

Annual Report 2021/22 April 2021 - March 2022

Introduction

The 2021/22 financial year again brought considerable challenges for schools and their staff, governors, and children, as we all faced the considerable uncertainty of the ongoing COVID-19 pandemic and the year ended with the added difficulties surrounding increased inflationary pressures on budgets.

For the Schools Forum, the business of the full Forum and its working groups had again to be conducted virtually and this annual report sets out some of the key issues dealt with by the Forum in FY 2021/22.

Chair of the Forum

Shaun Jukes, Headteacher at Sir Tom Finney High School, remained the Forum Chair for 2021/22, with Stephen Booth, a governor at Ellel St John the Evangelist CE Primary School, the Vice-Chair.

School Budgets 2022/23

Advising on the Schools Budget is a crucial responsibility of the Forum. The key headlines from the 2022/23 budget setting process included:

Lancashire's Gross 2022/23 Dedicated Schools Grant (DSG) allocation is £1,115.737m. The 2022/23 figure is over £42m higher than the previous year. This growth in funding is due to increased education funding nationally and an overall rise in pupil numbers compared to 2021/22.

Schools Block

Lancashire continues to use the National Funding Formula (NFF) methodology to calculate Schools Block budgets in 2022/23.

Allocations for Lancashire schools and academies from April 2022 included our share of the additional Dedicated Schools Grant (DSG) funding announced by the Government, which equated 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 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.

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 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 was 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, enabled 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 meant that an additional £0.08 per hour had been added to the 3 and 4 year old base rate for these years. Unfortunately, Schools Block budget pressures in 2022/23 meant that this transfer was not possible from April 2022 and the £0.08 per hour needed to be removed

from the base rate for 2022/23. The Schools Forum was aware that the early years sector was already facing considerable cost pressures, so 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 allowed £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 was therefore 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

The Lancashire base rate for 3 and 4-year-old entitlements was £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 received a £0.17 increase in the supplementary funding hourly rate for maintained nursery schools in 2022/23, which was 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 received an additional £0.21 per hour for the 2-year-old entitlement for 2022/23, which was 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 increased 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 increased 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 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)

Once Lancashire's proposals had been approved by the DfE, individual school budgets for 2022/23 were issued to schools on 21 February 2022.

Supplementary Funding 2022/23

In response to the increasing cost pressures facing schools, including the Health and Social Care Levy, which was applied initially through increased national insurance contributions from employers from April 2022, the Chancellor made a further £1.6bn of funding available for schools and high needs, for the 2022/23 financial year, above the previous Dedicated Schools Grant settlement.

For mainstream schools, the DfE allocated this funding through a schools supplementary grant 2022/23, where the funding rates were determined nationally.

For High Needs, Lancashire was allocated supplementary grant funding and the local distribution methodology was agreed by the Forum. For 2022/23 the grant allocation was split into 2 parts:

- *Health and Social Care Levy (Increased NI contribution in 2022/23 for social care)*
For special schools and AP only
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*
Paid across all sectors and calculated on basis of WPNs in 2022/23 School Budget data, estimated at circa £600 per WPN

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

Service De-delegations 2022/23

Regulations require that the Forum is responsible for deciding which services should be de-delegated each year. In October 2021, 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 2022/23 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 2022 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. 144 responses were received from schools in response to consultations about the school funding arrangements for 2022/23.

Support for Schools in Financial Difficulty (SIFD)

21 schools ended the 2021/22 financial year in deficit, compared to 30 schools a year earlier. A number of schools returned to surplus during the year through the delivery of budget recovery plans. The additional funding in the schools system did assist this improved position and the final outturn position against schools delegated budgets at 31 March 2022 was an underspend of £5.173m. This means that school balances increased by £5.173 in 2021/22 to a total of £95.325m.

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 the year, the Forum agreed an amendment to the SIFD support criteria to allow interest charges and provision of school finance support will be met centrally from SIFD funding for schools with an agreed recovery plan, or an agreed sustainability plan.

During 2021/22, the Forum also agreed a one-off SIFD allocation to a Lancashire school, to assist with the financial recovery plan.

Clawback of Excess balances

The Lancashire clawback of excessive revenue balances policy was suspended at March 2021 due to COVID-19 uncertainties. In recognition of the continued funding uncertainties caused by the pandemic, the Forum again agreed to suspend the application of clawback at 31 March 2022.

Whilst clawback will not be applied in 2021/22, it is the Forum's intention is to resume the School Balances and Clawback arrangements for March 2023, subject to consideration of the 2021/22 outturn position.

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

For any queries, please email schoolsforum@lancashire.gov.uk