies the funding generated by taking on extra pupils. The Forum have agreed that from April 2022, the Minimum Pupil Funding (MPF) rates will be utilised for the growth fund payments, as follows:

- Primary £4,265 per pupil
- Secondary £5,525 per pupil

Government consultation: Reforming how LA school improvement functions are funded

On 11 January 2022, the DfE issued their response to a consultation on Reforming how LA school improvement functions are funded. The Government indicated that they are proceeding with their plans despite a majority of responses opposing the proposals.

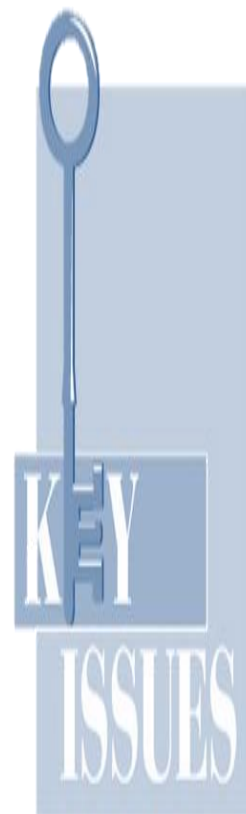
The DfE proposals will therefore be introduced from FY 2022/23 and involve the cessation of the LAs School Improvement Grant funding, initially by 50% in 2022/23 and then totally from 2023/24 onwards. DfE indicate that from 2022/23, the LA should consult on a de-delegation for school improvement funding, which will then be determined by Schools Forum (although the LA can appeal to the Secretary of State if the Forum does not support the de-delegation).

In Lancashire we have already consulted on 2022/23 de-delegation proposals and these were approved by the Forum in October 2021 and built into the final Schools Budget proposals. One of the Schools Forum's concerns outlined in a consultation response to DfE was around the timescales for intruding any revised arrangements.

Government announcements recognise this concern and indicated that, whilst the LA must submit its Schools Block budget proposals by 21 January 2022 for compliance checking, LAs only need to confirm schools' budget shares before de-delegation by 28 February 2022 and confirm budget shares after de-delegation by 31 March 2022.

This does provide an opportunity for the LA to consult with schools about possible School Improvement de-delegation proposals for 2022/23.

The LA is now considering the options available, in light of the DfE announcements, and further information will be provided once decisions have been taken.



WHAT'S HAPPENING NATIONALLY

Pupil premium for 2022 to 2023

The DfE have confirmed that the funding rates for the pupil premium in the financial year 2022/23 have been uplifted, as follows (2021/22 on brackets):

- Primary pupils: £1,385 (£1,345)
- Secondary pupils: £985 (£955)
- Looked-after children: £2,410 (£2,345)
- Children who have ceased to be looked-after: £2,410 (£2,345)
- Service children: £320 (£310)

Please note however that DfE we will be using **October 2021 school census data** to calculate pupil premium allocations (except for alternative provision and pupil referral units where eligibility will continue to be based on the January census).

Coronavirus (COVID-19) workforce fund for schools and colleges

The DfE have announced that the Coronavirus (COVID-19) workforce fund for schools to support schools facing significant staff absences and financial pressures with the costs of staff cover has been extended until to cover the period to **18 February 2022**. Details are available [here](#)

WHAT ELSE IS HAPPENING?

Schools Financial Value Standard (SFVS)

There is a statutory requirement on all maintained schools to complete the Schools Financial Value Standard (SFVS) each year and to provide a copy of the completed return to the authority, by 31 March each year.

A formal core agenda item is included on the spring term governors meetings and governing bodies must formally discuss the SFVS annually with the head teacher and senior staff and ensure that the standard is completed in full. The approved SFVS spreadsheet should be uploaded on the 'Forms' section of the Schools Portal. This can be accessed via the schools portal home page under Forms > Finance > Schools Financial Value Standard.

Please also note that the DfE's Schools Financial Benchmarking data, including the Schools Financial Value Standard Self-assessment dashboard has now been updated to 2020/21 data for maintained schools.

The DfE's SFVS website is available [here](#) and contains links to the financial benchmarking.

Schools are asked to ensure that their SFVS completed SFVS template is approved by governors and submitted to the LA by the statutory deadline of 31 March 2022.

FORUM MEMBERSHIP

2 new members were welcomed to the Schools Forum in January 2022, Mandy Howarth, a governor at Acorns Primary School, representing special school governors, and Nicola Regan, Headteacher Millfield Science and Performing Arts College, representing maintained secondary schools.

A full list of Forum members, as of January 2022 is available [here](#).



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

Minimum Funding Guarantee (MFG) 2022/23 Consultation Response Analysis

Do you agree that the Minimum Funding Guarantee (MFG) level should be set at +2.0% in the Lancashire formula in 2022/23?				
School Type	Yes	No	Not sure	Total
Primary	65	1	16	82
	79%	1%	20%	
Secondary	11	1	2	14
	79%	7%	14%	

Consultation on the possible Schools Block Transfer to the High Needs Block

Do you support the proposed transfer of circa £1.7m from the Schools Block to the High Needs Block in 2022/23 only, to ensure that contractual PFI contributions can be met from the correct funding block when the former Hameldon site is used by a Lancashire special school?				
School Type	Yes	No	Not Sure	Total
Primary School / Academy	24	1	7	32
Secondary School / Academy	5	0	1	6
Special School / Academy	6	0	2	8
Pupil Referral Unit / AP Academy	1	0	0	1
Nursery	1	0	0	1
Total	37	1	10	48
Percentage	77%	2%	21%	100%