

Members of the **Schools Forum** are invited to the meeting due to be held at

4pm-6pm, Tuesday 6th October 2020

Will be held **on-line** (via Microsoft Teams)

because of government advice on social gatherings relating to COVID-19 (Coronavirus)

Agenda

Time*	Item	
	1. Welcome & Apologies	Chair
	2. Membership, Register of Interests and Declaration of Interests	Chair
	3. Election of SF Chair and Election of SF Vice-Chair	Clerk
	4. Minutes from the Schools Forum meeting held 23 rd June 2020 and matters arising	Chair
	5. DSG Overview 2020/21 and 2021/22	David Tully
	6. Schools Block 2021/22	David Tully
	7. High Needs Block 2020/21 and 2021/22	Adam Yarnold
	8. Back-dated term-time only claims	Claire Cobbald
	9. Scheme for Financing Schools	Dominique Johnston-Franklin
	10. EY Update - verbal	Kathryn Shaw
	11. Any other business	Chair
	12. Agreed dates of next meetings and location: Tuesday 8 th December 2020 – 4-6pm CAJ kindly offered Hitherfield School for the SF venue for the above dates, but the likelihood is that this will again be on-line.	Chair

LAMBETH SCHOOLS FORUM MEMBERSHIP

TYPE OF MEMBER	GROUP	SUB GROUP	SUB SUB GROUP	NAME	SCHOOL	MEMBERSHIP START DATE	MEMBERSHIP EXPIRY DATE	POSITION OCCUPIED
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1	School	Primary	A or F	Headteacher	Alison Moller	Julians Primary School	10 September 2019	10 September 2023	1
2	School	Primary	C	Headteacher	Chris Ashley-Jones (Chair)	Hitherfield Primary School	27 September 2018	27 September 2022	1
3	School	Primary	VA	Headteacher	Humaira Saleem	Iqra Primary School	10 January 2018	10 January 2022	1
4	School	Primary	C	Headteacher	Chris Toye	Wyvern Federation	10 January 2018	10 January 2022	1
5	School	Primary	VA	Headteacher	Jayne Mitchel	St Andrews CoE Primary School	13 June 2018	13 June 2022	1
6	School	Primary	C	Governor	Carena Hall	Immanuel and St Andrews CoE Primary School	16 October 2018	16 October 2022	1
7	School	Primary	C	Headteacher	Andrew Chaplin	Walnut Tree Walk Primary School	23 June 2020	23 June 2024	1
8	School	Primary	VA	Governor	Michael Holland	Sunnyhill Primary School	16 October 2018	16 October 2022	1
9	School	Primary	C	Governor	Gay Wenban-Smith	Henry Cavendish Primary School	06 October 2020	06 October 2024	1
10	School	Primary	C	Governor	Tony Andrews	Wyvern Federation	13 July 2016	13 July 2020	1

11	School	Secondary	VA / VC	Headteacher	Nick Butler	St Gabriel's College	13 June 2018	13 June 2022	1
12	School	Secondary	A	Principal	David Boyle	Dunraven School	10 September 2019	10 September 2023	1
13	School	Secondary	VA	Governor	Eleanor Donegan	Woodmansterne School - SBM	06 October 2020	06 October 2024	1
14	School	Secondary	C	Headteacher					1
15	School	Secondary	A	Principal	Kate Atkins (Vice-Chair)	Great North Wood Education Trust	10 January 2018	10 January 2022	1

16	School	Special	C	Headteacher	Joanna Tarrant	Elm Court School	23 June 2020	23 June 2024	1
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17	School	Nursery	C	Headteacher	Rachel Hedley	Lambeth Nursery Schools' Federation	10 September 2019	10 September 2023	1
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18	Other Providers	PRU		Principal	Mark Jordan	Parallel Learning Trust	06 March 2018	05 March 2022	1
19	Other Providers	PVI		Manager	Raymond Smith	Pre-School Learning Alliance	13 June 2018	13 June 2022	1
20	Other Providers	PVI		Manager	Coral Hayes	Nursery Manager Ruskin House	13 November 2019	13 November 2023	1
21	Other Providers	16-19 Partnership		Vice Principal					1
22	Other Providers	Faith Body		Governor	Maksud Gangat	Orchard School	12 November 2014	16 October 2022	1

TOTAL	
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LAMBETH SCHOOLS MEMBER SUBSTITUTES POOL MEMBERSHIP

TYPE OF MEMBER	GROUP	SUB GROUP	SUB SUB GROUP	NAME	SCHOOL	MEMBERSHIP START DATE	MEMBERSHIP EXPIRY DATE	POSITION OCCUPIED
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School Sub								1
Non School Sub	PVI							1

TOTAL	
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LONDON BOROUGH OF LAMBETH

SCHOOLS FORUM

Draft minutes of the meeting of the Schools Forum held remotely due to Covid-19 lockdown measures being in place on Tuesday 23rd June 2020 at 16:00pm – 18.00pm

School Forum Members:

<u>Schools:</u>	Present, Apologies, Absent	<u>Schools:</u>	Present, Apologies, Absent
Chris Ashley–Jones (CAJ) Hitherfield	Present	Joanna Tarrant (JT) Elm Court	Absent
Nick Butler (NB) St. Gabriel's College	Present	Ray Smith (RS) Pre- School Alliance	Present
Alison Moller (AM) Julian's Primary School	Apologies	Maksud Gangat (MG) Orchard Primary	Present
Rachel Hedley (RH) Lambeth Nursery Schools' Federation	Present	Coral Hayes Ruskin House School	Apologies
David Boyle (DB) Dunraven School	Present	Kate Atkins (KA) Great North Wood Education Trust	Present
Mark Jordan (MJ) (PCA)	Present	Michael Holland (MH) Sunnyhill Primary	Apologies
Humaira Saleem (HS) Iqra	Present	Carena Hall (CH) Immanuel & St Andrews CE Primary	Present
Andrew Chaplin (AC) Walnut Tree Walk Primary School	Present		
Chris Toye (CT) Wyvern Federation	Absent		
Jayne Mitchell (JM) St. Andrew's Primary	Present		

<u>Officers:</u>	Present, Apologies, Absent	<u>Observers:</u>	Present, Apologies, Absent
Cathy Twist (CTw) Director – ELS	Present	Sarah Tomlinson (ST) NUT/NEU	Apologies
Kathryn Shaw (KS) School Quality Improvement Lead	Present	Christine Golding (CG) GMB Union	Present
Bunmi Idowu (BI) Early Years	Present	Vinay Gupta (VG) St. Gabriel's College	Present
Hamant Bharadia – Children's Finance	Present	Ryan Foster – Union	Present
Dominique Johnston-Franklin - Finance	Present		
Rachel Harrison - Assistant Director Children's Finance	Present		
Cllr Edward Davie	Present		
David Tully (DT) - Finance	Present		
Claire Cobbold – HR	Present		
Adam Yarnold	Present		
Clare Dudman	Apologies		
Sue Franklin	Present		

SF Clerk: Maria Gabrielczyk(MGab) mgabrielczyk@lambeth.gov.uk

MINUTES

1. Welcome & Apologies

CAJ welcomed everyone to the meeting and confirmed it was quorate. A warm welcome was extended to Andrew Chaplin – Headteacher of Walnut Tree Walk Primary School.

Apologies were received and accepted from: Michael Holland, Sara Tomlinson, Clare Dudman, Alison Moller and Coral Hayes.

2. Membership and Register of Interests and Declaration of Business Interests

CAJ informed that two Governors, Gay Wenban-Smith (Henry Cavendish Primary School) and Eleanor Donegan (Woodmansterne School – SBM) have put themselves forward to join the SF. All SF members **agreed** to the two new applicants. They will both join the next SF meeting in October.

There were no Declarations of Business Interests.

3. Minutes from the Schools Forum meeting held on 14th January 2020 and matters arising

The minutes were agreed as a true and accurate record of the meeting and signed off by the Chair.

Matters arising

- P4 Item 6 – CAJ liaised with DT and DT spoke to Governors at the Chairs Working Together.
- P7 Item 8 – KS confirmed that the EY figure was £1.285m.
- P8 Item 9 – HNB is on the Agenda for this evening.
- P9 Item 11 – AOB – Re: SF meeting quoracy. CAJ amended 1.4 to read

1.4 School and Non Member Substitutes

In order to reduce the likelihood of a meeting not being quorate, school and non-school members may send a suitable substitute in their place. The member must inform the Chair at least 3 hours before the start of the meeting, giving the reason for the substitute, their name and role. The substitute will take over the voting rights of the person they have replaced.

A suitable substitute is someone who:

- Is not restricted to membership – see 1.2 above.
- Has the same or similar position in the same organisation as the full member.

SF members **agreed** the change in wording. The amended SF Constitution will be circulated with the Final Minutes. **ACTION: Mgab**

4. DSG Outturn 2019/20 and Overview 2020/21

DT informed that the paper was for information only. It provides an update on the DSG position for 2019/20 and 2020/21.

Table 1 sets out the high level of variances against what was received in blocks.

The DSG carries forward a balance of £2.227m into 2020/21 so an underspend is available. There is £0.458m ring-fenced for the Growth Fund and the Vulnerable Schools Fund. There is an increase of 4% for Nursery settings. An under spend for 2019/20 for the HNB by £600K which has been brought forward.

The paper discusses individual schools. SBM did not have sufficient information at the time and wanted to close the accounts on time so submitted them. The LA is accepting updates from schools as SBM have been accessing the documentation. The school by school information balance shows a carry forward and many schools

are drawing on balances this year as a surplus balance is available at the end of the financial year.

There were 17 schools in deficit at the start of the year and this rose to 19 at the end of the financial year. A couple of schools have still not finalised their budgets. It is clear that schools are drawing on their budgets.

SF members **noted** the content of the paper. There were no questions.

5. **Central Schools Services Block**

DT's report was in response to the SF's request from the January meeting in agreeing that the LA could allocate £0.977m more to the Central Schools Services Block. There is an unplanned DSG reserves underspend of £2.227m of which more than £1m is in uncommitted reserves.

DT referred to the 3 conditions

- a) there were unplanned DSG reserves available during 2019/20 to cover such costs;
- b) the Authority brought an updated plan to the June 2020 meeting of the Schools Forum; and
- c) the budget plans for 2021/22 did not seek to charge more than the available Central School Services Block funding for that year.

All of these had been or would be met. It was clear that seeking funding from the DfE to address this was not likely to be a fruitful path. The excess £1m of central services would be included in the Council's Medium Term Financial Plan (MTFP) considerations for 2021/22 onwards (ie for the Council's General Fund budget, not DSG), alongside other competing priorities for Council resource and officers would manage the consequences arising from the revised MTFP.

Q. Where will you go for funding?

A. To the Council. The Council has a medium term financial plan, on the use of the budget for resource and a case will be made on priorities and we will see what happens.

Schools Forum **noted and commented** on the report.

SF members also **agreed** to the proposal that the additional £1m costs of providing statutory and regulatory services for education in Lambeth be funded by the Council's General Fund budget when the Medium Term Financial Plan is updated for 2021/22.

6. **Local Government Pension Scheme**

The LGPS has 59 maintained schools whose non-teaching staff are members. Until 31st March 2020, maintained schools were paying the primary contribution rate of 18.3% and the Council was picking up the secondary rate of 9.59%. This arrangement is not sustainable, particularly as the recent review of DSG accounting had concluded that c£4m of costs that were originally planned to be funded from the DSG would now be funded from the Council's General Fund budget.

The three-yearly actuarial review has updated the combined contribution rate to 29.25% from April 2020.

The report acknowledged that the stepped increase in costs for support staff pensions in Lambeth needed some time to plan for its introduction. The LA had therefore set out that the increased contribution rate of 29.25% would be deferred until 1st April 2021. For 2020/21, maintained schools with employees in the Lambeth Pension Fund would pay the primary rate of 19.3%.

There was concern from SF members about the brought forward surplus and the additional financial pressure. HB clarified that there is a £2.2m surplus, of which £1m is being used on CSS, which left £1.2m, a third of which was earmarked for the Vulnerable Schools Fund and Growth Fund. The pension is a recurring cost of £3.8m, whereas the brought forward surplus could only be used once.

By deferring the request to 1st April it is helping schools because it is not asking them for the money immediately and it is a one-off benefit to help them move to the new level of contributions. The increase will be within schools and the finance team will work with schools, viewing the balance and seeing how they will be able to cover the additional cost and assist with recovery arrangements. The finance team will help schools with plans.

Q. Are the previous figures not correct?

A. This rate change only applies to maintained schools. The rates for academies are specific to them, bespoke to the profile of their employees, reviewed every three years by the actuaries. This change will mean that maintained schools will be treated on the same basis as an academy.

Q. How will it be collected?

A. Through the monthly payroll. The finance team will work with the Lambeth and the external service payrolls to identify the practicalities.

Q. Will the deferred rate for primary and secondary schools apply to academies?

A. The 2nd rate for maintained schools is not being deferred and it will be picked up by the Council. The impact will be felt on the budget next year. Academies have received a separate valuation, where the rates were based specifically on their staff profile.

Q. How can that be done if they don't know how many staff there are?

A. Pensions and payroll would have reached out for the 2nd quarter to the school and the payroll provider would have done the valuation on that figure.

Q. Are academies not already paying that rate?

A. Yes they are paying the primary rate and being billed the secondary rate, but not all of them are paying.

Q. What if the school has an external payroll company?

A. That was factored in as part of the valuation exercise.

SF members raised concerns about the huge impact on some schools, as they would be paying £150k. Headteachers need to be informed or there needs to be a consultation with Heads.

Q. Should it not start with HTs and then feed back to the Council?

A. There is transparency around staffing costs and providing one year's support was a decision taken pre-Covid. Anything more would have an impact on Council Tax payers as circumstances are now more challenging.

Q. We should be informing and consulting with HTs across the board. Is there any particular feedback for the Council?

A. It is likely to lead to more redundancies or not replacing staff who are leaving. The lower paid staff will be disproportionately affected. This will be put forward.

Q. Is there any alternative route?

A. No, as it took a long time to go through the calculations. 9.95% has historically been a lump sum. This was asked at the start of year and now it is being paid over

12 months rather than in one lump sum. This helps with cash flow, and is the same amount paid, but paid over 12 months.

Q. How is the estimate made?

A. It is based on current staffing and payroll information. It is calculated at 9.95% and taken from the April payroll as it is assumed that April figure is a typical month. Nursery schools have been hit hard and schools with a high number of support staff (SEN, lettings, clubs). Every school will have to view the issue individually and how it impacts on them.

Q. Is there a timeline for the final decision?

A. The decision was made in full at the Council meeting in February. There was a DSG review and £4m was presented to SF in January, which was an ongoing piece of work of how it will be implemented from April 2021.

Q. Would it be covered by minimum funding guarantee?

A. No because not all schools are affected by it. It is not about funding but about expenditure.

SF members asked for suggestions on how to help schools to deal/prepare for this. HB advised that schools need to think about their budgets 2021/22. The DSG is fixed and there will be less scope for allocating extra funding to target schools. Schools will be faced with making difficult choices.

It was proposed that schools are informed as soon as possible about this as there are huge implications. **ACTION: CTw** The SF will look at other funding decisions, as there will be an impact on lower paid staff as schools will cut back, which in turn will impact on the most vulnerable children. It was agreed that CAJ would write a response to the Local Authority to explain the likely negative impacts of this decision and this will be included with the Minutes of the meeting. **ACTION: CAJ**

Nurseries are funded differently, through the funding formula and so it will not impact on them.

SF members **noted** the LA's intention to charge maintained schools 29.25% for employers' contributions to the Lambeth Pension Scheme with effect from the 1st April 2021.

7. Back-dated term-time only claims

CC informed that HTs received CTw letter in March, and were told to look at the term time only formula, which is set in stone. It will be implicated in the payroll and CC has been working with the unions on the back dated pay. The Council will pay those costs, however SF can recoup the money from the Council, but it can only agree on behalf of the Community Schools. Things are working well with the unions and the matter is almost complete. Leavers that have left will be considered, but there is still a lot of work to do with academies.

Q. Can the costs be recouped?

A. The Council is paying initially, but it is coming back to the SF to recoup the money. This was stated in CTw initial letter. DT has added it to this paper so it must be looked at. Negotiations have not been completed yet.

Q. The back dated pay is one lump sum. Do you have any idea what figure is being talked of?

A. That figure is being negotiated at the moment so it is not certain yet.

Q. Is there a timescale for this?

A. There have been talks with the unions for the last month and we are getting closer to a final negotiated figure so will be clearer then.

SF members **noted** the update that was provided.

8. **High Needs Block 2019/20 and 2020/21**

An update was provided on the HNB 2019/20 and 2020/21. There was an underspend of £0.6m, which was only possible with the help of £0.3m brought forward into 2019/20 and £1m transferred from the Schools Block in that year.

In 2020/21, the current forecast is that there will be an under spend of £1.8m, if current rates of funding remain unchanged. With the capacity in the budget, the rates can be updated and this can also be an opportunity to introduce and update banding systems in place for different settings.

Special schools have had the banding system for two years and it is proposed that there will be a fifth band added for exceptional cases.

Resource Bases are proposed to move to a new banding system to take into consideration the pupils and the setting using funding criteria. Resource Bases are also proposed to have a standard £10k per place applied to their gross funding, instead of the variable place funding that took account of individual schools' formula allocations.

Mainstream schools are proposed to move to a new banding system and that 3% indexation is applied.

Pupil Referral Units are proposed to receive a 3% indexation applied.

Views were sought on these proposals prior to consultation and a final decision by Cabinet Member.

Q. Is it a 3% increase for this financial year?

A. Yes and it is expected to be backdated to 1st April.

Q. Previously there was 5% for AP and this has decreased by 2%. The January 2020 papers set the overall budgets and 5% was applied across the board. Now individual rates are being mentioned.

A. The March meeting was unfortunately cancelled and this is the first opportunity to clarify the situation. There has not been a drop, but an increase in funding. DT offered to provide MJ with further details outside of the meeting. **ACTION: DT//MJ**

Q. How much control does the LA have for what is paid to out-borough providers?

A. Not a great amount. If you are looking at the Special Schools setting rates changes then it can be brought back and considered and negotiated if SF are not happy. There is a SLA with out-borough providers so that Lambeth have value for money.

It was raised that Lambeth routinely pay more, but AY informed that it was not the case. Banding is set for Special Schools and his team did the benchmarking. AY wants to bring the fees in line with other boroughs, as our schools are not being paid the right amount so the team wanted to get that raised.

Q. Table 6 – Why do pupil numbers go down in band M4?

A. Yes, M4 and beyond is really for very high or exceptional mainstream needs, most are M1-M3.

The Schools Inclusion Fund received £500K for schools to quickly respond to different intervention outside of the SEND offer/pastoral. There is £00K for clusters to bid. £100K for work for trauma enforced training in KS1, 2 and 3 and £75K for clusters to bring in. £100K is ring fenced for digital poverty and digital illiteracy, which SENCo and Inclusion Managers can access. The IT department have been spoken to and there is an agreement in place for 100K to be set aside as requested. This will reach 250 pupils in the FSM criteria. Support is asked to designate the funding as the money was agreed and it is just the change in use.

Q. How much has been spent?

A. There has been a shorter timeframe to use the money. There is roughly £250-£270K and not all the money has been spent. £100K is for workforce development. There was an underspend of £125K.

Q. Where is the under spend in this document, as £100K would pay for the recovery Covid-19 project?

A. It would be part of the £600K underspent in the HNB.

Q. £600K has been carried forward into the new academic year?

A. There is an overall underspend of £2.2m. £1m is for the CSS block and is ring fenced. What is left is not allocated anywhere.

Q. How would access to wi-fi be supported?

A. Currently there are talks with IT. London Grid for Learning (LGfL) have a good offer, but schools would access their own wi-fi. There is also a good security filtering package with LGfL and they can make it bespoke to what the school needs.

A discussion arose around asking schools for recovery projects. Natural thinkers will be launching small projects shortly. There is a real range of innovation across the borough, but consistency is needed as some schools are missing out and not taking practice forward. KA informed that the feedback from schools is hugely innovative and individual. Schools want machines for their pupils now. They will be owned by the schools and used by the schools for future recovery and catch up.

Q. Is social care involved in group working and are they being provided equipment?

A. Yes, the DfE machines are linked in to those machines. Machines have been delivered out and the team is making sure there is no duplication.

It was recommended that a notional SEND budget of £100k be given to mainstream schools.

SF members **agreed** the recommendation of £100K for the SEND budget.

Schools Forum decided the following:

- Schools Forum **noted** the High Needs Budget position for 2019/20. were pleased to hear that there was no deficit.
- Schools Forum **agreed** that:
 - a. **Special Schools top-ups** should include a Band D+ (to become known as a Band S4+) and indexation of 3% with effect from April 2020, in consultation with special schools themselves.
 - b. **Resource Base top-ups** t have no inflationary increase, but instead to be consulted on a new set of gross top-up rates, from which a standard place amount of £10k would be deducted;
 - c. **Mainstream top-up funding** arrangements to be the subject of consultation with all schools. This will include:
 - a. Indexation equivalent to 3% overall for 2020/21;

- b. A realignment of the dozens of top-up combinations onto a simple set of around 5 bands and 1 for exceptional circumstances;
- c. A continuation of the current arrangements for Notional SEND (already notified to schools via the mainstream formula);
- d. A continuation of the current arrangements for Disproportionate SEND (£0.592m allocated to Schools with more than 3% of their October 2019 pupils with EHCP plans)
- e. Operating the arrangements for the SEND Inclusion Fund (£0.510m) as set out in Appendix 7, including £100k for COVID 19 projects.
- d. **Alternative Provision top-ups** to increase by 3% from April 2020.
- e. **Top-ups for FE Colleges, out-of-borough mainstream and special schools** to be set at a rate that ensures value for money, which recognizes when institutions last increased their rates and which ensures that Lambeth pupils in out-of-authority institutions are being funded fairly, compared to those in Lambeth settings.

9. COVID 19 – discussion on issues affecting schools

CTw gave a brief summary of the situation in schools since 23rd March. CTw acknowledged everyone's work. Schools and settings have remained open. There were 900 Key Worker pupils in schools and 400 Key Worker pupils in EY/PVI, of those 70-80 were vulnerable pupils and 200 with EHCP. Risk Assessments were carried out regularly. There was a low attendance from vulnerable pupils. There are 2,000 in the borough, but only 70-80 were attending. Since opening from 1st June the numbers are picking up. In primary schools a third of eligible pupils are attending Nursery, Reception Yr1 and Yr6, In secondary 25% are in Yr10 and Yr12. Schools are thinking about September when the intention is to have all the pupils in school.

There are considerable costs to schools at this time. 19 schools were in deficit pre Covid-19, others are drawing on their budgets. There are delays to restructuring, difficult consultations with unions and costs about those, reduction in income of lettings/hiring for 9m. There are issues of paying staff who have not been able to work in after school clubs, furlough arrangements, IT infrastructure ie. running Google classrooms, laptops, pensions, pay rises, possible impact on vulnerable pupils etc.

The government has allocated £650m for schools which works out to £80.00 per pupil. There is £350m for vulnerable pupils, but schools need to contribute 25% of the costs. This would work out to 15wks of tuition for 1hr a week for 3 pupils. In some areas schools are coping with falling rolls. This is due to families who have moved out away from London, or gone to a closer nursery. There are budget deficits for some schools.

There is money coming in, as the FSM vouchers eventually arrived. The FSM vouchers will cover the summer. There have been costs involved to schools for administering this ie. Downloading vouchers and contacting families.

There are costs for insurance where buildings were closed and the additional cleaning needed.

The government has provided funding for laptops -1,300 were received in Lambeth. These were very welcome and good feedback was received from pupils. Schools will get money for vulnerable pupils 1-to-1 tuition, but not until Sept.

There has been an increase in SEND allocation, which is a positive thing in supporting vulnerable pupils.

All costs need to be outlined for schools so they can plan and budget for April.

Q. Claims cannot be made if there is a budget surplus.

A. CTw had not heard of this and will look into it. If a school has paid out extra for cleaning then it can claim for that. **ACTION: CTw**

Q. Is there any more information for the summer term and September than there already is in the public domain?

A. DfE meetings are taking place and there will be more information at the end of the week.

Q. How do you propose to give schools information?

A. Schools will receive written information outlining the issues. The information will also be the focus at the HTs meetings and Chairs meetings. CTw will put information in the HTs letter and Governors letter. **ACTION: CTw**

RH informed that Nurseries have remained open, but are unable to use the furlough scheme. The furlough scheme they are trying to use to recoup the money will not work for the Nursery provision. RS added that for PVI you are not allowed to use the furlough scheme. They could not apply for 80% as they had EY funding continuing. ParentPay was partly paid. RS offered to provide information on how to use the formulae to get a proportion of the furlough. **ACTION: RS**

CC offered to pick up on this good advice from the EY Alliance, as all the Nurseries are operating with deficit budgets as they all have falling rolls. There is a lot of uncertainty for EY. RS, RH and KS will join CC. **ACTION: CC/RS/RH/KS**

10. AOB

There was no AOB.

11. Future Meeting Dates

The next meeting will be on:

Tuesday 6th October 2020 – 4-6pm

CAJ kindly offered Hitherfield School for the SF venue for the above dates, but the likelihood is that this will again be online.

There being no further business to discuss, the Chair closed the meeting at 6pm.

Signed: _____

Date: _____

Chris Ashley-Jones

Chair of the School Forum

Agenda Item 5**Title: Dedicated Schools Grant Overview****Date: 6th October 2020****Report to: Schools Forum****Report for: Information Decision Consultation Action****Author: David Tully****1 Background**

1.1 This report provides an update on the DSG for 2020/21. It also sets out the position of the DSG for 2021/22, following the indicative allocations announced by the DfE in July 2020.

2 DSG 2020/21

2.1 The ESFA refreshed the 2020/21 DSG to take account of high needs and early year changes. The differences are explained in **Table 1** below.

Table 1: Changes to the previously reported DSG 2020/21

Block	DSG 2020/21 (At June 2020 SF) £'000	DSG 2020/21 (Updated July 2020) £'000	Difference £'000	Comment
Schools Block	£212,825	£212,825	£0	No change
Central School Services Block	£1,055	£1,055	£0	No change
Early Years Block	£29,814	£28,025	-£1,789	Expected loss of £1.760m to reflect lower participation levels in January 2020, compared to January 2019. Also, final adjustment (downwards) of the 2019/20 DSG (for the same reason) was £29k adverse (compared to the figure used to close the 2019/20 accounts).
High Needs Block	£47,101	£47,167	£66	Additional £0.297m to take account of the place funding for Vanguard Free Special School, offset by a larger reduction (-£0.231m) from the import / export adjustment (ie net place costs for Lambeth pupils in non-Lambeth settings and vice versa).
Total	£290,795	£289,072	£1,723	

2.2 While this shows a £1.723m reduction in DSG since last time, these changes are not a surprise. Officers had anticipated the impact of the lower early years participation in January 2020. The additional funding for Vanguard Special Free School corresponds to the amount that Vanguard will now receive, so this has a neutral effect. The loss of funding through the import-export adjustment is difficult to predict, but the original budget had set aside a provision for this

eventuality. So, these changes in themselves do not have any material impact on the plans for the DSG in 2020/21.

- 2.3 **Table 2** sets out the current summary forecast position for each block for 2020/21. Explanations about the position in each of the four blocks and the associated risks then follow.

Table 2: Summary forecast spend against funding by DSG block 2020/21 (Period 4)

Block	b/f balances £'000	DSG 2020/21 £'000	Forecast full year outturn (at P04) 2020/21 £'000	Variance 2019/20 £'000
Schools Block	£235	£212,825	£212,825	-£235
Central School Services Block	£977	£1,055	£2,077	+£45
Early Years Block	£	£28,025	£28,833	+£808
Possible COVID Grant (for Early Years)*	£	£	-£379	-£379
High Needs Block	£	£47,167	£47,394	+£227
De-delegated budgets**	£223	£	£100	-£123
Unallocated	£792	£	£	-£792
Total DSG 2019/20	£2,227	£289,072	£290,850	-£449

*Note *: Additional funding for key workers and higher rates for open PVI settings in the summer term and summer holidays have been included in COVID claims from Ministry of Housing, Communities and Local Government (MHCLG). There is no guarantee that this will be received.*

*Note **: £0.223m balance on the Vulnerable Schools Fund being applied and is ring-fenced because it was previously de-delegated.*

- 2.4 **Schools Block.** The vast majority of the funding for the Schools Block has been allocated in accordance with the Authority Proforma Tool exercise on the mainstream schools funding formula in January 2020. The DSG position has been accounted for in gross terms, but the LA only disburses funds directly to maintained schools; the ESFA deducts (recoups) funding from the DSG to provide funding for academies and sixth form High Needs provision more directly.
- 2.5 The Falling Rolls fund of £0.585m was allocated in full for 2020/21.
- 2.6 The Growth Fund had £0.235m brought forward from 2019/20. The 2020/21 allocation for growth is expected to be sufficient at this stage of the year, suggesting that the £0.235m brought forward will still be there to carry forward again at year-end.
- 2.7 **Central School Services Block.** Schools Forum agreed that, for one final year, the allocation for the Central School Services Block could exceed the amount in the DSG by £0.977m, using DSG reserves. Currently, there is a small variance on this block of £45k, but the aim would be to remove this by year-end.
- 2.8 **Early Years Block.** The decisions about the Early Years budgets for 2020/21 recognised that the 2019/20 contingency was generous and could be sufficient for any contingencies that

were to arise in that year or the next. The Early Years budgets for 2020/21 do not provide for any contingency. It was decided that any variations in the pupil numbers that created budget pressures would be absorbed by any remaining contingency from 2019/20.

- 2.9 The COVID lockdown meant that the termly early years census could not take place in May 2020. Schools were funded on the basis of summer 2019 participation levels and 2020/21 rates of funding. This is the same basis as the schools are funded on account in the Cash Summary each month and it means that there is no adjustment needed for the summer term 2020; the indicative allocations become the final allocations.
- 2.10 For Private, Voluntary and Independent settings, some were open and some were not. Closed PVI settings and childminders were funded for the children on their roll in Spring 2020, at 2020/21 funding rates. Open settings were funded for any additional key worker children who attended and they received an extra £1 per hour for all attending children (up to 31st May 2020) and they were funded for being open during school holidays.
- 2.11 For Period 4 the forecast cost of the key workers, holiday provision and extra hourly rates was estimated to cost £0.379m, which was what was reported to the Ministry of Housing, Communities and Local Government (MHCLG), which is the route for the LA claiming COVID 19 grant from central government. There is no guarantee that any COVID Grant will be available to cover this estimated cost. Moreover, now that the summer term is over, a full reconciliation is being done to assess what the impact has been of all the variations to the planned arrangements.
- 2.12 For the autumn term, DfE / ESFA has indicated that it expects settings to be protected at previous levels of participation; they should not generally be having to bear the impact of lower participation levels due to COVID. To this end, all settings, whether schools or PVIs will be funded on the basis of the higher of:
- participation levels in autumn 2019 at 2020/21 funding rates; or
 - actual participation in autumn 2020 at 2020/21 funding rates.
- 2.13 It is not known how many settings will have participation levels in the autumn term greater than those in the corresponding term in 2019. A provision for 750 cases (c11%) has been set aside, which ought to be sufficient, but we will only know once the October census has taken place.
- 2.14 To support this arrangement, the DfE has indicated that the Early Years DSG for 2020/21 will be based on 9/12ths January 2020 and 3/12ths January 2021 (ie instead of the normal 5/12ths / 7/12ths). This should be beneficial for Lambeth because we are seeing falling rolls. At this stage in the year, we do not know what the January 2021 participation levels are. DfE expect a full national census to take place as normal in January 2021.
- 2.15 **High Needs Block.** The High Needs Block is forecasting a small overspend because of some prior year costs that have arisen from late invoices. The High Needs Block is going through a transition as the proposed changes to funding rates for 2020/21 work themselves through the system, at the same time as summer leavers and joiners are taken into account.
- 2.16 Schools Forum was consulted on the proposed changes to high needs top-up rates and bandings at the June 2020 meeting. This was then the subject of consultation with all schools. In spite of raising this with heads and governors in the drop-in sessions last term and sending

reminders to schools, there were only 7 individual responses to the consultation. Officers are taking that to mean that there is no significant objections to the proposals. The changes represent a key decision for the LA and the Cabinet Member for Children and Young People formal decisions on the outcomes of the consultation cannot come into effect before 7th October 2020. Officers have begun to share details with schools of the impact of the changes to top-up rates and bandings, but formal confirmation of updated funding will be made once the formal decision has followed due process.

- 2.17 There are a number of prior-year invoices for high needs provision which were not fully anticipated at the end of 2019/20. There is a risk that, once the full reconciliation of the high needs budget takes place for 2020/21, these could create pressures in the budget (beyond the £0.227m in Table 2) which may eat into DSG reserves or into High Needs DSG for 2021/22.
- 2.18 **De-Delegated Budgets.** The Vulnerable Schools Fund is no longer being topped-up with DSG funding. £0.223m was brought forward from 2019/20 and it is estimated that £0.100m will be drawn down during 2020/21. The remaining £0.123m would then be carried forward into 2021/22.
- 2.19 **Overall.** The DSG brought forward a balance of £2.227m into 2020/21, and is expected to carry forward a balance of £0.449m into 2021/22, on the basis of the assumptions in this report. In practice, the provisions for higher participation in individual settings in autumn 2020, compared to autumn 2019, may be too high. Also, the volatility of the high needs budget may see increased pressures in that block. There is a financial cushion in the DSG reserves, but this may have to be used this financial year if risks materialise.

3 DSG 2021/22

- 3.1 For 2021/22, the ESFA has announced key information about the DSG for schools, central services and high needs that will allow Lambeth to plan appropriately with Schools Forum over the autumn term. The indicative settlement feels very similar to that for 2020/21, where Lambeth received one of the lowest increases nationally in the Schools Block, but benefitted from a stepped increase in the High Needs Block.
- 3.2 Further analysis will be done over the summer, but the three key points to emerge from the announcement are:
- **Schools Block** for Lambeth will benefit from 2% per pupil increase, after taking account of the Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) will be merged into the DSG. 2% is the lowest increase nationally. When looking at the Schools Block overall, Lambeth is shown as the 16th lowest increase nationally and 13 of those 16 LAs are London Boroughs. We are still working on the assumption that we will lose £1m from the Growth Fund within the Schools Block in 2021/22. More details about the implications for the local mainstream funding formula are in a separate report elsewhere on this agenda.
 - **High Needs Block** due to increase by 9% (£4.4m, including TPG and TPECG of c£1m). This gives scope again to address any priority funding issues for the high needs block and provides assurance that the current round of high needs funding rate increases will not create a funding problem in 2021/22. Broadly, if the £4.4m might be split £1m for TPG / TPECG, and the remainder split between demand pressures, cost pressures or other high needs initiatives. More details on the implications of this are in the separate High Needs report elsewhere on the agenda.

- **Central School Service Block** will rise by inflation, but not much else. Other LAs will continue to see a reduction of their historic responsibilities funding (by 20%), but Lambeth never had any. Schools Forum should note that the c£1m of on-going education commitments that can no longer be charged to the DSG have been included by the Director of Finance in her report to Cabinet in July 2020 on the Medium Term Financial Strategy. This means that, currently, the intention is to fund those costs from the General Fund for the 2021/22 budget, subject to further deliberations during the autumn and final decisions by Cabinet and Council in the spring.

- 3.3 **Table 3** identifies the emerging shape of the DSG for 2021/22, recognising that funding will be driven by actual numbers in the October 2020 pupil census. (These figures include, at this stage, amounts that will be recouped by the ESFA).

Table 3: Indicative DSG funding for 2021/22, using 2020/21 pupil numbers.

Block	DSG 2020/21 £'000	Indicative DSG 2021/22 £'000	Difference £'000	Comment
Schools Block	£212,825	£224,510	£11,685	£8m attributable to TPG / TPECG. Equivalent to 2% per pupil, less expected £1m on the Growth Fund.
Central School Services Block	£1,055	£1,123	£68	6.5% increase through application of formulaic changes by ESFA, but sums very small.
Early Years Block	£28,054	£28,054	£0	No indicative update for Early Years Block at this stage.
High Needs Block	£47,167	£51,528	£4,361	C£1m attributable to TPG / TPECG, so around 7% more if we ignore that element.
Total	£289,101	£305,215	£16,114	

- 3.4 **Appendices 1 and 2** set out the decision points that Schools Forum will be asked to make later in the budget setting cycle, as well as the timetable for budget setting from the DfE's perspective.

4 Recommendations.

- 4.1 **This is an information item and Schools Forum is invited to note and comment on the contents.**

Appendix 1

Extract from DfE Operational Guidance for Pre-16 funding 2021/22 (Annex 3: Schools Forum Approvals for Centrally Held Funding)

Schools forum approval is not required (although they should be consulted)

- high needs block provision
- central licences negotiated by the Secretary of State
- funding of brought forward deficits

Schools forum approval is required on a line-by-line basis

- funding to enable all schools to meet the infant class size requirement
- back pay for equal pay claims
- remission of boarding fees at maintained schools and academies
- places in independent schools for non-SEN pupils
- admissions
- servicing of schools forum
- contribution to responsibilities that local authorities hold for all schools
- contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only)
- de-delegated services from the schools block (voted on by the relevant maintained school members of the forum only)

Schools forum approval is required

- central early years block provision
- any movement of funding out of the schools block

Schools forum approval is required on a line-by-line basis – the budget cannot exceed the value agreed in the previous funding period, and no new commitments can be entered into

- capital expenditure funded from revenue
- projects must have been planned and decided on prior to April 2013; no new projects can be charged
- details of the remaining costs should be presented
- contribution to combined budgets
- where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources
- existing termination of employment costs
- costs for specific individuals must have been approved prior to April 2013; no new redundancy costs can be charged
- prudential borrowing costs
- the commitment must have been approved prior to April 2013

- details of the remaining costs should be presented
- SEN transport where the schools forum agreed prior to April 2013 a contribution from the schools budget (this is now treated as part of the high needs block but still requires schools forum approval as a historic commitment)

Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools

- funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy
- funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years

Extract from DfE Operational Guidance for Pre-16 funding 2021/22 (Timetable)

Local authority activity

01 October

- School census day.

11 October 2020

- Deadline for submitting disapplication requests (for response by December) for:
- MFG exclusions
- exceptional circumstances
- sparsity factors
- lump sum variations for amalgamating schools
- pupil number reductions

Mid-November 2020

- Closing date for submission of the 2021 to 2022 high needs place change workbooks.

20 November 2020

- Deadline for submitting disapplication requests (for response by the APT deadline) for:
- MFG exclusions
- exceptional circumstances
- sparsity factors
- lump sum variations for amalgamating schools
- pupil number reductions
- Deadline for submitting disapplication requests if the local authority wishes to move more than 0.5% of the schools block.
- A request must also be submitted if the schools forum has turned down a proposal from the local authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer. The department aims to issue decisions before the APT deadline.

November 2020

- School census database closed.
- Check and validate school census.

Mid-January 2021

- Schools forum consultation and political approval required for final 2021 to 2022 funding formula.
- 16 January schools block disapplication submission amendment date.

21 January 2021

- Deadline for submission of final 2021 to 2022 APT to ESFA.

28 February 2021

- Deadline for confirmation of schools budget shares to mainstream maintained schools.

DfE or ESFA activity

July to September 2020

- NFF arrangements for 2021 to 2022 for schools, central school services and high needs published (illustrative allocations, PUFs, SUFs, policy document, technical notes).
- Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2021 to 2022.
- High needs funding operational guide for 2021 to 2022 issued to local authorities.
- Further information to illustrate 2021 to 2022 growth funding allocations will be provided to local authorities.

October to November 2020

- Publish 2021 to 2022 high needs place change notification: technical note.
- Check and validate school census.
- We will issue an early modelling version of the APT to help decision making in the autumn.

December 2020

- Final APT issued to local authorities, containing October 2020 census-based pupil data and factors.
- Publication of 2021 to 2022 DSG schools block (prior to academies recoupment), central school services block, initial early years block allocations and initial high needs block allocations for 2021 to 2022.

By 31 March 2021

- Confirmation of 2021 to 2022 general annual grant for academies open by 9 January 2021.
- 2021 to 2022 allocation statements issued to post-16 institutions, academies, and NMSS.
- Publication of 2021 to 2022 high needs place numbers at institution level.

April 2021

- First DSG payments to local authorities based on 2021 to 2022 allocations, including academies recoupment (DSG allocations updated termly for in-year

academy conversions), FE high needs place funding deductions, and other adjustments.

Summer 2021

- Early years block updated for January 2021 early years pupil numbers.

Summer 2022

- Early years block updated for January 2022 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2020 to March 2021).

Agenda Item 6

Title: Schools Block 2020/21

Date: 6th October 2020

Report to: Schools Forum

Report for: Information Decision x Consultation x Action

Author: David Tully

1 Background

- 1.1 In July 2020, the Department for Education set out key figures and operational guidance for the Schools Block National Funding Formula for 2021-22, to allow planning by Local Authorities, Schools and Schools Forums.
- 1.2 This report sets out this information, identifying how this affects Lambeth, including any local issues which may need to be taken account in developing the mainstream funding formula for 2021-22 and what decisions will be needed on the way. As in recent years, the mainstream funding formula (known as the Authority Proforma Tool (APT)) must be submitted to ESFA my mid-January 2021, subject to political sign-off.
- 1.3 The final arrangements for the funding formula for schools are for Cabinet and Council to determine in February 2021, but the proposals they will consider are ones which Schools Forum will have developed over the next few meetings.

2 Updated funding available for 2021/22

2.1 The indicative Lambeth Schools Block DSG for 2021/22 suggests a Schools Block total of £224.5m, if pupil numbers in October 2020 are the same as those in October 2019. This represents an increase of £11.7m, but £8.2m of this increase arises from the mainstreaming of the Teachers Pay Grant (TPG) and Teachers Pension Employer Contribution Grant (TPECG) into the Schools Block DSG. **Table 1** sets out the differences from the 2020/21 position.

Table 1: Comparison between Schools Block (and TPG / TPECG) components 2020/21 and 2021/22

Component	2020/21			2021/22			Difference £m
	Pupil Nos	PUF / SUF*	Total 2019/20 £m	Pupil Nos	PUF / SUF*	Total £m	
Primary NFF**	21,292	£5,573.43	£118.669m	21,292	£5,893.62	£125.487m	+£6.818m
Secondary NFF**	11,539	£7,530.92	£86.899m	11,539	£8,004.63	£92.365m	+£5.466m
Premises NFF			£3.810m			£4.656m	£0.846m
Funding protection			£0.381m			£0m	-£0.381m
Growth Factor			£3.066m			£2.002m	-£1.064m
Total Schools Block DSG			£212.824m			£224.510m	£11.686m
Primary TPG / TPECG	21,292	£214	£4.556m			£0m	-£4.556m
Secondary TPG / TPECG	11,539	£314.99	£3.635m			£0m	-£3.635m
Like-for-like comparison, including TPG / TPECG & Schools Block DSG			£221.015m			£224.510m	£3.495m

Note *: PUF = Primary unit of funding, SUF = Secondary unit of funding

Note **: Baseline PUFs and SUF increased by 2%, then per pupil Teachers Pension Grant / Teachers Pay Grant allocations added.

2.2 Lambeth continues to be the 4th highest funded local authority per primary pupil in England and also the 4th highest funded per secondary pupil. The National Funding Formula, however, is expected to have a redistributive effect, particularly for LAs with very small per pupil funding allocations. The headline increases in funding for the Schools Block average 3.1% for England with the highest receiving 5.5% more per pupil.

2.3 For individual schools, the NFF is calculated using the formula factors and values, including an adjustment for local costs. The minimum increase against the adjusted baseline for 2020/21 is 2% for all schools, with a few individual schools nationally receiving as much as 30%, 40% or 50% increases. No Lambeth school is receiving more in the detailed application of the NFF than the minimum 2% uplift. This is because the NFF for Lambeth is much less generous than the existing basis for distribution. This is explained later in the report.

- 2.4 The number of pupils at this stage has not changed because the October 2020 census will be used to determine the final allocations. Currently, we are still working on the October 2019 numbers.
- 2.5 The premises factor increased between years: the 2021/22 allocation merely reflects the sum of the 2020/21 premises allocations in the funding formula. This lagged approach to funding premises costs is an important point to remember when considering such factors.
- 2.6 The national formula for growth looks at the population in geographical areas known as “medium super-output areas” (MSOAs). These are used for statistical purposes and there are around 1,000 pupils in each one. Any increases in pupil numbers between October 2019 and October 2020 in schools in Lambeth MSOAs, treating primary and secondary separately, are counted. The formula counts all pupils in schools in the MSOA, rather than the individual home addresses of pupils. Any decreases in MSOA pupil numbers are ignored.
- 2.7 This information is not yet available, as it, too, is dependent on the October census. The totals in 2020/21 were multiplied by £1,425 per primary pupil and £2,130 per secondary pupil, uprated by the Lambeth Area Cost Adjustment of 18.4%. The national formula used 232.5 fte primary pupils and 288.0 fte secondary pupils for Lambeth, to produce a pure formula allocation of £1.118m in 2020/21. No individual LA’s growth allocation may reduce by more than 0.5% of the overall Schools Block (£1.064m for Lambeth), so the maximum amount of Lambeth transitional protection would be £0.884m, if the numbers for 2021/22 were identical, to produce the indicative growth allocation of £2.002m for 2021/22. In the context of falling rolls in Lambeth, a growth allocation exceeding £2m without protection would be a bonus. Table 2 sets out the estimated calculations at this point.

Table 2: Summary of national formula for allocating growth for Lambeth 2021/22; (estimated using October 2019 pupils and 2020/21 transitional protection principles)

Sector	No of Lambeth MSOAs with schools (out of 33)	No with growing pupil numbers	Fte pupils total in growing MSOAs	Rate (including ACA of 1.184) £	Allocation £m
Primary	31	13	232.5	£1,687.20	£0.392m
Secondary	15	7	288	£2,591.92	£0.746m
Pure formula total					£1.118m
Transitional protection					£0.884m
Total Growth Allocation 2021/22					£2.002m

- 2.8 It may be prudent to assume that a further £0.9m loss to the Schools Block may occur in 2022/23 as Lambeth is not in a position of growth at the moment (ie the transitional protection will come to an end).

3 Consideration of issues in determining the use of the Schools Block for 2021/22

- 3.1 The operational guidance for school revenue funding for 2021/22 sets out the requirements for considering the use of the Schools Block funding and the timetable for decision-making and reporting.
- 3.2 The DfE continue to have the policy aim of using the National Funding Formula as the basis for funding individual schools, rather than it being used to determine the Schools Block. So, there continues to be a local formula for 2021/22.
- 3.3 The steps Schools Forum will need to consider to reach final recommendations to make to Cabinet about the use of the Schools Block in 2021/22 will be:
- Should there be any transfers between the Schools Block and any other blocks?
 - Is the local formula to be varied from that used in 2020/21?
 - What rate should the Minimum Funding Guarantee be set at?
 - What funds are to be set aside for Growth Fund and Falling Rolls Fund?
 - Are there any decisions that need to be submitted to the Secretary of State for ratification by the end of November 2020?

4 Transfers between blocks.

- 4.1 For 2020/21, there was no transfer from Schools Block to High Needs Block, as there had been in previous years. This is because Schools Block had increased by the minimum amount nationally and the High Needs Block had benefitted from a c10% increase. The position is broadly the same again for 2021/22: low national increase in the Schools Block and c7% like-for-like increase in the High Needs Block. The working assumption, unless Schools Forum has a different view, is that no transfers out of the Schools Block will take place.

5 Local Mainstream Formula – national changes

- 5.1 The ESFA has made two material changes to the components of the national funding formula, which have an impact on the local formula: the mainstreaming of the per pupil funding for Teachers Pension Grant and Teachers Pension Employer Contribution Grant into the DSG; and the use of the IDACI 2019 (instead of IDACI 2015) dataset.
- 5.2 Schools have been funded for the additional costs of the teachers pay award in recent years and for the stepped increase in the employer contributions to the teachers pension fund. For mainstream schools, this grant has been paid as a simple amount per pupil. **Table 3** illustrates the relevant amounts for Lambeth.

Table 3. Amounts of TPG / TPECG per pupil for Inner London Schools to be included in adjusted 2020/21 APT baselines

Sector	TPG	TPECG	Total
Primary	£55.94	£158.06	£214.00
Secondary	£82.34	£232.65	£314.99

- 5.3 The mechanism for mainstreaming this funding is straightforward.
- 5.4 The National Funding Formula takes the allocations for each individual school in 2020/21 (excluding premises funding), translates them into per pupil amounts and adds the relevant £214 or £314.99 per pupil to the baseline. At a national level, the funding for these two grants is transferred into the DSG. At a school level in the NFF, every notional school allocation must be at least 2% more than the adjusted baseline.
- 5.5 The local formula would do two things. Firstly, the extra amounts per pupil for the mainstreamed grant would be added to the age-weighted pupil unit values. Then, the Minimum Funding Guarantee for each school would be uplifted by these amounts, too. That way, schools' allocations for those extra grants are protected in the 2021/22 formula.
- 5.6 Schools Forum were aware of concerns that a move to the IDACI 2019 data set would have implications for funding levels for Lambeth. The ESFA has recognised that nationally the new dataset reflects a reduction in deprivation. The change has been sufficient for them to revisit the bandings they have applied to the data. **Table 4** shows how they have changed from banding on the basis of the IDACI scores to banding on the basis of ranking the Lower Super Output Areas

Table 4. Change in basis for banding pupils using IDACI dataset

Band	Basis for 2020/21	Basis for 2021/22	
	IDACI scores	IDACI data	Ranks
A	Between 0.5 and 1	Pupils in the most deprived 2.5% of LSOAs	1 to 821
B	Between 0.4 and 0.5	Pupils in the next 5% most deprived LSOAs	822 to 2463
C	Between 0.35 and 0.4	Pupils in the next 5% most deprived LSOAs	2,464 to 4,105
D	Between 0.3 and 0.35	Pupils in the next 5% most deprived LSOAs	4,106 to 5,747
E	Between 0.25 and 0.3	Pupils in the next 10% most deprived LSOAs	5,748 to 9,032
F	Between 0.2 and 0.25	Pupils in the next 10% most deprived LSOAs	9,033 to 12,316
G	Less than 0.2	Pupils in the other 62.5% of LSOAs	12,317 to 32,844

- 5.7 The ESFA has reconsidered which band each pupil on the October 2019 census would be attributed to. This produces different total pupils in each band. When we apply the same factor value for those bands, it produces a different total.

Table 5. Comparison of financial impact of using new IDACI bands with current IDACI local funding values

IDACI Band	F	E	D	C	B	A	Total
Value Primary £	£40.47	£48.56	£72.84	£78.90	£84.97	£116.34	
Value Secondary £	£65.57	£88.18	£116.44	£126.62	£135.66	£183.14	
Primary Units Current Bands	2,114.07	3,683.61	3,309.27	3,926.36	3,659.70	254.69	16,947.70
Sec Units Current Bands	1,126.96	2,084.42	1,885.05	2,476.53	2,248.79	179.92	10,001.67
Funding current bands £'000	£159	£363	£461	£623	£616	£63	£2,285
Primary Units 2021/22 bands	3,207.35	3,950.19	3,155.78	3,653.66	1,002.16	189.14	15,158.28
Sec Units 2021/22 bands	1,821.97	2,251.34	1,878.42	2,274.99	745.28	97.81	9,069.81
Funding future bands £'000	£249	£390	£449	£576	£186	£40	£1,890
Difference £'000	£90	£28	-£12	-£47	-£430	-£23	-£394

5.8 **Table 5** illustrates that £0.394m less would be distributed through the IDACI deprivation factor locally if the funding values remained the same. Schools Forum is invited to consider whether the formula for 2021/22 should be adjusted to restore the weighting expected for the IDACI factors, for instance, by increasing each value by 20.8% (ie £2.285m / £1.890m). This ought to be considered in the wider context of whether the local formula should change for 2021/22.

6 Local Funding Formula – strategy

6.1 At some point in the future, possibly as early as 2022/23, possibly later, the ESFA will move from a soft NFF to a hard NFF. Instead of the NFF producing an aggregate amount for individual authorities to distribute through the DSG, individual schools will receive most of their pupil driven funding via the NFF.

6.2 Lambeth schools who have consulted the ESFA NFF tables to see how this impacts their own school will have seen that their 2021/22 indicative NFF allocation is precisely 2% higher than their adjusted 2020/21 baseline. This is because the NFF is less generous for Lambeth schools than the current arrangements.

6.3 The extent to which the NFF is less generous than the current arrangements for Lambeth is not explicitly stated in the documentation from the ESFA. By taking the published factor values and the Lambeth Area Cost Adjustment of 1.18381, we can construct a comparison.

6.4 **Appendices 1, 2 and 3** work through the steps that allow us to reach the conclusion in **Table 6** below.

6.5 **Appendix 1** demonstrates that the use of the updated dataset for IDACI would have distributed £0.394m less in 2020/21, if the local funding values had been the same.

6.6 **Appendix 2** takes the 2020/21 analysis and adjusts the baseline to restore the £0.394m and includes funding for TPG / TPECG. The data in the 2020/21 funding formula is then used with the NFF published values and the Lambeth Area Cost Adjustment to produce comparable amounts through the pure NFF.

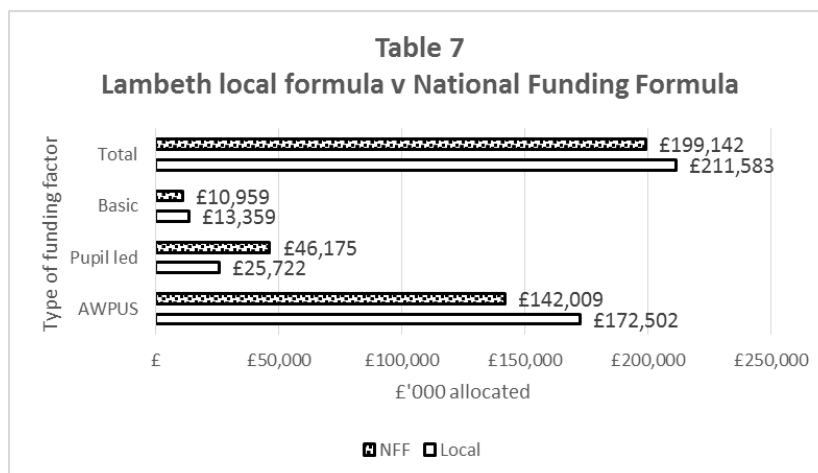
This data includes pupils who were not on the October 2019 pupil census (ie those in new and growing schools), so this is a like-for-like comparison, but to compare against the NFF that only uses October 2019 pupil numbers, the funding for new and growing schools has to be excluded.

- 6.7 **Appendix 3** splits the funding for growing schools (ie using pupil numbers that were not in the October 2019 census) from the main formula. It then identifies how much of the NFF must be transitional protection, by comparing the published total NFF driven Schools Block total (using October 2019 pupil numbers) with the indicative NFF for Lambeth, using the same pupil numbers, the data that the DfE would have used for the NFF at school level and the published NFF values for Lambeth.
- 6.8 The conclusion, summarised in **Table 6**, is that the unadjusted NFF is currently providing Lambeth with £19m (8.6%) less than the headline figure (ie the transitional protection is £19m, out of a total of £218m (ie total Schools Block, less premises and growth)).

Table 6: Analysis of baseline Lambeth Schools Block 2020/21 with indicative Schools Block 2021/22

Component	Adjusted Lambeth Baseline 2020/21	Based on NFF for 32,831 pupils	Difference
Pure NFF	£211,977	£199,142	(£12,835)
NFF Protection	£2,088	£18,710	£16,621
Premises	£4,653	£4,656	£3
Growth	£2,393	£2,002	(£391)
Total	£221,112	£224,510	£3,398

- 6.9 This is an important point when considering what Schools Forum's approach might be to changing the formula for 2021/22. In 2020/21, some changes to the weightings of formula values were introduced to anticipate weightings that would apply in the NFF when a hard formula was introduced. **Table 7** illustrates how different the NFF is from the Lambeth formula. Given the gap between the two, it will take at least another couple of years of stepped national increases in funding for Lambeth schools to start seeing any increases arising from the NFF. Possibly longer.



6.10 The strategic aim of aligning with the NFF makes sense, given that that is where a hard formula will ultimately take Lambeth schools. The room for manoeuvre is limited.

6.11 Schools Forum is invited to comment on how best it wishes to move to a hard National Funding Formula. Broad options might include:

- a) **Embrace NFF.** An option is to change the whole formula so that the values are consistent with the NFF (plus Lambeth Area Cost Adjustment). Every school would have a pure formula allocation that was below their per pupil allocations in 2020/21, but the Minimum Funding Guarantee could be set to ensure that all available funding was distributed.
- b) **Incremental Change.** As in 2020/21, identify some modest shifts in the balance of funding between formula factors, particularly moving from AWPUS to pupil-led factors.
- c) **Do nothing.** Leave the local funding formula as it is. Distribute the available funding through it. As the ESFA moves towards the hard formula in the coming years, the MFG (or the equivalent transitional protection) will protect individual schools to the ESFA timetable.

6.12 The incremental change option would involve a similar exercise to the one undertaken last year, where 1% of the values in the AWPU factors were top-sliced, the lump sum remained the same and the pupil-led factors were adjusted to allocate more funding overall by moving closer to the NFF values.

6.13 **Appendix 4** sets out a high level indication of the extent to which the adjusted baseline for 2020/21 would be affected by a reduction in the AWPU by 1%, then adjusting the pupil led factors such that they were all at the same proportion of the values in the NFF. This would shift around £1.7m from AWPUS to pupil-led factors. It then provides an indication of what the high level figures would look

like if there was a 2% reduction in the AWPU values. This would shift around £3.4m from AWPU to pupil-led factors.

- 6.14 The greater the change in the formula, the more that the Minimum Funding Guarantee will dampen the impact.

7 Premises factors

- 7.1 **Rates** allocations will continue to be on the basis of the expected 2021/22 rates bills, adjusted for any under or over-allocations relating to previous years.

- 7.2 **PFI.** The LA will at some point reassess the long-term affordability of the single school Private Finance Initiative (PFI). Currently, the affordability gap is £0.206m that is paid to Lilian Bayliss school from the mainstream formula and repaid to the PFI account. Further work is needed to establish what changes, if any may be needed to this amount. If an increase were to be necessary, this is expected to feed into the National Funding Formula premises factor calculation, which would recognise that higher amount in future years. The plan would be that, for the first year of the higher amount, this would be funded from the General Fund or by borrowing from the PFI account itself, rather than funding the increase from the DSG.

- 7.3 **Split site** factor is not expected to require any changes for 2021/22.

8 Minimum Funding Guarantee

- 8.1 The ESFA requires that every school has two guarantees. The first is that every primary pupil must attract at least £4,180 and each secondary pupil must attract at least £5,415. These sums are lower than the current age-weighted pupil unit values in Lambeth, so there is no difficulty in meeting this requirement locally.

- 8.2 The second is that the per pupil allocation for all formula funding, excluding the lump sum and the rates allocation, must be between 0.5% and 2.0% more than the adjusted baseline figure for 2020/21. The adjusted baseline takes account of the TPG / TPECG amounts explained earlier.

- 8.3 Overall funding year-on-year looks to be 1.5% more for Lambeth, on a like-for-like basis. (See table 1). If Schools Forum felt that some changes should be made to the local funding formula to anticipate movement over time to the hard national funding formula, this would point to the need for a low MFG of 0.5% to allow some room for the changes in the formula to take effect. If Schools Forum felt that we should move directly to the NFF values, the MFG will need to be as high as possible in order to distribute the available funding.

- 8.4 Schools Forum is invited to consider its views on the level of the MFG for 2021/22.

9 Growth Fund.

- 9.1 Schools Forum agreed principles and amounts on the Growth Fund at its meeting in January 2020. For 2020/21, there are 5 new and growing schools all of whose September 2020 additional pupil numbers were included in the mainstream formula submitted in January 2020. Funding for start-up costs and diseconomies of scale are funded from the Growth Fund and £0.315m was set aside for 2020/21, with a further £0.235m brought forward from 2019/20.

- 9.2 Harris Clapham, which opened in September 2020, is funded for diseconomy of scale and start-up costs directly by the ESFA, so is not funded from the Growth Fund.

- 9.3 It was agreed that each new form of entry opened in growing schools would receive £20k for classroom set-up costs at the start of the new academic year. Diseconomies of scale funding was agreed for Woodmansterne on a sliding scale over the next couple of years.
- 9.4 **Table 3** sets out the expected commitments on Growth Fund for 2020/21 and 2021/22. At this stage, it would appear that the Growth Fund could be afforded across both years with the funding that is already earmarked for the Growth Fund, without the requirement to increase the fund, if previous arrangements are continued and circumstances do not result in other schools becoming eligible.

Table 3. Estimated commitments on Growth Fund 2020/21 and 2021/22

School	Component	Extra forms of entry (2020/21 academic year)	Sept 2020 (2020/21 financial year) £'000	Sept 2021 (2021/22 financial year) £'000
Paxton	Classroom start-up	1 primary (Y5)	£20	£20
St Leonards	Classroom start-up	1 primary (Y4)	£20	£20
Woodmansterne	Classroom start-up	2 primary (Y5), 2 secondary (Y8) 3 secondary (Y10)	£140	£140
Julians	Classroom start-up	2 primary (Y6)	£40	£0
Woodmansterne	Diseconomies of scale		£75	£0
Total			£315	£180

10 Falling Rolls Fund.

- 10.1 The Falling Rolls Fund has distributed £0.585m in each of the past two financial years to those good and outstanding schools whose reception or year 7 pupil numbers are less than 80% of their Published Admission Number in the previous October census. Schools are only able to access funding for up to three years and cannot receive any if they also receive growth funding. This funding provides some support to allow schools time to reconsider how they can scale back their resources to match the lower level of funding in subsequent years. For 2020/21, 12 primary and 2 secondary schools received a share of the £0.585m.
- 10.2 Falling Rolls continues to be an issue in Lambeth and it is expected that the current policy will be proposed for adoption in 2021/22. The impact of the policy will be easier to assess once the October 2020 pupil numbers are available. It is proposed that Schools Forum leave open the option of revisiting this issue in December 2020.

11 Decisions for the Secretary of State

- 11.1 The Secretary of State's permission would need to be sought if there were proposals to transfer more School's Block to the High Needs Block than in 2020/21 (ie any change for Lambeth as we transferred nil). Subject to Schools Forum's views, this would not appear to be an issue for 2021/22.
- 11.2 His permission would also need to be sought if there were operational aspects of the Minimum Funding Guarantee that needed to be disapplied for individual schools. Potential examples of this might be: schools affected materially by changes to the PFI factor; or schools whose pupil circumstances in 2020/21 were estimated (because they had no pupils) and the pupil circumstances from their actual intake in October 2020 is significantly different to that.

- 11.3 Subject to Schools Forum's views, there would not appear to be a need to approach the Secretary of State at this stage.

12 Next Steps

- 12.1 There are three broad options for Schools Forum:
- 12.2 **Option 1. Adopt the NFF formula values.** Those values would be way below those in the local factor (in aggregate) and every single school would be funded at the Minimum Funding Guarantee, which would be set at a value that would distribute all the funding (after the premises factors were determined). This might include accepting or not changes to the PFI factor outlined above. With this option, the LA would need to consult schools on the proposals in the coming months, but the options would be clearcut. The LA would proceed on the principles agreed and would report back in December on feedback from schools for a final steer from Schools Forum.
- 12.3 **Option 2. Keep the formula broadly the same for 2021/22.** This might include adjusting the IDACI factor funding values to reflect the distribution in 2020/21, updating for the mainstreaming of TPG / TPECG and possibly accepting or not changes to the PFI factor outlined above. This would then leave open the option of whether a low or high Minimum Funding Guarantee should be supported. With this option, there is very little to discuss in the coming months, other than possibly consulting on PFI, if that proposal is supported. The LA would proceed on the principles agreed and would report back in December on progress and feedback from consultation.
- 12.4 **Option 3. Make changes to the local formula to move closer to the NFF.** This would require some consideration of what such changes might be. A continuation of the approach adopted for 2020/21 would lead to a 1% or 2% shift in funding from AWPUs to pupil-led factors. If Schools Forum felt that changes should occur, but they should be different to those set out in Appendix 4, a sub-group meeting may be necessary to discuss this. That would still need to leave time to consult schools on any options that emerged. This option might include accepting or not changes to the PFI factor outlined above. This would then leave open the option of whether a low or high Minimum Funding Guarantee should be supported, but a low MFG (ie 0.5%) would be consistent with an approach that sought to change the formula such that it was closer to the NFF.
- 12.5 The next planned meeting of Schools Forum is December 2020, which would ideally be the meeting that the outcomes of consultation were considered. Working back from then, Schools Forum needs to determine at this meeting whether it might wish to make changes that might require consultation. If it does, a sub-group could be convened to consider the detail, or a brief Schools Forum meeting could be scheduled for a few weeks time to agree what to consult on. Otherwise, unless Schools Forum is able to agree specifics at this meeting, the formula would be unchanged for 2021/22.

13 Recommendations

Schools Forum is invited to:

- a) **note and comment** on the funding arrangements for the Schools Block in 2021/22;
- b) **indicate whether** it agrees that no funding should transfer from Schools Block to High Needs Block for 2021/21;
- c) **indicate whether**, in principle, it would support an increased PFI factor, funded in the first year from non-DSG funds;
- d) **indicate whether** schools should be funded on the basis of **EITHER**:
 - i. no changes to the current formula, other than to adjust for mainstreaming of grants and restoring the relative level of funding channelled through the IDACI factors and any changes to premises factors); **OR**
 - ii. a complete move to the National Funding Formula values for 2021/22 (and any changes to premises factors); **OR**
 - iii. a shift in the local funding formula of 1% or 2% of AWPU values to be added to pupil-led factors to achieve a standard proportion of NFF pupil-led values (and any changes to premises factors); **OR**
 - iv. all of the above; **OR**
 - v. a different approach from those outlined above.
- e) **agree that** the level of the Minimum Funding Guarantee should be left until after schools have been consulted on options for the local formula;
- f) **agree that** the Falling Rolls Fund continues to be needed in Lambeth, but a decision on the amount to be set aside for 2021/22 and any changes to its operation should be left until after pupil number information in the October 2020 census is available;
- g) **agree that** the Growth Fund should continue to operate on the previously agreed principles and that, no new funding need to be set aside for this for 2021/22 because of the availability of £0.235m brought forward from 2019/20;
- h) **agree that**, at this stage, there is no need to seek the Secretary of State's approval for any disapplication of the regulations;
- i) **indicate whether** it believes that the LA can proceed on the basis of the steer provided here by Schools Forum, reporting back at the next meeting in December, or if another full Schools Forum or sub-group meeting is needed before then.

Comparison of APT 2020/21 before and after new IDACI data.

Appendix 1

Factor type	Factor	Local Value Primary	Local Value Secondary	Units Primary	Units Secondary	Lambeth 2020-21 FINAL APT £'000	Units Primary	Units Secondary	Lambeth 2020-21 with updated IDACI £'000	Difference
Age-Weighted Pupil Unit	Primary (Years R-6)	£4,265.76		21,419.50		£91,370	21,419.50		£91,370	£
Age-Weighted Pupil Unit	Key Stage 3 (Years 7-9)	£6,277.92		7,243.75		£45,476	7,243.75		£45,476	£
Age-Weighted Pupil Unit	Key Stage 4 (Years 10-11)	£6,468.69		4,510.50		£29,177	4,510.50		£29,177	£
Deprivation	FSM	£89.02	£99.48	5,545.71	3,372.66	£829	5,545.71	3,372.66	£829	£
Deprivation	FSM6	£706.48	£774.66	7,832.32	5,868.71	£10,080	7,832.32	5,868.71	£10,080	£
Deprivation	IDACI Band F	£40.47	£65.57	2,114.07	1,126.96	£159	3,207.35	1,821.97	£249	£90
Deprivation	IDACI Band E	£48.56	£88.18	3,683.61	2,084.42	£363	3,950.19	2,251.34	£390	£28
Deprivation	IDACI Band D	£72.84	£116.44	3,309.27	1,885.05	£461	3,155.78	1,878.42	£449	(£12)
Deprivation	IDACI Band C	£78.90	£126.62	3,926.36	2,476.53	£623	3,653.66	2,274.99	£576	(£47)
Deprivation	IDACI Band B	£84.97	£135.66	3,659.70	2,248.79	£616	1,002.16	745.28	£186	(£430)
Deprivation	IDACI Band A	£116.34	£183.14	254.69	179.92	£63	189.14	97.81	£40	(£23)
3) Looked After Children (LAC)	LAC X March 19	£0.00		117.35		£	117.35		£	£
English as an Additional Language	EAL 3 Primary	£619.64		5,521.77		£3,422	5,521.77		£3,422	£
English as an Additional Language	EAL 3 Secondary		£1,995.46		653.12	£1,303		653.12	£1,303	£
Mobility	Pupils starting school outside of normal entry dates	£1,054.65	£1,506.64	103.71	7.27	£120	103.71	7.27	£120	£
Prior Attainment	Primary Low Attainment		£543.40	32.61%	6,984.20	£3,795	32.61%	6,984.20	£3,795	£
Prior Attainment	Secondary low attainment (year 7)	64.53%		21.84%			21.84%			
Prior Attainment	Secondary low attainment (year 8)	63.59%		22.48%			22.48%			
Prior Attainment	Secondary low attainment (year 9)	58.05%	£1,864.94	21.08%	2,441.45	£4,553	21.08%	2,441.45	£4,553	£
Prior Attainment	Secondary low attainment (year 10)	48.02%		21.12%			21.12%			
Prior Attainment	Secondary low attainment (year 11)			17.01%			17.01%			
Sub-total pupil driven funding						£192,410			£192,016	(£394)
Basic Entitlement	7) Lump Sum	£170,000		78.58		£13,359	78.58		£13,359	£
Premises	10) Split Sites					£406			£406	£
Premises	11) Rates					£4,041			£4,041	£
Premises	12) PFI funding					£206			£206	£
Minimum Funding Guarantee	MFG					£1,503			£1,503	£
Growth Fund						£315			£315	£
Falling Rolls Fund						£585			£585	£
Unallocated						£			£394	£394
GRAND TOTAL SCHOOLS BUDGET						£212,825			£212,825	£

Comparison of adjusted baseline APT 2020/21 with published NFF values 2021/22

ACA 1.18381

Appendix 2

Factor type	Factor	Adjusted Lambeth Value Primary	Adjusted Lambeth Value Secondary	Units Primary	Units Secondary	Lambeth 2020-21 FINAL APT £'000	NFF Value Primary	NFF Value Secondary	Implied NFF with 2020/21 data £'000	Difference	Comment
Age-Weighted Pupil Unit	Primary (Years R-6)	£4,479.76		21,419.50		£95,954	£3,697.04		£79,189	(£16,766)	Lambeth rates increased by £215 for TPG / TPECG
Age-Weighted Pupil Unit	Key Stage 3 (Years 7-9)	£6,592.91		7,243.75		£47,757	5,213.50		£37,765	(£9,992)	Lambeth rates increased by £314.99 for TPG / TPECG
Age-Weighted Pupil Unit	Key Stage 4 (Years 10-11)	£6,783.68		4,510.50		£30,598	5,875.25		£26,500	(£4,097)	Lambeth rates increased by £314.99 for TPG / TPECG
Deprivation	FSM	£89.02	£99.48	5,545.71	3,372.66	£829	544.55	544.55	£4,857	£4,027	
Deprivation	FSM6	£706.48	£774.66	7,832.32	5,868.71	£10,080	680.69	994.40	£11,167	£1,088	
Deprivation	IDACI Band F	£48.90	£79.23	3,207.35	1,821.97	£301	254.52	366.98	£1,485	£1,184	IDACI rates increased to reflect changed data (ie add back £0.394m)
Deprivation	IDACI Band E	£58.68	£106.55	3,950.19	2,251.34	£472	307.79	491.28	£2,322	£1,850	As above
Deprivation	IDACI Band D	£88.02	£140.70	3,155.78	1,878.42	£542	485.36	686.61	£2,821	£2,279	As above
Deprivation	IDACI Band C	£95.34	£153.00	3,653.66	2,274.99	£696	526.80	745.80	£3,621	£2,925	As above
Deprivation	IDACI Band B	£102.67	£163.93	1,002.16	745.28	£225	562.31	804.99	£1,163	£938	As above
Deprivation	IDACI Band A	£140.58	£221.30	189.14	97.81	£48	733.96	1,024.00	£239	£191	As above
3) Looked After Children (LAC)	LAC X March 19	£0.00		117.35		£			£	£	
English as an Additional Language	EAL 3 Primary	£619.64		5,521.77		£3,422	651.10		£3,595	£174	
English as an Additional Language	EAL 3 Secondary	£1,995.46		653.12		£1,303		1,757.96	£1,148	(£155)	
Mobility	Pupils starting school outside of normal entry dates	£1,054.65	£1,506.64	103.71	7.27	£120	1,065.43	1,527.11	£122	£1	
Prior Attainment	Primary Low Attainment		£543.40	32.61%	6,984.20	£3,795	32.61%	1,296.27	£9,053	£5,258	
Prior Attainment	Secondary low attainment (year 7)	64.53%		21.84%			21.84%				
Prior Attainment	Secondary low attainment (year 8)	63.59%		22.48%			22.48%				
Prior Attainment	Secondary low attainment (year 9)	58.05%	£1,864.94	21.08%	2,441.45	£4,553	21.08%	1,965.12	£4,798	£245	
Prior Attainment	Secondary low attainment (year 10)	48.02%		21.12%			21.12%				
Prior Attainment	Secondary low attainment (year 11)			17.01%			17.01%				
Sub-total pupil driven funding						£200,696			£189,846	(£10,850)	
Basic Entitlement	7) Lump Sum	£170,000		78.58		£13,359	£139,453		£10,959	(£2,400)	
Premises	10) Split Sites					£406			£406	£	
Premises	11) Rates					£4,041			£4,041	£	
Premises	12) PFI funding					£206			£206	£	
Minimum Funding Guarantee	MFG					£1,503			£	(£1,503)	
Growth Fund						£315			£	(£315)	
Falling Rolls Fund						£585			£	(£585)	
Unallocated										£	
GRAND TOTAL SCHOOLS BUDGET						£221,112			£205,458	(£15,654)	

NB Amounts in mainstream formula for pupils not on the October 2019 census (estimate)

£2,078

£1,662

Appendix 3

Attribution of Funding against allocations (Approximation to convey key points)

Component	Pure NFF	NFF Protection	Premises	Growth	Total
AWPUs	£172,502			£1,807	£174,309
Other pupil led factors	£26,116			£271	£26,387
Lump sums	£13,359				£13,359
Premises factors			£4,653		£4,653
Minimum Funding Guarantee and unallocated		£1,503			£1,503
Growth Fund				£315	£315
Falling Rolls Fund		£585			£585
Analysis of Lambeth funding v NFF 2021/22 on a like-for-like basis	£211,977	£2,088	£4,653	£2,393	£221,112
Pure NFF for 32,831 pupils	£199,142	£18,710	£4,656	£2,002	£224,510
Difference	(£12,835)	£16,621	£3	(£391)	£3,398

Illustration of impact of shifting 1% and 2% of AWPU values to pupil-led, proportionate to NFF

Appendix 4

Factor type	Factor	Adjusted baseline. Lambeth Value Primary	Adjusted Baseline. Lambeth Value Secondary	Units Primary	Units Secondary	Adjusted baseline Lambeth 2020-21 FINAL APT £'000	NFF %age 60.636%			NFF %age 64.393%			ACA 1.18381					
							Option A. Lambeth Value Primary	Option A. Lambeth Value Secondary	1% Shift AWPU to Pupil-Led £'000	Difference £'000	Option B. Lambeth Value Primary	Option B. Lambeth Value Secondary	2% Shift AWPU to Pupil-Led £'000	Difference £'000	NFF Value Primary	NFF Value Secondary	Implied NFF with 2020/21 data £'000	Difference
Age-Weighted Pupil Unit	Primary (Years R-6)	£4,479.76		21,419.50		£95,954	£4,434.96	£94,995	(£960)	£4,390.16	£94,035	(£1,919)	£3,697.04		£79,189	(£16,766)		
Age-Weighted Pupil Unit	Key Stage 3 (Years 7-9)	£6,592.91		7,243.75		£47,757	£6,526.98	£47,280	(£478)	£6,461.05	£46,802	(£955)	5,213.50		£37,765	(£9,992)		
Age-Weighted Pupil Unit	Key Stage 4 (Years 10-11)	£6,783.68		4,510.50		£30,598	£6,715.84	£30,292	(£306)	£6,648.01	£29,986	(£612)	5,875.25		£26,500	(£4,097)		
Deprivation	FSM	£89.02	£99.48	5,545.71	3,372.66	£829	£330.19	£330.19	£2,945	£2,116	£350.65	£350.65	£3,127	£2,298	544.55	544.55	£4,857	£4,027
Deprivation	FSM6	£706.48	£774.66	7,832.32	5,868.71	£10,080	£412.74	£602.96	£6,771	(£3,308)	£438.32	£640.32	£7,191	(£2,889)	680.69	994.40	£11,167	£1,088
Deprivation	IDACI Band F	£48.90	£79.23	3,207.35	1,821.97	£301	£154.33	£222.52	£900	£599	£163.89	£236.31	£956	£655	254.52	366.98	£1,485	£1,184
Deprivation	IDACI Band E	£58.68	£106.55	3,950.19	2,251.34	£472	£186.63	£297.89	£1,408	£936	£198.20	£316.35	£1,495	£1,023	307.79	491.28	£2,322	£1,850
Deprivation	IDACI Band D	£88.02	£140.70	3,155.78	1,878.42	£542	£294.30	£416.33	£1,711	£1,169	£312.54	£442.13	£1,817	£1,275	485.36	686.61	£2,821	£2,279
Deprivation	IDACI Band C	£95.34	£153.00	3,653.66	2,274.99	£696	£319.43	£452.22	£2,196	£1,499	£339.22	£480.24	£2,332	£1,636	526.80	745.80	£3,621	£2,925
Deprivation	IDACI Band B	£102.67	£163.93	1,002.16	745.28	£225	£340.96	£488.11	£705	£480	£362.09	£518.36	£749	£524	562.31	804.99	£1,163	£938
Deprivation	IDACI Band A	£140.58	£221.30	189.14	97.81	£48	£445.04	£620.91	£145	£97	£472.62	£659.38	£154	£106	733.96	1,024.00	£239	£191
3) Looked After Children (LAC)	LAC X March 19	£0.00		117.35		£	£0.00	£	£	£0.00	£	£			£	£	£	£
English as an Additional Language	EAL 3 Primary	£619.64		5,521.77		£3,422	£394.80	£2,180	(£1,242)	£419.26	£2,315	(£1,106)	651.10		£3,595	£174		
English as an Additional Language	EAL 3 Secondary		£1,995.46		653.12	£1,303		£1,065.95	£696	(£607)		£1,132.00		£739	(£564)	1,757.96	£1,148	(£155)
Mobility	Pupils starting school outside of normal entry dates	£1,054.65	£1,506.64	103.71	7.27	£120	£646.03	£925.97	£74	(£47)	£686.06	£983.35	£78	(£42)	1,065.43	1,527.11	£122	£1
Prior Attainment	Primary Low Attainment		£543.40	32.61%	6,984.20	£3,795		£786.00	£5,490	£1,694		£834.71	£5,830	£2,035	32.61%	1,296.27	£9,053	£5,258
Prior Attainment	Secondary low attainment (year 7)	64.53%		21.84%			64.53%				64.53%				21.84%			
Prior Attainment	Secondary low attainment (year 8)	63.59%		22.48%			63.59%				63.59%				22.48%			
Prior Attainment	Secondary low attainment (year 9)	58.05%	£1,864.94	21.08%	2,441.45	£4,553	58.05%	£1,191.56	£2,909	(£1,644)	58.05%	£1,265.40	£3,089	(£1,464)	21.08%	1,965.12	£4,798	£245
Prior Attainment	Secondary low attainment (year 10)	48.02%		21.12%			48.02%				48.02%				21.12%			
Prior Attainment	Secondary low attainment (year 11)			17.01%											17.01%			
Sub-total pupil driven funding						£200,696		£200,696	£		£200,696	£			£189,846	(£10,850)		
Basic Entitlement	7) Lump Sum	£170,000		78.58		£13,359	£170,000	£13,359	£	£170,000	£13,359	£	£139,453		£10,959	(£2,400)		
Premises	10) Split Sites					£406		£406	£		£406	£			£406	£		
Premises	11) Rates					£4,041		£4,041	£		£4,041	£			£4,041	£		
Premises	12) PFI funding					£206		£206	£		£206	£			£206	£		
Minimum Funding Guarantee	MFG					£1,503		£1,503	£		£1,503	£			£	(£1,503)		
Growth Fund						£315		£315	£		£315	£			£	(£315)		
Falling Rolls Fund						£585		£585	£		£585	£			£	(£585)		
Unallocated																		
GRAND TOTAL SCHOOLS BUDGET						£221,112		£221,112	£		£221,112	£			£205,458	(£15,654)		

Agenda Item 7

Title: High Needs Block 2020/21 and 2021/222

Date: 6th October 2020

Report to: Schools Forum

Report for: Information x Decision Consultation Action

Authors: David Tully, Adam Yarnold

1. Purpose of this report.

- 1.1 This report provides an update on the overall High Needs Block for 2020/21 and 2021/22. This includes:
- the status of the proposed changes to bands and top-up rates for 2020/21;
 - more detail on the latest budget monitoring position for the High Needs Block in 2020/21;
 - key points in the Education and Skills Funding Agency (ESFA) announcements about the High Needs DSG for 2021/22; and
 - Issues for Schools Forum to consider in assisting the LA to identify how best to plan for the High Needs budget for 2021/22 and beyond.

2. Proposed changes to High Needs bands and top-up rates 2020/21

- 2.1 Schools Forum received a report on proposed changes to top-up rates and bandings at its meeting in June 2020. These proposed changes would increase top-ups by 3% of the combined cost of top-ups and places in individual settings and would provide a consistent banding structure across all locally-provided settings. They were the subject of consultation with all schools in July 2020. There were only 7 individual responses to the consultation, none of which raised major objections to them.
- 2.2 Making such changes is a key decision for the local authority (because it affects up to £1.8m of cost) which is to be taken by the Cabinet Member for Children and Young People. The item was included on the Forward Plan on 7th September 2020 and the earliest that a formal decision can be made is 7th October 2020. Forecasts for the High Needs budget in 2020/21 include the estimated cost of this indexation.
- 2.3 Until a final formal decision is made, there can be no guarantees that the proposals will be agreed. So far, no such unexpected events have arisen and officers have been liaising with schools about the practicalities of implementing the proposals, should they be confirmed.
- 2.4 The rates that are being proposed (subject to formal confirmation) are set out in Table 1. They would apply to special schools and resource bases from 1st April 2020. For mainstream schools, top-up rates for the summer term would attract a supplement equivalent to 3% of the combined top-up and place for the pupils funded. Each pupil with an EHCP would move to a new band from 1st September 2020, based on the nearest up-or-down, with the small number of individuals receiving more than Band M5 continuing to have a bespoke allocation.

Table 1: Proposed banding rates for Lambeth High Needs Top-ups 2020/21.

Special School (S) Band	S1	S2	S3	S4	S4+	
Special School Rates from 1 st April 2020	£10,857	£12,712	£16,008	£21,003	£26,050	
Resource Base (R) Band	R1		R2	R3	R3+	
Resource Base Rates from 1 st April 2020	£3,750		£6,500	£10,857	Bespoke	
Mainstream (M) Band	M1	M2	M3	M4	M5	M5+
Mainstream School Top-up Rates from 1 st September 2020	£2,755	£5,330	£8,935	£12,540	£16,660	Bespoke
Alternative Provision (A) Band	A1			A2		
Alternative Provision Top-up Rates from 1 st April 2020	£9,570			£10,091		

2.5 The new top-up rates provide more funding for schools overall, including Alternative Provision. The new bands address problems with the current arrangements: special schools needed a fifth band; resource base place funding was confusing; and mainstream top-ups gave everyone a bespoke allocation when a banded approach can achieve the same end in a less complicated way.

2.6 This is a delicate exercise to migrate from the old mechanism to the new mechanism, which may take a few iterations to get right. Schools' forbearance on this matter is appreciated.

3. High Needs Budget Monitor 2020/21

3.1 The DSG Overview report elsewhere on this agenda indicates that there is a £0.227m pressure on the High Needs budget currently. This includes an assumption that the impact of the top-up changes, explained in the previous section. **Table 2** below summarises the position. **Appendix 1** provides more details on the current forecasts.

Table 2. Summary forecast position for the High Needs Budget 2020/21 including expected indexation)

Component	ORIGINAL BUDGET 2020/21	Latest budget 2020/21	Forecast 2020/21 £'000	Difference £'000
1. Places only	£10,434	£10,500	£10,384	(£116)
2. SEN Top-Ups	£32,455	£32,455	£32,664	£209
3. AP Top-Ups	£1,979	£1,979	£2,065	£86
4. Other High Needs provision	£2,232	£2,232	£2,281	£49
Total Commitment (gross)	£47,101	£47,167	£47,394	£227
High Needs DSG Funding (gross)	£47,101	£47,167	£47,167	£
Total funding	£47,101	£47,167	£47,167	£
Net position	(£)	(£)	£227	£227

- 3.2 The figures reported to June Schools Forum indicated that the £1.8m was affordable and broadly that remains the case. The High Needs budget is volatile; numbers and costs of cases can fluctuate and back-dated claims can sometimes exceed expectations.
- 3.3 The budget position at this point in the year is affected by summer leavers and autumn joiners. Officers are working through this and the migration from the old funding rates to the new ones. Also, there are a number of back-dated claims particularly from Further Education and out-borough providers which may put further pressure on the budget. There is a risk that the position will worsen as all of these issues become clearer. Should that be the case, this will become a call on the brought forward DSG from 2019/20, or it will be the first call on DSG from 2021/22. The next section indicates that ESFA has announced a further stepped increase in the High Needs Block for 2021/22, so that gives some comfort that the risks can be covered were they to become real.

4. Indicative High Needs DSG 2021/22

- 4.1 The ESFA provided indicative 2021/22 DSG information in July 2020. The High Needs DSG for 2020/21 is £47.167m and the indicative High Needs DSG has been advised as £51.528m for 2021/22. This is an increase of 8.7% (£4.4m, including Teacher Pay Grant (TPG) and Teachers Pension Employer Contribution Grant (TPECG) of c£1m). This gives scope again to address any priority funding issues for the high needs block and provides assurance that the current round of high needs funding rate increases will not create a funding problem in 2021/22.
- 4.2 Main changes for 2021-22 to the High Needs Block are:
- Limit on gains reduced to 12%, but funding floor remaining at 8%
 - Incorporating the new IDACI data
 - Rolling in the teachers' pay and pensions grants and supplementary fund
- 4.3 Teachers' pay and pensions funding:
- £660 per pupil added to the basic entitlement factor – to be updated with October school census numbers in December. This may have knock-on impacts to the place factor funding received by some settings. The £660 is to be added to Element 1. The details from the ESFA are still to be clarified, but this might mean that settings which currently receive £10,000 for Element 1 (£4,000) and Element 2 (£6,000) (ie special schools, unfilled places in resource bases and places at Alternative Provision) may receive £10,660 for Element 1 (£4,660) and Element 2 (£6,000) in 2021/22. Settings that only received Element 2 through the High Needs Block (ie post 16, filled resource base places) would continue to receive £6,000.
 - New factor for the teachers' pay and pensions grant funding paid to AP and hospital schools, and the pensions supplementary fund – to be updated later in 2021 to annualised level of 2020-21 funding paid through the grants and supplementary fund.
- 4.4 **Appendix 2** sets out a model of how the High Needs DSG is constructed and **Table 3** below shows the indicative figures for Lambeth for 2021/22.

Table 3. Summary of High Needs Indicative National Funding Formula Lambeth 2021/22

Component of High Needs DSG NFF	Indicative Allocation 2021/22 £'000
(A) Basic entitlement factor (7%)	£3,799

Component of High Needs DSG NFF	Indicative Allocation 2021/22 £'000
(B) Historic spend factor (37%)	£19,485
(C) Population factor (24%)	£12,739
(D) FSM factor (7%)	£3,499
(E) IDACI factor (8%)	£4,325
(F) Bad health factor (6%)	£2,883
(G) Disability factor (3%)	£1,673
(H) KS2 low attainment factor (4%)	£1,824
(I) KS4 low attainment factor (3%)	£1,504
(J) Funding floor factor (0%)	£237
(K) AP factor (0%)	£118
NFF allocation before provisional import/export adjustment and additional funding for new and growing special free schools (100%)	£52,085
(L) Import/export adjustment (provisional) (-1.1%)	-£558
Total Lambeth Indicative High Needs DSG 2021/22	£51,528

5. Key points to consider in setting the budget for High Needs 2021/22

- 5.1 **TPG / TPECG.** The ESFA will require that schools receive the equivalent funding for TPG / TPECG through any new mechanism in 2021/22 that they have been receiving through the specific grant in 2021/22. The practicalities of this will need to be considered with special schools and Alternative Provision settings to ensure that this principle is observed. Overall, it would be expected that around £1m of the additional £4.4m would be taken up in meeting these commitments.
- 5.2 **Underlying commitments.** The exercise of identifying the underlying position of the high needs budget that formed the basis for updating top-up rates for 2020/21 will need to be repeated for 2021/22. Such an exercise would identify numbers and costs of places and top-ups for all settings. This would take account of the full-year impact of any changes that began in 2020/21 and discounted any one-off costs (eg settling back-dated claims). This would provide a base estimate for 2021/22. If the current forecast for 2020/21 of £47.394m, for instance, were to be the final spend and the impact of the one-off costs and full-year impacts was neutral, £47.394m would be the base estimate. If we add the £1m to TPG / TPECG to that, we get £48.4 and this would leave £3.1m uncommitted. The true position is unlikely to be so straightforward, the exercise must establish that base position to allow a consideration of how any uncommitted funds might be applied.
- 5.3 **Future trends.** The baseline position is important to establish, but the high needs budget is volatile because numbers of pupils will continue to fluctuate, as will the needs that funding is required to meet. Some assessment of future numbers during 2021/22 and beyond will need to be made.

- 5.4 **Cost pressures.** The increased rates for top-ups in 2020/21 ought not to be a one-off exercise. The teachers pay award, the local government pay award and the increased pension contributions for support staff in two-thirds of Lambeth schools (to name but three examples) will all add to the costs of meeting the same level of provision for individual children. Some element of the available additional resources for 2021/22 would ideally contribute to higher top-up rates.
- 5.5 **High Needs initiatives.** It may be that there are projects to invest in early intervention and inclusion which might assist schools or the high needs budget in the long term. If there are any, these would need to have been articulated to be considered alongside using any available funding for cost or other pressures.
- 5.6 **Other pressures.** Schools Forum is considering how to tackle the back-dated costs from a couple of HR issues affecting most, if not all, schools. While it is unlikely that the LA would agree to using the High Needs Block for non-High Needs activities, this might be something to explore. Likewise, there may be other pressures, high needs or not, which Schools Forum may wish to consider in the round.
- 5.7 Such decisions need robust data. Officers first need to complete the current exercises of migrating to the new funding rates and establishing the extent to which there are back-dated claims that still need to be settled. With that information, the scope for affording any of the items set out above can be established.
- 5.8 Officers would want to work towards an analysis for Schools Forum's meeting in December 2020, to shape the options. The January Schools Forum would then be invited to approve the formal proposals to go to Cabinet and Council in February 2021.

6. Risks

- 6.1 The High Needs budget is volatile, so it is never entirely risk free to commit additional funding.
- 6.2 Provisions have been built in for expected additional pupil numbers, but it is difficult to know whether this will be sufficient. Sometimes a few very expensive extra placements can put pressure on the high needs budget. This may adversely impact the budget.
- 6.3 Commitments have been identified on the range of activities supported by the High Needs Block, but some are more certain than others. In particular, rates and numbers on Further Education and out-of-borough high needs placements are sometimes only firmed up a few terms after the provision began. While forecasts try to anticipate that, there are inevitably risks that such forecasts will be insufficient.
- 6.4 Increases in top-up rates reset the baseline for the following year, so if numbers of EHCPs continue to grow, they will cost more if we raise the rate at which we pay top-ups.
- 6.5 The risk of not allocating additional funding to schools also has to be taken into account. The responsibility for funding high needs top-ups for Element 3 rests with the local authority. If there are cost-pressures associated with those activities, without additional funding, these costs are absorbed by schools.
- 6.6 It is helpful that the ESFA has indicated that there will be a stepped increase in the High Needs DSG for 2021/22.

7. Recommendations

7.1 Schools Forum to note and comment on the High Needs Budget position for 2020/21.

Summary forecast position for the High Needs Budget 2020/21 including expected indexation)

Component	ORIGINAL BUDGET 2020/21	Latest budget 2020/21	Forecast 2020/21 £'000	Difference £'000	Comment
1. Places only	£10,434	£10,500	£10,384	(£116)	Position reflects all agreed place numbers for 2020/21 with only £66k unallocated from original amounts set aside. The underspend arises from the changes to the place funding itself in the latest ESFA notification.
2. SEN Top-Ups	£32,455	£32,455	£32,664	£209	Latest known position, plus indexation and an assumption about growth. Some pressures emerging on late claims from out-of-borough providers which may grow. A clearer picture on this will be known once indexation has been applied and summer leavers / autumn joiners are established.
3. AP Top-Ups	£1,979	£1,979	£2,066	£86	Current budgets for top-ups plus expected indexation
4. Other High Needs provision	£2,232	£2,232	£2,281	£49	Pressure on outreach costs
Total Commitment (gross)	£47,101	£47,167	£47,394	£228	
Brought forward					
Funding transferred from Schools Block	£	£	£	£	
High Needs DSG Funding (gross)	£47,101	£47,167	£47,167	£	Budget updated to reflect July 2020 ESFA notification.
Total funding	£47,101	£47,167	£47,167	£	
Net position	(£)	(£)	£227	£228	This would be a call on brought forward DSG. Numbers of cases, costs and unplanned back-dated claims will all contribute to further pressures on this position, but this should be clearer later this term.

1. Core Place Funding

Appendix 1.2

2020/21	ORIGINAL budget 2020/21	Latest budget 2020/21	No of place April 2020	No of places Sept 2020	Rate (£)	Forecast cost 2020/21 (£'000)	Difference
Special Schools (Pre-16)	£5,870	£6,257	614	634	£10,000	£6,257	-£0
Special Schools (Post-16)	£0	£0	0	0	£10,000	£0	£0
Resource Bases (Pre-16 filled)	£1,432	£1,089	191	210	£6,000	£1,213	£124
Resource Bases (Pre-16 unfilled)	£0	£178	19	22	£10,000	£208	£30
Resource Bases (Post-16)	£0	£0	0	0	£6,000	£0	£0
FE Places	£1,020	£1,020	170	170	£6,000	£1,020	£0
Pupil Referral Units	£1,513	£1,429	154	135	£10,000	£1,429	£0
Hospital Funding	£200	£192	19.2472	19.2472	£10,000	£192	£0
Provision for new cases or import / export :	£400	£335				£66	-£269
Total allocations	£10,434	£10,500				£10,384	-£116
Retained for LA allocation	7,448	7,258				£7,142	
Recouped by ESFA	2,986	3,242				£3,242	
Total source of funding	£10,434	£10,500				£10,384	OK

2. Top-up Rates SEND

Appendix 1.3

2020/21	Agreed budget	Forecast cost	Difference	Comment
	2020/21	2020/21	£'000	
Special Schools	£8,752	£8,535	-£217	Based on April position plus indexation.
Resource Bases	£1,393	£1,650	£257	July position plus indexation.
Mainstream Schools	£7,561	£7,912	£351	July position plus indexation.
Out of Borough Special	£3,036	£3,227	£191	July position plus indexation.
Out of Borough Mainstream	£1,673	£1,751	£78	July position plus indexation.
Further Education SEND	£3,121	£2,359	-£762	July position plus indexation.
Pupil Referral Units (SEMH)	£177	£429	£251	July position plus indexation.
Independent and non-maintained schools	£6,742	£6,802	£60	July position plus indexation.
Total allocations	£32,455	£32,664	£209	

3. Top-up Rates Alternative Provision

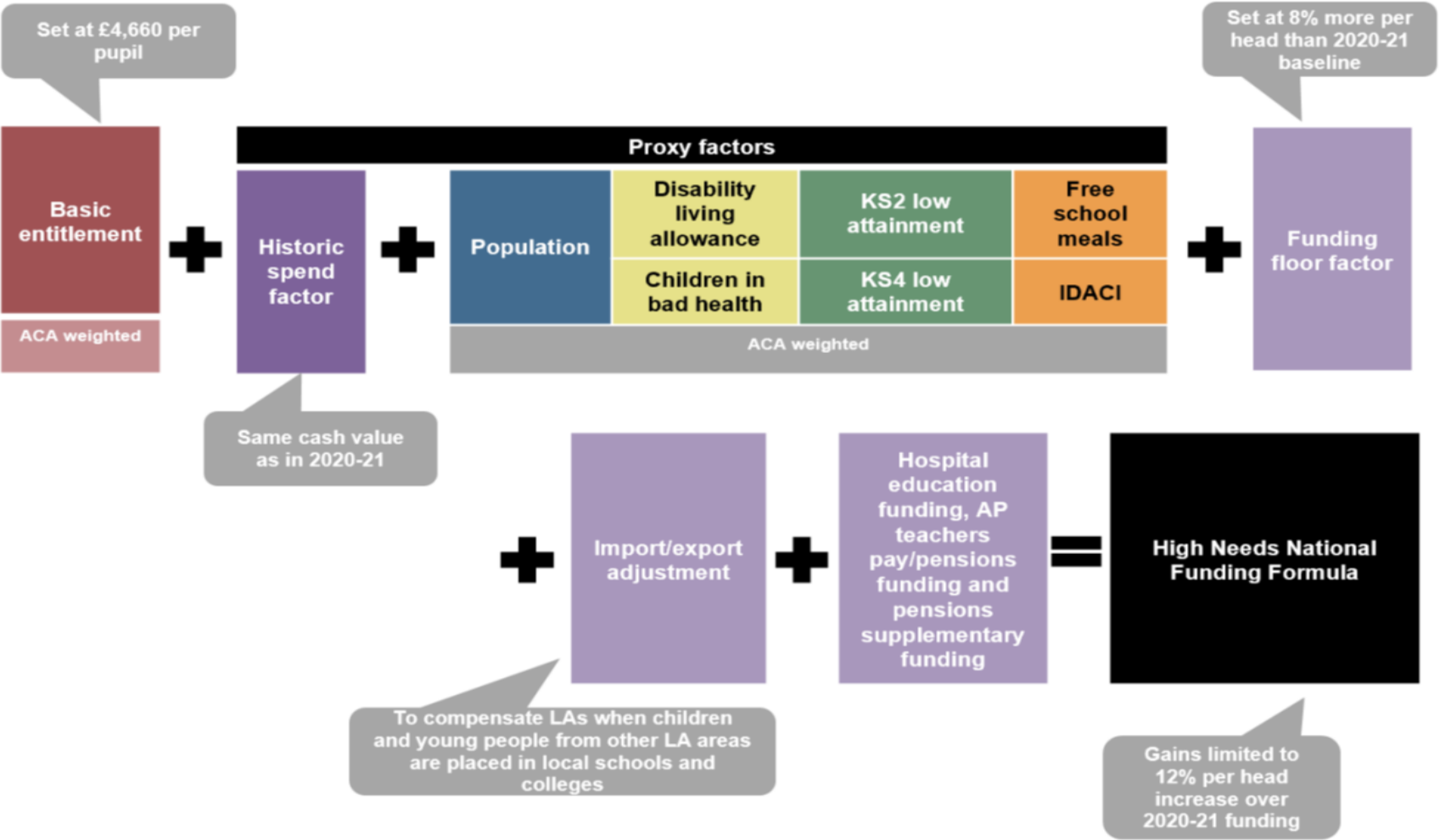
2020/21	Agreed budget	Forecast cost	Difference	Comment
	2020/21	2020/21	£'000	
Pupil Referral Units	£1,282	£1,280.75	-£2	This is based on £101k per month in 2019/20 plus
Other Alternative Education	£697	£785	£88	This is the remainder of the Alternative Education budget for the team and other activities and provision for new
Total allocations	£1,979	£2,066	£86	
ALL TOP-Ups	£34,435	£34,730	£295	

4. Other High Needs functions and activities

Appendix 1.4

2020/21	Agreed budget 2020/21	Forecast cost 2020/21 (£'000)	Difference	Comment
Disproportionate SEN (mainstream)	£592	£592	£0	Currently allocated to all settings with more than 3% of their 4-15 year olds with an EHCP.
HN Fund for mainstream pupils below EHCP threshold	£510	£510	£0	Allocated on bids for early intervention for children with SEND.
Hearing / Visual Impairment Outreach	£733	£781	£48	Staffing
Autistic Spectrum Disorders Outreach	£205	£202	-£3	
Early Years SEN Team	£88	£91	£3	
SEN Specialist Equipment	£48	£48	£0	
CENMAC Service	£56	£56	£0	
Total allocations	£2,232	£2,281	£49	

Simple representation of the National Funding Formula for the High Needs Block



Agenda Item 8**Title: Back-dated Term-Time Only Claims****Date: 6th October 2020****Report to: Schools Forum****Report for: Information Decision Consultation x Action****Authors: Claire Cobbald, David Tully**

1. Background

- 1.1 In June 2020, Schools Forum received a report on the LA's approach to settling claims from staff and former staff about the way in which term-time hours had been calculated.
- 1.2 The LA negotiated with the unions on behalf of schools and those negotiations have reached a conclusion. The union memberships have agreed with the settlement which will involve the payment of back pay, as appropriate, for up to 5 years and 3 months prior to 1st April 2020 (ie to 1st January 2015). The new formula for calculating term-time only hours should already be being used by all schools' payroll providers from 1st April 2020.
- 1.3 Very shortly, payroll providers will begin to meet the costs of back pay for existing staff and claims from former staff will need to be settled promptly. This report presents the position as the LA understands it and offers a way forward for how these costs could be funded.
- 1.4 On a separate matter, the LA is also aware of a different HR issue affecting schools, where rates of pay for overtime and other work has not explicitly factored in annual leave entitlements. This is in the process of being corrected for this financial year for schools using the Lambeth Payroll Service, but there will be backdating of up to two years (to 1st April 2018) associated with this adjustment. The sums involved are much smaller than those for the Term-Time Only (TTO) issue, but it is worth clarifying how this, too, will be treated.

2. Term Time Only cost

- 2.1 The LA has information about potential back pay costs at schools who use the Lambeth Payroll Service. It does not have such costs for maintained schools and academies who use other payroll providers.
- 2.2 Costs for all those affected by this issue will be honoured. For current employees, back pay will be processed later this term. For former employees, the final cost depends on how many claim and this may involve a claims deadline (usually around 6 months from the notification date). Because the backdating is for such a long period, around one-third of the potential cost is accounted for by former employees. So, the final cost could be as little as 2/3rds of the estimated

amount (in the unlikely event of no-one claiming) or as much as 100% (if every single individual claimed).

- 2.3 If maintained schools using Lambeth Payroll Service were typical, the average costs for schools would be as set out in **Table 1**. This includes assumed on-costs (National Insurance and Pension) at 33.1%.

Table 1: Estimated average cost of TTO back pay for Lambeth schools.

Sector	Estimated cost per school for current staff £'000	Estimated cost per school for former staff £'000	Total estimated cost per school for TTO back pay £'000
Nursery	£27	£13	£40
Primary / Secondary	£47	£23	£70
Special	£67	£33	£100

- 2.4 If we scale up these costs and estimate how much the total might be for maintained schools with other payroll providers and for academies, if they were affected by this issue proportionately, the total cost of back pay would be between £5.1m - £7.7m, depending on the extent of claims. Of this maximum total, £6m relates to maintained schools (including current academies prior to conversion).

3. Annual Leave issue cost

- 3.1 Again, the LA has information about potential back pay costs at schools who use the Lambeth Payroll Service. It does not have such costs for maintained schools and academies who use other payroll providers.
- 3.2 Legal advice is that flat rate payments for overtime or additional hours / duties ought to have included some provision for annual leave. This is being corrected this financial year, but back pay will also need to be paid later this term. As the back pay only goes back 2 years, most of the cost (90%) relates to current employees, rather than former employees (10%).
- 3.3 If maintained schools using Lambeth Payroll Service were typical, the average costs for schools would be as set out in **Table 2**. This includes assumed on-costs (National Insurance and Pension) at 33.1%.

Table 1: Estimated average cost of TTO back pay for Lambeth schools.

Sector	Estimated cost per school for current staff £'000	Estimated cost per school for former staff £'000	Total estimated cost per school for TTO back pay £'000
Nursery	£10	£1	£11
Primary / Secondary	£14	£2	£16
Special	£8	£1	£9

- 3.4 If we scale up these costs and estimate how much the total might be for maintained schools with other payroll providers and for academies, if they were affected by this issue proportionately, the total cost of back pay would be up to

£1.5m, depending on the extent of claims. Of this maximum total, £1m relates to maintained schools (including current academies prior to conversion). These may, in practice, be maximum amounts because they assume that adjustments are necessary for all additional hours and confirmation is being sought about whether that is the case (ie the averages could well be less than those in the table above).

4. Options for funding

- 4.1 **School Budgets.** It is a long-standing principle that schools should incur the full actual costs of staff working there. The default position for any school payroll costs would, therefore, be that schools meet such one-off costs from their own budgets.
- 4.2 There might be some instances where individuals attended more than one school and the attribution between them may lead to dispute. Likewise, claims may be made by staff for periods when they worked at a school that no longer exists (eg a former maintained school that is now an academy). The LA could broker an agreement on the first and intervene to pick up the costs on the second.
- 4.3 In the context of 18 maintained schools with deficits and schools having to absorb an on-going 10% increase in support staff pensions contributions from April 2021, this further burden will create difficulties for many schools.
- 4.4 **General Fund contribution.** The Secretary of State is clear that costs relating to the DSG should be charged there and that the General Fund (ie the Council's main budget supported by the Council Tax) should not bear the cost of expenditure that should properly be charged to the DSG, without his agreement. Likewise, the General Fund has its own pressures and has had to contend with the impact of COVID and constraints on local authority spending from central government.
- 4.5 Should the LA use General Fund money to resolve the issues of individual schools, the priority for this would be to deal with maintained school liabilities. It may be difficult to justify using General Fund money for academies for which the LA has no formal responsibility.
- 4.6 Nonetheless, the LA is able to contribute up to **£4.5m** from earmarked reserves to address this issue.
- 4.7 **DSG contribution.** Schools may be keen for the LA to earmark resources from the DSG and allocate them to schools somehow proportionate to the incidence of their back pay burdens.
- 4.8 The Central School Services Block includes a line for equal pay back pay costs. So, theoretically, there is scope to consider charging such costs here. There are, however, two problems with this.

- 4.9 The first is that the Central School Services Block only has £1.1m in it each year and the LA has already committed not to seek to allocate more than that from April 2021.
- 4.10 The second is that, regardless of where the cost gets charged centrally in the DSG, in order to pay millions to address these issues, the LA would have to be transferring money from the Schools Block, the High Needs Block and the Early Years Block to afford it. Up to a point this is self-defeating. Schools would have to forego funding in order for it to be repaid to them.
- 4.11 Schools may feel as though they were receiving funding to address this specific issue, but generally schools would have got that money through a different route, if the LA aim of ensuring that funding is allocated to schools rather than sitting centrally, is followed. For instance, if high needs funding was earmarked to address part of this problem, it would mean that there was less scope for providing inflationary increases to high needs allocations for future years. If the Schools Block is used to meet part of this cost, it will reduce the funding available for distribution through the mainstream formula.
- 4.12 Schools would not generally gain anything by pooling funding and redistributing it, if schools are likely all to be affected by this issue.

5. LA Proposal for consideration by Schools Forum

- 5.1 The LA would use £4.5m of Earmarked General Fund Reserves to meet 75% of the TTO costs for maintained schools only. This would include the full cost of any employees at closed maintained schools (eg those maintained schools which converted to academies).
- 5.2 Individual schools would be responsible for the remaining TTO costs not covered by the first point.
- 5.3 All individual schools, including maintained schools, would be responsible for meeting the back-dated costs of the annual leave issue.
- 5.4 No central DSG would be used to address any of these issues.

6. Considerations on the proposal

- 6.1 On its own, the annual leave issue is not one which would have major implications for any individual school. Had it not been for the co-incidence of the much larger TTO issue, it is unlikely that the LA would have given the funding of this much consideration. It is not a welcome one-off cost for individual schools, but it is unlikely to throw financial strategies into disarray.
- 6.2 The TTO issue is much larger and will cause many schools difficulties. The LA is under no obligation to use any of its General Fund budget to resolve this issue. It could determine that this is a DSG issue and schools either meet the cost themselves or it is met centrally (but with the consequence that that amount of

funding is not available for distribution to the same schools). Using the DSG centrally may allow schools to feel as though the cost has been met by someone else, but the reality would be that their budgets would be short to the extent that the DSG was used to resolve this issue.

- 6.3 If the LA is to provide General Fund support, it is for its own maintained schools that it is responsible for. Academies may feel that this leaves them with the whole of the cost to be funded from their own resources. No DSG would be diverted to address this, so academies would benefit from that funding that might otherwise be used to address this coming to their budget (through the mainstream formula, through the early years single funding formula and through high needs top-ups) so that they can address this. If the LA were not to propose to allocate any resource for this from its own budget, academies would be in exactly the same position; they would either be meeting the cost from their own resources, as would maintained schools, or they would be receiving central DSG funding to cover part of the cost and foregoing budget from the DSG as a consequence.
- 6.4 If the LA were instead to offer an unconditional contribution to all schools to resolve this issue, with Schools Forum considering how best to manage the cost through a combination of GF, central DSG and individual school funding, this would have the effect of diluting the benefit to maintained schools that the LA seeks to deliver.

7. Recommendations

- 7.1 **Schools Forum is invited to provide feedback to the LA on the proposed way of funding the back-dated costs of the term-time only and annual leave issues, indicating whether it supports the proposals set out in section 5.**

Agenda Item 9

Title:	Scheme for Financing Schools & Governance Changes			
Date:	06th October 2020			
Report to:	Schools Forum			
Report for:	Information X	Decision	Consultation	Action
Author:	Dominique Johnston-Franklin – Group Manager Education Finance			

1. Information

- 1.1 The Scheme for Financing Schools is the basis on which local devolved financial management of maintained schools operates. It applies to all maintained schools and to the local authority. The Department for Education provides statutory guidance about the contents, but there is local discretion on some aspects of it. Schools forum agreed in Jan 2020 the current scheme.
- 1.2 The Secretary of State may by a direction revise the whole or any part of the scheme as from such date as may be specified in the direction

2. Directed revisions in Scheme for Financing schools

- 2.1 Following consultation that closed on 30 September 2019, the Secretary of State directs that from 1 April 2020 the text below shall be incorporated into the schemes of all local authorities in England.
- 2.2 **Section 4.3: Submission of financial forecasts**
From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.
- 2.3 **Section 6.5: Planning for deficit budgets**
Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.
- 2.4 Following consultation that closed on 19 November 2019, the Secretary of State has decided that from 1 April 2020 local authority-maintained schools (LAMS) will be able to join the risk protection arrangement.
- 2.5 **Section 12: Insurance**
Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA. The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the school's forum to de-delegate funding.

3. Governance Guidance update

- 3.1 On the 27th August 2020 the Department of Education updated guidance regarding information that schools maintained by their local authorities must publish on their websites
- 3.2 The key area to note in regard to Schools Finances is that schools must publish on their webpage how many school employees (if any) have a gross annual salary of £100,000 or more in increments of £10,000.
- 3.3 Schools should additionally have a link to the webpage which is dedicated to your school on the schools financial benchmarking service - follow the prompts to find your school's specific page with full information.

4. Recommendations

- 4.1 Schools Forum to note changes in Appendix 1 to Lambeth Scheme for financing schools
- 4.2 Schools Forum to note changes to what maintained schools must publish online

Lambeth Scheme for Financing Schools: Revisions September 2020 - Table of changes

Local interpretation or directed revision	Lambeth Scheme 2019-20	Proposed Lambeth Scheme 2021-22	DfE Guidance on the Scheme 2021-22
Directed change Section 4.3: Submission of financial forecasts	2.3.1 Budget Plans. Each school is required to submit a final budget plan, approved by the governing body to the Authority by the 1st of June each year. The budget plan should take full account of the estimated surplus or deficit as at the previous 31st March.	<i>2.3.1 Budget Plans. Each school is required to submit a final 3 year budget plan, approved by the governing body to the Authority by the 1st of June each year. The budget plan should take full account of the estimated surplus or deficit as at the previous 31st March</i>	From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.
Directed change Section 6.5: Planning for deficit budgets	4.9.2 Where schools have reason to anticipate setting a deficit budget, the Director of Education and Chief Finance Officer must be informed immediately	<i>4.9.2 Where schools have reason to anticipate setting a deficit budget, the Director of Education and Chief Finance Officer must be informed immediately. Schools must submit a recovery plan to the local authority when their revenue deficit rises to be included as part of their budget submission.</i>	due to coronavirus (COVID-19) the directed revision to follow will only be expected to be enforced from the 2021 to 2022 funding year Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.
Directed change Section 6.5: Planning for deficit budgets	Additional paragraph	<i>13.9.4 Schools may join risk protection arrangement (RPA) for risks that are covered by the RPA. From the 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires. Schools can provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the school's forum to de-delegate funding</i>	Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA. The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the school's forum to de-delegate funding.