

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

4pm-6pm, Thursday 6th October 2022

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. Minutes from the Schools Forum meeting held 23 rd June 2022 and matters arising	Chair
	4. DSG Overview 2021/22 outturn and 2022/23 update	David Tully
	5. Schools Block – considerations for 23-24 NFF	TBC
	6. Early Year Block – Update	Kathryn Shaw
	7. High Needs Block	Adam Yarnold
	8. Any other business	Chair
	9. Proposed dates of next meetings and location: <ul style="list-style-type: none">• 8th December 2022 – 4-6pm• 12th January 2023 – 4-6pm• 16th March 2023 – 4-6pm• 22nd June 2023 – 4-6pm At present, these meetings will likely be on-line, but Schools Forum members will be advised of location, if it is decided that a physical meeting is safe and practical. See outline forward plan of agendas to follow	Chair

Forward Plan for Schools Forum (Academic Year 2022/23)

Summary

Item	6 th October 2022	8 th December 2022	12 th January 2023	16 th March 2023	22 nd June 2023
Election of Chair / Vice-Chair					✓
Standing items (membership issues, declaration of interests, minutes of last meeting, matters arising, AOB etc)	✓	✓	✓	✓	✓
DSG Overview	✓	✓	✓	✓	✓
Schools Block	✓	✓	✓		✓
Central School Services Block			✓		
De-delegated services and Education Functions		✓			
Early Years Block	✓	✓	✓	✓	✓
High Needs Block	✓	✓	✓	✓	✓
Licensed Deficits		✓			
School Places Strategy		✓			
Scheme for Financing Schools			✓		
Updates on HR issues (eg TTO, Annual Leave)					✓
Major contracts affecting all schools					✓
Other issues	As appropriate				

More detail

Meeting	Agenda item	Purpose	Lead officer
6 th October 2022	DSG Overview	<ul style="list-style-type: none"> • Budget monitoring position for the DSG in 2022/23 to date. • Any high level indications about funding, based on the usual summer announcement from DfE about 2023/24 funding arrangements. 	David Tully
	Schools Block	<ul style="list-style-type: none"> • Consider the emerging shape of the mainstream funding formula, liaising with the sub-group on the formula, the growth fund and the falling rolls fund. • Outline the process for 2023/24 budget setting, including any necessary consultation with all schools within the DfE requirements, recognising that Lambeth agreed for 2022/23 that it would mirror the NFF and use the MFG to manage the transition. 	David Tully / Dominique Johnston -Franklin
	High Needs	<ul style="list-style-type: none"> • Budget monitoring position for the DSG in 2022/23 to date. • Explore whether the High Needs Block is on track to get back to balance and what further steps may be desirable to achieve this in the medium term. 	Adam Yarnold
	Early Years	<ul style="list-style-type: none"> • Budget monitoring position for 2022/23. • Any other information update on the sector. 	Kathryn Shaw

Meeting	Agenda item	Purpose	Lead officer
8th December 2022	Overview	<ul style="list-style-type: none"> Budget monitoring position for the DSG in 2022/23 to date. Emerging position for 2023/24 and any points about the longer term situation. 	David Tully
	Schools Block	<ul style="list-style-type: none"> Report back from sub-group on the consultation with schools and recommendations about the formula for 2023/24, the MFG rate, any MFG or other exceptions to seek from the Secretary of State the growth fund. Seek decisions from Schools Forum on these items. 	David Tully / Dominique Johnston -Franklin
	High Needs	<ul style="list-style-type: none"> Budget monitoring position for the DSG in 2022/23 to date. Update on whether the stepped increase in funding for 2023/24 will happen as expected, whether the High Needs Block is on track to get back to balance and what further steps may be desirable to get to balance in the medium term. 	Adam Yarnold
	Licensed Deficits	<ul style="list-style-type: none"> Bring a paper to Schools Forum prior to taking it to Cabinet Member, outlining the schools unable to set a balanced budget in 2022/23, where they are seeking a Licensed Deficit for the year. 	Dominique Johnson-Franklin
	School Places Strategy	<ul style="list-style-type: none"> Update on the emerging school places strategy that is expected to have been the subject of consultation with schools in the summer term and due to be considered by Cabinet later in the autumn. Considerations of how the mainstream funding formula might need to be adjusted to recognise issues arising from this strategy. 	Abrilli Philip
	Early Years	<ul style="list-style-type: none"> Budget monitoring position for 2022/23 to date If DfE / ESFA has issued any guidance on funding for 2023/24, the emerging situation could be outlined here. 	Kathryn Shaw
	De-delegated services and Education Functions	<ul style="list-style-type: none"> A paper identifying what services the LA wishes maintained schools to pay for by de-delegation of their budget share – trades union facilities and Education Functions. Decision needed from maintained schools reps. 	Dominique Johnson-Franklin

Meeting	Agenda item	Purpose	Lead officer
12th January 2023	DSG Overview	<ul style="list-style-type: none"> • Budget monitoring position for the DSG in 2022/23 to date. • Summary of proposed budget 2023/24, and the strategy that underpins it, for submission to Cabinet then Council, subject to Schools Forum comments / decisions. 	David Tully
	Schools Block	<ul style="list-style-type: none"> • Confirmation of how the formula agreed at the previous meeting would look. Final opportunity for Schools Forum to comment before submission to ESFA of the APT. • Comments from Schools Forum on the formula, but decisions on growth fund. 	David Tully / Dominique Johnston -Franklin
	High Needs	<ul style="list-style-type: none"> • Budget monitoring position for the DSG in 2022/23 to date. • Proposed High Needs budget and funding rates for 2023/24. • Comments from Schools Forum on the proposals. 	Adam Yarnold
	Early Years	<ul style="list-style-type: none"> • Budget monitoring position for 2022/23 to date • Proposed Early Years budget and funding rates for 2023/24. • Comments from Schools Forum on the formula, but decisions on the amount retained for central services. 	Kathryn Shaw
	Central School Services Block.	<ul style="list-style-type: none"> • A paper identifying what setting out what the Central School Services Block would pay for in 2022/23, getting agreement from Schools Forum as appropriate. 	Dominique Johnson-Franklin
	Scheme for Financing Schools	<ul style="list-style-type: none"> • Timing may change, but there is likely to be a refresh of the scheme at some point and it will have to come to Schools Forum for ratification. 	Dominique Johnson-Franklin

Meeting	Agenda item	Purpose	Lead officer
16th March 2023	DSG Overview	<ul style="list-style-type: none"> • Budget monitoring position for the DSG in 2022/23 to date. • Confirmation of decisions of Council about the Schools Budget for 2023/24. 	Dominique Johnson-Franklin
	Schools Block	<ul style="list-style-type: none"> • Confirmation of the final APT submission for 2023/24, including any final technical adjustments to comply with the regulations. 	Dominique Johnson-Franklin
	High Needs	<ul style="list-style-type: none"> • Budget monitoring position for the DSG in 2022/23 to date. • Any updates on High Needs budget and funding rates for 2023/24. . 	Adam Yarnold
	Early Years	<ul style="list-style-type: none"> • Budget monitoring position for 2022/23 to date • Any update on Early Years budget and funding rates for 2023/24. 	Kathryn Shaw

Meeting	Agenda item	Purpose	Lead officer
22nd June 2023	DSG Overview	<ul style="list-style-type: none"> • Report on outturn for DSG overall 2022/23 (comparison with final forecast in March 2023) • Report on individual schools outturn (surpluses / deficits / trends) • Identify overview position for the DSG in 2023/24 and any high level indications for future years. 	Dominique Johnson-Franklin
	Early Years	<ul style="list-style-type: none"> • Report on outturn for Early Years in 2022/23 • Explain the arrangements for 2023/24 • Update on any issues affecting Early Years funding / providers 	Kathryn Shaw
	Schools Block	<ul style="list-style-type: none"> • Confirm the outturn position for 2022/23 • Report on any other developments that might affect 2024/25 (or later) Schools Block budget setting (but unlikely to emerge until the summer) 	Dominique Johnson-Franklin
	High Needs	<ul style="list-style-type: none"> • Report on outturn for High Needs in 2022/23 • Identify the emerging position for 2023/24, linked to activity • Explain any strategies being pursued or work that needs to be done 	Adam Yarnold
	HR Update	<ul style="list-style-type: none"> • If necessary 	Claire Cobbald
	Lambeth School Services	<ul style="list-style-type: none"> • Previously referred to as “Major contracts affecting all schools”, this report will set out the services available to all schools from Lambeth School Services 	Colm Doyle
	Election of Chair / Vice-Chair	<ul style="list-style-type: none"> • Election of chair and vice-chair for start of the new academic year. 	Abrilli Philip

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 Thursday 23rd June 2022 at 4:00pm – 6.00pm

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	Present
Nick Butler (NB) St. Gabriel's College	Present	Ray Smith (RS) Pre-School Alliance	Absent
Alison Moller (AM) Julian's Primary School (Chair)	Present	Maksud Gangat (MG) Orchard Primary	Present
Melanie Miah (MM) Lambeth Nursery Schools' Federation – Rep	Present	Coral Hayes Ruskin House School	Present
David Boyle (DB) Dunraven Educational Trust	Present	Michael Holland (MH) Sunnyhill Primary	Apologies
Martyn O'Donnell (MOD) (PCA)	Present	Gay Wenban-Smith (GWS) Henry Cavendish Primary School	Present
Humaira Saleem (HS) Iqra (left at 4.30pm)	Present	Eleanor Donegan (ED) Woodmansterne School	Present
Andrew Chaplin (AC) Walnut Tree Walk Primary School (Vice-Chair)	Present	Linda Collins (LC) Crown Lane Primary School	Present
Chris Toye (CT) Wyvern Federation	Present	Lynette Murphy O'Dwyer (LMOD) - St. Mary's RC Primary School	Apologies
Jayne Mitchell (JM) St. Andrew's Primary	Apologies	Errol Comrie (EC) - City Heights E-Act Academy	Present

<u>Officers:</u>	Present, Apologies, Absent	<u>Observers:</u>	Present, Apologies, Absent
Abrilli Phillip (AP) Director – ELS	Present	Sara Tomlinson (ST) NUT/NEU	Present
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
Dominique Johnston- (DJF) Franklin - Finance	Present	Ryan Foster (RF) NASUWT Union	Absent
Rachel Harrison (RH) - Assistant Director Children's Finance	Absent	Brian Hazell (BH) NAHT Union	Absent
David Tully (DT) - Finance	Present	Lorna Burg (LB) Henry Cavendish	Present
Cllr Ben Kind	Present	Christopher Gyton (CG) Finance	Present
Cllr Marianne Masters	Present	Peter Compton (PC) – Governor Services	Present
Claire Cobbold (CC) – HR	Absent	Lynda Poole (LP) - Schools & Educational Improvement Adviser	Present
Adam Yarnold (AY) - Lead, Special Education Needs & Disability	Present	Dorte Newman (DN)	Absent
David Goldring (DG) – Finance & Property	Absent	Stella Carefull (SC)	Absent
Yoke Ying Kong (Education Finance Advisor)	Present	Monique Bertrand (MB) - Assistant Director School Quality Assurance and Partnerships	Present
Francesca Canarella (AD Education Strategy, Access and Inclusion)	Present	Andree Smith????	Present

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

MINUTES

1. **Welcome & Apologies**

AM welcomed everyone to the meeting and confirmed it was quorate.

A warm welcome was extended to the two new elected Cllrs - Cllr Ben Kind and Cllr Marianne Masters.

Apologies were received and accepted from: Lynette Murphy O'Dwyer, Michael Holland and Jayne Mitchell.

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

A number of SF members' Terms of Office have come to an end. The Chair thanked Chris Ashley-Jones, Nick Butler and Raymond Smith for their support and work on the SF.

The Chair also thanked Cllr Jackie Dyer and Cllr Edward Davies.

3. **Minutes from the Schools Forum meeting held on 17th March 2022 and matters arising**

Point 5 – This is an Agenda item and AY will speak about the HNB.

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

Matters arising

There were no matters arising and all actions were completed or are part of the items within this meeting.

4. **DSG Overview 2021/22 and 2022/2023 - Update**

DT informed that the paper was for information only. It provides an overview and an update on 2021/2022 and 2022/23 since the March 2022 meeting.

There is an underspend on EY, PP and the access fund has been disabled. It is good to have a contingency in EY and useful to have an underspend.

There is £30K in the HNB and the funding for the less vulnerable schools has been spent. The £2.7m includes money that is not fully attributed to individual blocks. The accounting for the £2.7m across the blocks is all detailed in Point 2/Table 1 and page 2 of the document.

The DSG funding for 2022/2023 includes the forecast of 30 new EHCPs a month from November 2021. The numbers have not worked their way through as yet and the profile across the year is possibly different. Whilst Lambeth has not seen 30 cases a month, but there is a possibility this may start up again. The reduction in EHCPs has allowed the finance team to see improvement in the forecast.

There was an underspend in 2021/2022 for Home Tuition. This has helped the position by £1.5m.

Confirmation has been received from the DfE and ESFA that the reduction in the Minimum Funding Guarantee for The Michael Tippett School has been declined. Lambeth is not able to proceed further with the whole package. The Minimum Funding Guarantee has had to be restored to The Michael Tippett School. Funding should be discussed with the prospective Academy Trust.

The forecast cumulative deficit in the overall DSG is £1.5m.

There are 70 maintained schools 17 of which have been granted a Licensed Deficit.

Q. If the Home Tuition full entitlement is not used can finance budget more accurately?

A. The adjustment recognises too generous a forecast and the need to be a bit more realistic.

Q. What happens when schools convert to Academy status, when those schools in surplus and those schools that don't have surplus? The LA cannot support them, so how would that be managed? What happens to the deficit budget? Does it transfer to the Academy or does the LA write it off?

A. More maintained schools have surpluses than deficits.. If schools voluntarily request to be academised then they generally take their deficit budget with them. The LA will generally be left with the deficit in cases where schools which are directed to academise, .

DT informed that the DfE will look at the LA MAT and the schools that can voluntarily individually apply for the £25K MAT Conversion Fund. It is not the responsibility of the LA, but the DfE may negotiate when school join LA MATs..

Q. If schools are left to join different MATs, will it be enforced that they take their deficit?

A. That would have to be considered if the MAT would find it appealing.

Q. Will Lambeth LA be a LA MAT?

A. The LA has asked the LA maintained schools if they would join if the LA was set up as a MAT. Schools are interested and the LA should consider forming an LA MAT.

Q. Is there any news on future funding for the cost of living around additional money – eg. additional cost of energy?

A. Nothing has been heard about the additional funding for the cost of living. The DfE has already provided schools with a supplementary grant for 2022/23.

Q. Does the LA know the plan for schools with excess balance?

A. The LA will send a letter to every school. Those with high surplus balances will be asked to explain why they have a high surplus and to justify the balance.

Q. If a deficit transfer is made to a MAT, then a surplus is made too. Would that surplus be the MAT's?

A. Any proposal for a MAT will not be LA controlled. The relationship with the LA and the MAT and decision have to be intertwined.

DT informed that The Michael Tippett School matter was determined at ministerial level so there is no right of appeal. Lambeth will apply again next year. The Governing Body at TMTS have stated that the Lambeth top up rates are sufficient for their needs.

Schools Forum Members **noted** and **commented** on the content of the paper.

5. High Needs Block 2021/22 and 2022/23 Update

The paper provides an updated from the January 2022 census.

There has been a rise of 199 EHCPs. There were 30 new cases per month in 2020/2021. The stats have been shared and Lambeth is broadly in line with England and the neighbouring boroughs. It was noted that there is an increase in requests across the board and it is skewed towards older pupils. There will be an analysis of EHCPs for the SF Autumn meeting. There is a tighter process in place for SENMAC.

The number of pupils with EHCPs that live in Lambeth is 3.3%, but there are 5.1% of Lambeth pupils in Lambeth schools with EHCPs, which is well above the national average. Lambeth are above the national average for England for SEN – 8.3%

32% of initial requests were refused and then the EHCP hub was introduced.

Lambeth have the highest EHCPs, above the national average, because the EHCP requests come from parents and no evidence is produced. The EHCP Panel has 6 weeks to put information in and decide on the outcome. AY is now making sure that parents are aware of the information that needs to be submitted.

Lambeth ranks in the top quartile for keeping EHCP pupils in mainstream. 3.8% of pupils with EHCPs go to independent non-maintained schools. This is below neighbouring boroughs and the national average. Young people with EHCPs are going into Post-16 education.

The SEN transport budget is below that of England and neighbouring boroughs.

There is a £3.2m deficit and there are pressures in the HNB. The HN DSG has been reduced and an increase in specialist equipment has been seen. Measures are in place for a clear process and the 2022/2023 position is looking better, as the Home Tuition spend was reduced. The budget is looking better than expected.

Q. Item 2.3 – EHCPs and 16-19 are the second highest. Why is this the case?

A. This is because there is a high percentage of EHCPs in the borough and more pupils are moving in.

AY informed that reporting on SEND and AP will be done together rather than as separate topics, as most young people in AP have SEND needs. The AP budget is overall the DSG budget. The Green Paper will bring the AP under the umbrella of SEND.

Schools Forum Members **noted** and **commented** on the content of the paper.

Schools Forum Members:

- a) **Noted** the High Needs Budget position for 2021/22 and 2022/23;
- b) **Noted** the decision of ESFA to decline the application to disapply the Minimum Funding Guarantee for The Michael Tippett School for 2022/23.

6. SEND Green Paper – Draft response

There was a brief discussion on the SEND Green Paper and it was agreed to have a sub-committee to convene, review and draft a response. The sub-committee would try to gather responses from partners. AY offered to share the questions that are in the Consultation. The deadline for this is 22nd July 2022. **Action: AY**

The working group will also consult on the new SEND local inspection framework for September. The new local framework is extensive. Ofsted are putting a greater focus on parents and pupils and on SEND experiences in schools and settings. There is a

greater focus on SEND support for pupils and young people in AP, of which 80% have SEND.

Schools Forum Members:

- a) **Noted** the consultation paper on the next steps on the NFF in the appendix; and
- b) **Agreed** that the High Needs Sub-Group should work through and submit a response on behalf of Lambeth, reporting back to Schools' Forum at the next meeting.

7. Schools Block – consultation on future of National Funding Formula

The working party will look at how falling rolls are funded and the Minimum Funding Guarantee.

The split site factor was touched upon and the eligibility criteria around having a distance factor.

DT informed of the Minimum Funding Guarantee changes, which is technically the NFF. The narrow focus of the NFF will not include split site factors and PFI factors.

The ESFA intend to fund schools directly and issue budgets on the same timetable for schools to set their own budgets.

DT will send out information to the sub-group. The working party will report back at the next Schools' Forum meeting. **Action: DT**

Schools Forum Members:

- a) **Noted** the consultation paper on the next steps on the NFF in the appendix; and
- b) **Agreed** that the High Needs Sub-Group should work through and submit a response on behalf of Lambeth, reporting back to Schools' Forum at the next meeting.

8. HR issues – verbal update

There will be the £1 backdated payment for teachers to protect pensions Lambeth will write to schools when this happens. Schools will be advised that it was not in the Lambeth payroll. **Action: DT**

There is no obligation for academies to do what Lambeth schools are doing.

SF Members welcomed this news.

9. Election of chair and vice-chair for 2022/23 academic year

Alison Moller was nominated and seconded for the post of Chair.

Andrew Chaplin was nominated and seconded for the post of Vice-Chair.

10. AOB

There was no AOB.

The Chair again thanked the departing School Forum Members for all their work and contribution.

11. **Future Meeting Dates**

The following meeting dates were agreed for the next academic year:

- **6th October 2022 – 4-6pm**
- **8th December 2022 – 4-6pm**
- **12th January 2023 – 4-6pm**
- **16th March 2023 – 4-6pm**
- **22nd June 2023 – 4-6pm**

At present, these meetings will be on-line, but Schools' Forum Members will be advised of location, if it is decided that a physical meeting is safe and practical.

There being no further business to discuss, the Chair closed the meeting at 5.15pm.

Signed: _____

Date: _____

Alison Moller
Chair of the School Forum

DRAFT

Agenda Item 4**Title: Dedicated Schools Grant Overview****Date: 6th October 2022****Report to: Schools Forum****Report for: Information X Decision Consultation Action****Author: David Tully, Yoke Ying Kong****1 Background**

1.1 This report provides an update on the DSG for 2022/23. It also sets out the position of the DSG for 2023/24, following the indicative allocations announced by the DfE in July 2022.

2 DSG 2022/23

2.1 The ESFA refreshed the 2022/23 DSG to take account of January 2022 early years census as well as high needs changes. There has been an increase of £0.464m in 2022/23 DSG funding as a result. The differences are explained in **Table 1** below.

Table 1: Changes to the previously reported DSG Funding 2022/23

Block	DSG 2022/23 (At March 2022 Allocation)	DSG 2022/23 (Updated July 2022)	Difference	Comment
	£'000	£'000	£'000	
Schools Block	(222,234)	(222,234)	0	No change.
Central School Services Block	(1,224)	(1,224)	0	No change.
Early Years Block	(26,036)	(26,144)	(108)	Net increase in funding due to participation changes.
High Needs Block	(58,296)	(58,652)	(356)	Increases due to updated Import/export adjustment.
Total	(307,790)	(308,254)	(464)	

2.2 There is an increase of £0.108m in the Early Years Block as it has now been updated with the January 2022 census, rather than the January 2021 census from previous allocation. The final 2022/23 Early Years Block will be determined in July 2023 based on 5/12ths January 2022 census and 7/12ths January 2023 census.

2.3 There is an increase of £0.356m in the High Needs Block due to updated import and export adjustment (based on January 2022 school census and February R06 2021/22 individualised

learner record) and additional funding for Special Free Schools (adjustment for Vanguard Free Special School as it increases in size).

- 2.4 **Table 2** sets out the current summary forecast position for each block for 2022/23. 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 2022/23 (Period 6)

Block	b/f balances	DSG Funding 2022/23	Forecast net LA spend 2022/23 (P06)	In-year variance £'000	Forecast c/f balances
	£'000	£'000	£'000	£'000	£'000
Schools Block (not NNDR)	(85)	(144,275)	144,275	0	(85)
Central School Services Block	0	(1,224)	1,224	0	0
Early Years Block	(271)	(26,143)	26,143	0	(271)
High Needs Block	3,196	(59,763)	57,362	(2,401)	795
De-delegated budgets	(97)	0	69	69	(28)
DSG managed by LA	2,743	(231,405)	229,073	(2,332)	411
Schools Block NNDR	0	(3,662)	3,662	0	0
Schools Block recoupment by ESFA	0	(73,186)	73,186	0	0
High Needs Block recoupment by ESFA	0	(3,187)	3,187	0	0
DSG held or recouped by ESFA	0	(80,035)	80,035	0	0
Total Lambeth DSG	2,743	(311,440)	309,108	(2,332)	411

- 2.5 **Schools Block.** The vast majority of the funding for the Schools Block has been allocated in accordance with the Authority Proforma Tool (APT) exercise on the mainstream schools funding formula in January 2022. 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.

- 2.6 The Growth Fund had £0.085m brought forward from 2021/22. The carry forward balance of £0.085m surplus continues to be earmarked for the Growth Fund.

- 2.7 **Central School Services Block.** There is no expected variance in this block. Spending on Central School Services Block items such as Admissions, School Licences, Schools Forum, Education Functions and Statutory Responsibilities was contained within the available funding.

- 2.8 **Early Years Block.** There is no expected variance in this block. The Early years block allocation for 2022/23 is has now been updated to take into account Jan 22 headcount and has anticipated to be £26.144m. The underspend £0.271m which has been allocated to contingency fund is expected to support any large fluctuations in pupil number reductions in 2022/23. There is continued risk to the reductions in pupil numbers impacting the overall funding allocation and what the 5% retention factor budget is able to support in the delivery of the EY block.
- 2.9 **High Needs Block.** The overall High Needs Block has increased by £0.356m. The original DSG allocations were based on Lambeth having 179 more pupils in other LA institutions (ie exports) than there were other LA pupils in Lambeth institutions (i.e. imports). The final figures indicate a reduction of net exports to 124. An improvement of 55 pupils at £6k led to an increase of £0.330m more High Needs DSG due to imports and exports. There was an increase in additional Free School funding of £0.026m. As noted in previous Schools Forum this has further supported Lambeth getting back to a balanced High Needs Block DSG.
- **Places (-£0.326m).** The combined impact of the surplus of £0.33m for import/export adjustment and £0.026m for special free schools, plus the need to agree in/borough places to accommodate the rising number of EHCPs. There is also a provision included for 12 places at 10k places from September 2022 which if they don't materialise could improve the position in future months.
 - **SEND Top-ups (-£2.008m).** When the budget was set, the LA anticipated 30 additional EHCPs a month for the full year and 175 leavers in the summer term. There has been a significant reduction against this budget due to the actual pupil numbers between April to June 2022 not materializing. This could be flattening in EHCP growth since Covid but there is a also a backlog of panel decision which could increase this spend in future months. Additionally there is £0.6m underspend in Home Tuition based on agreed provision allocation not currently being utilised.
 - **Alternative Provision Top-Ups (£Nil).** Whilst Alternative Provision Top/ups is currently forecast to be on budget, in previous years there has been an underspend which could still materialise as the year progresses.
 - **Other High Needs Provision (£Nil).** Other High Needs Provision is currently forecast to be on budget but it needs to have a more detailed review as previous years specialist equipment service have created a budget pressure.
- 2.10 The separate report on this agenda considers the latest position on the High Needs Block.
- 2.11 **De-delegated Budgets.** The Vulnerable Schools Fund is no longer being topped-up with DSG funding. £0.097m has been carried forward into 2022/23 and it is expected that £0.069m will be used this year.
- 2.12 **Overall.** The DSG brought forward a deficit of £2.743m into 2022/23 and in line with the High Needs strategy it is forecast to carry forward a reduced deficit of £0.411m into 2023/24. As two of the components of the carry forward balance are ringfenced (£0.028m for Vulnerable Schools Fund and £0.085m for Growth Fund), the £0.411m net deficit implies a larger deficit in practice i.e. £0.524m.

3 DSG 2023/24

3.1 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 for 2023/24. The indicative settlement in one way is very similar to those for 2021/22 and 2022/23, where Lambeth received one of the lowest increases nationally in the Schools Block but benefitted from a stepped increase in the High Needs Block; the higher inflation levels, however, add an extra challenge for Lambeth schools.

3.2 Key points to emerge from the announcement are:

- **Schools Block** Lambeth will benefit from an increase of 0.63% more for the school based National Funding Formula allocation, offset by lower amounts in the premises and growth factors. When looking at the Schools Block overall, Lambeth is shown as the 6th lowest increase nationally and those 6 LAs are all London Boroughs. 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 (£3.2m) 6.1% compared to the latest HN DSG for 2022/23. The medium term strategy was to incur a short term deficit in 2022/23 to be recovered using the stepped increase in 2023/24. The stepped increase has been confirmed. The task is now to get back to balance. 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 5.86% from £1.224m to £1.296m; a welcome increase, but a very small block. Other LAs will continue to see a reduction of their historic responsibilities funding (by 20%), but Lambeth never had any.

3.3 **Table 3** identifies the emerging shape of the DSG for 2023/24, recognising that funding will be driven by actual numbers in the October 2022 pupil census. (These figures include, at this stage, amounts that will be recouped by the ESFA).

Table 3: Indicative DSG funding for 2023/24, using 2022/23 pupil numbers.

Block	DSG 2022/23 £'000	Indicative DSG 2023/24 £'000	Difference £'000
Schools Block	(222,234)	(229,965)	7,731
Central School Services Block	(1,224)	(1,296)	72
Early Years Block	(26,144)	(26,144)	0
High Needs Block	(58,652)	(61,874)	3,222
Total DSG	(308,254)	(319,279)	11,025
School Supplementary Grant	(6,250)	0	(6,250)
Total DSG and School Supplementary Grant	(314,504)	(319,279)	4,775

3.4 The financial environment in which schools will operate next year is expected to be challenging. There will be a reversal of the 1.25% NIC increase from November 2022, cap of energy bills for businesses, including schools, but pay awards are uncertain in the context of c10% inflation. The circumstances might point to the need for a further School Supplementary Grant for 2023/24 (along the lines of the one agreed for 2022/23) when the final schools funding settlement is

announced in December 2022. There is as yet no word of any such supplementary grant and, at the time of writing, there was some concern that government departments had been asked for a new round of efficiency savings (ie there was no certainty that a new SSG would be forthcoming).

3.5 **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 2023/24 (Annex 4: 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

Appendix 2

Extract from DfE Operational Guidance for Pre/16 funding 2023/24 (Timetable)

Local authority activity

October 2022

- School census day

10 October

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

28 October 2022

- First deadline for local authorities to provide evidence of the total value of their ongoing prudential borrowing and termination of employment costs, in order for this funding to be protected in the December DSG allocations

Mid/November 2022

- Closing date for submission of the 2023 to 2024 high needs place change workbooks

18 November 2022

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 2022

- School census database closed
- Check and validate school census

Mid/January 2023

- Schools forum consultation and political approval required for final 2023 to 2024 funding formulae
- 13 January schools block disapplication submission amendment date

20 January 2023

- Deadline for submission of final 2023 to 2024 APT to the department

3 February 2023

- Second deadline for local authorities to provide evidence of the total value of their ongoing prudential borrowing and termination of employment costs, in order for this funding to be protected in the March DSG allocations

28 February 2023

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

DfE or ESFA activity

July to September 2022

- NFF arrangements for 2024 to 2023 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 2023 to 2024
- High needs funding: 2023 to 2024 operational guidance published
- Further information to illustrate 2024 to 2024 growth funding allocations has been provided to local authorities

October to November 2022

- Publish 2023 to 2024 high needs place change process guidance.

*check and validate school census

- We have issued an early modelling version of the APT to help decision making

December 2022

- Final APT issued to local authorities, containing October 2022 census/based pupil data and factors
- Publication of 2023 to 2024 DSG schools block (prior to academies recouplement),

central school services block, initial early years block allocations and updated high needs block allocations for 2023 to 2024

By 31 March 2023

- Confirmation of 2023 to 2024 general annual grant for academies open by 9 January 2023
- 2023 to 2024 allocation statements issued to post/16 institutions, academies, and non/maintained special schools
- Publication of 2023 to 2024 high needs place numbers at school level

April 2023

- First DSG payments to local authorities based on 2023 to 2024 allocations, including academies recoupment (DSG allocations updated termly for in/year academy conversions), FE high needs place funding deductions, and other adjustments

Summer 2023

- Early years block updated for January 2023 early years pupil numbers

Summer 2023

- Early years block updated for January 2024 early years pupil numbers (pro rata seven/twelfths, as this relates only to the period September 2022 to March 2023)

Agenda Item 7

Title: Schools Block 2023/24

Date: 6th October 2022

Report to: Schools Forum

Report for: Information X Decision X Consultation Action

Author: David Tully, Yoke Ying Kong

1 Purpose of this report

- 1.1 This report feeds back from the Schools Block Sub-Group's consideration of the ESFA's consultation on the transition to the Direct National Funding formula.
- 1.2 It also sets out the financial position in the Schools Block for 2022/23 and explores the issues that Schools Forum will need to consider in the coming meetings in making recommendations to Cabinet and Council about the mainstream funding formula for 2023/24.

2 Background

- 2.1 In July 2022, the Department for Education set out key figures and operational guidance for the Schools Block National Funding Formula for 2023/24, to allow planning by Local Authorities, Schools and Schools Forum.
- 2.2 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 2023/24 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 by mid-January 2023, subject to political sign off.
- 2.3 The ESFA consulted on views on their approach to implementing the direct national funding formula (NFF) for mainstream schools. The attached appendix is Lambeth's response to the consultation in consultation with the Schools sub-group.
- 2.4 The final arrangements for the funding formula for schools are for Cabinet and Council to determine in February 2023, but the proposals they will consider are ones which Schools Forum will have developed over the next few meetings.

3 ESFA Consultation on the Direct NFF Response

- 3.1 At the meeting in June, it was agreed that the Schools Block Sub-Group would consider and dispatch Lambeth's response to the ESFA's consultation on the next stages to moving to the Direct National Funding Formula.
- 3.2 The sub-group, chaired by Andrew Chaplin, met and the detailed response is included in **Appendix 1** of this report.

4 Schools Block 2022/23

- 4.1 For 2022/23 decisions have been made about the mainstream funding formula, growth fund and the falling rolls fund. The decision to suspend the falling rolls fund was made at the October 2021 Schools Forum meeting.
- 4.2 **Table 1** below shows the latest position of the Growth Fund, drawing down some of the brought forward funding from 2021/22, such that the expected surplus balance in March 2023 is now £85k.

Table 1: Schools Block forecast 2022/23 at Period 6

Block	2021/22 b/f balances	DSG Funding 2022/23	LA P5 forecast spend 2022/23	Variance
	£'000	£'000	£'000	£'000
Mainstream funding formula	0	(221,043)	221,043	0
Growth Fund	(85)	(80)	80	(85)
Transfer to High Needs Block		(1,111)	1,111	0
Total Schools Block	(85)	(222,234)	222,234	(85)

5 Schools NFF funding available for 2023/24

- 5.1 Key changes to the schools NFF in 2023 to 2024 are:
- a) rolling the 2022 to 2023 schools supplementary grant into the NFF by:
 - i. adding an amount representing what schools receive through the grant into their baselines
 - ii. adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - iii. uplifting the minimum per pupil values by the supplementary grant's basic per pupil values, and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants
 - b) increasing NFF factor values (on top of the amounts that have been added for the schools supplementary grant) by:
 - i. 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)
 - ii. 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - iii. 0.5% to the floor and the minimum per pupil levels (MPPL)
 - iv. 0% on the premises factors, except for Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022

- 5.2 The indicative Lambeth Schools NFF funding for 2023/24 suggests a Schools Block DSG total of £230m, if pupil numbers in October 2022 are the same as those in October 2021 and if expected to changes to the Growth Factor are reflected in the October 2022 pupil census. Because the baseline incorporates the School Supplementary Grant from 2022/23, the like for like comparison is a £1.5m increase, representing a 0.6% per pupil increase. **Table 2** sets out the differences from the 2022/23 position.

Table 2: Comparison between Schools Block components 2022/23 and 2023/24

Component	Final Schools Block composition 2022/23			Provisional July 2022 2023/24			Difference £m
	Pupil Nos	PUF / SUF*	Total 2022/23 £m	Pupil Nos	PUF / SUF*	Total £m	
Primary NFF	20,034	£6,014.14	£120.487m	20,034	£6,230	£124.812m	+£4.325m
Secondary NFF	11,793	£8,154.15	£96.158m	11,793	£8,467	£99.851m	+£3.693m
Premises NFF			£4.308m			£4.127m	-£0.181m
Growth Factor			£1.281m			£1.175m	-£0.106m
Total Schools Block DSG			£222.234m			£229.965m	£7.731m
Primary SSG	20,034		£3.326m			Nil	-£3.326m
Secondary SSG	11,793		£2.958m			Nil	-£2.958m
Total Schools Block funding			£228.518m			£229.965m	+£1.447m

Note *: PUF = Primary unit of funding, SUF = Secondary unit of funding, SSG = School Supplementary Grant

- 5.3 Lambeth is the 5th 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, benefitting particularly schools in LAs with very small per pupil funding allocations. The headline increases in funding for the Schools Block (without the Growth Fund) average 1.94% for England with the highest LA receiving 3.06% more per pupil.
- 5.4 The number of pupils at this stage has not changed because the October 2022 census will be used to determine the final allocations. October 2021 census have been used to determine the indicative July 2022 Schools NFF funding allocations.
- 5.5 For individual schools, the NFF is calculated using the formula factors and values, including an adjustment for local costs, but without the premises factors. The minimum increase against the baseline for 2022/23 is 0.5% for all schools.

- 5.6 21 out of 79 Lambeth schools are receiving more in the detailed application of the NFF than the minimum 0.5% uplift, which means that the per pupil increase from the NFF (excluding premises and growth) for Lambeth is **0.63%**.

Table 3: Contributory increases to the 0.63% overall increase for Lambeth

% increase from 2022/23 baseline	Number of schools
At 0.5%	58
0.51% / 0.99%	2
1.00% / 1.49%	2
1.50% / 1.99%	4
2.00% / 2.49%	5
2.50% / 2.99%	1
3.00% / 3.49%	4
3.50% / 3.99%	3
	79

- 5.7 Overall there is only 0.63% increase in the Schools Block DSG for 2023/24 and scope for funding to shift will be limited. It is expected that all but a very few individual schools in Lambeth will begin to see their funding driven by the NFF, rather than by the MFG.
- 5.8 Getting from a headline of an average increase per pupil of 1.94% in England to Lambeth's 0.63% per pupil change as outlined in Table 1 arises for two reasons. Firstly, the 1.94% increase is looking at the sum of the difference between the NFF theoretical baseline and the NFF, school by school, whereas, Lambeth is more concerned about the difference between the Schools Block overall year on year; whilst these are very closely linked, they are not identical. The published individual school NFF allocations are not schools' actual allocations. It is used to determine LA level allocation. In 2023/24 Lambeth will continue to determine funding locally. Secondly, the NFF may be going up, but the premises and growth factors are going down.
- 5.9 The schools supplementary grant was introduced to support schools to meet the costs of the Health and Social Care Levy and wider costs in 2022/23. The grant funding in respect of pupils from reception to year 11 (inclusive) is being rolled into the schools NFF from 2023/24.
- 5.10 The aim of rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2023/24, without adding significant additional complexity to the formula.
- 5.11 The grants have been rolled into the NFF in three ways, to reflect the three different ways in which schools attract funding through the NFF:
- i. Adding £97, £137 and £155 to the primary, key stage 3 and key stage 4 per pupil funding factors respectively; £85 and £124 to the primary and secondary

FSM6 factors; and £3,680 to the school lump sum. This increases the amount that schools already on their NFF allocations attract. The NFF factor value increases correspond to the values of the grant itself.

- ii. Adding £119, £155 and £173 to the minimum per pupil (MPP) funding levels for primary, KS3 and KS4 respectively. This increases the amount that schools funded through the minimum per pupil funding levels attract through the NFF. The amounts reflect the average amount of funding these schools currently attract through the grant.
 - iii. Adding an amount representing the funding schools receive through the schools supplementary grant in respect of their reception to Year 11 pupils onto their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.
- 5.12 The premises factor decreased by £0.181m between years: the 2023/24 allocation merely reflects the sum of the 2022/23 premises allocations in the funding formula. This lagged approach to funding premises costs is an important point to remember when considering such factors for now, but the direction of travel outlined in the recent consultation on the NFF is that new national formula factors will be developed for premises factors.
- 5.13 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 2021 and October 2022 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.
- 5.14 This information is not yet available, as it, too, is dependent on the October 2022 census. The totals in 2022/23 were multiplied by £1,485 per primary pupil and £2,220 per secondary pupil, uprated by the Lambeth Area Cost Adjustment of 18.6%. The national formula used 114.5 fte primary pupils and 413.5 fte secondary pupils for Lambeth, to produce a pure formula allocation of £1.281m in 2022/23.
- 5.15 For 2023/24, if the numbers for 2022/23 were identical, and we adjusted for known completed expansions, an indicative growth allocation of £1.175m for 2023/24 would emerge. **Table 4** sets out the estimated calculations at this point.

Table 4: Summary of national formula for allocating growth for Lambeth 2023/24; (estimated using October 2021 pupils and 2022/23 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 1.18892) £	Allocation £m
Primary (no change on Sept 2020)	31	6	114.5	£1,761.48	£0.201m
Primary expected 2 fe growth completed *			-60	£1,761.48	-£0.106m
Secondary	16	5	413.5	£2,609.71	£1.080m
Pure formula total					£1.175m
Transitional protection					Nil
Total Growth Allocation 2023/24 (estimate)					£1.175m

*(Note *: In October 2022, the growth calculation would have taken into account the final 1fe expansions at Paxton and St Leonards. All other things being equal, the October 2022 growth in those MSOAs will not be showing 60 extra pupils, year/on/year).*

- 5.16 As the growth profile at expanding schools tapers off, we will start to see the year/on/year increases in those MSOAs reduce, which will erode the growth allocation over the next few years. The impact is lagged by a year. The growth funding for 2023/24 is based on the increases between October 2021 and October 2022. The funding that needs to be set aside locally in the Schools Block for 2023/24, however, is for the increases between October 2022 and October 2023.
- 5.17 Expansions were completed in October 2021 for Paxton (1fe) and St Leonards (1fe) that will affect the growth funding for 2022/23. The nationalization of the growth factor, as outlined in the DfE consultation on the NFF, may drive levels of funding in the future.

6 Consideration of issues in determining the use of the Schools Block for 2023/24

- 6.1 The operational guidance for school revenue funding for 2023/24 sets out the requirements for considering the use of the Schools Block funding and the timetable for decision/making and reporting.
- 6.2 As 2023/24 will be DfE's first year of transition to the direct schools NFF, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2022/23, unless they are already mirroring the NFF. Lambeth is amongst the 78 local authorities (of 150 local authorities in England) whose formula factor values are all within 2.5% of the NFF factor values, and are therefore deemed to mirror the NFF for the purpose of the tightening criteria.

- 6.3 The DFE intend to settle all school National Non/Domestic Rates bills nationally but recover the costs from each school via the ESFA (for academies) and LAs (for maintained schools) for 2023/24. Lambeth has already implemented this in 2022/23 so it will not be new to Lambeth's schools.
- 6.4 The steps Schools Forum will need to consider to reach final recommendations to make to Cabinet about the use of the Schools Block in 2023/24 will be:
- Should there be any transfers between the Schools Block and any other blocks?
 - 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 2022?

7 Transfers between blocks.

- 7.1 Although the schools block is ring/fenced in 2023 to 2024, local authorities can transfer up to and including 0.5% of their schools block funding into another block, **with the approval of their schools forum.**
- 7.2 In 2022/23 there was a transfer of 0.5% (£1.1m) from Schools Block to High Needs Block compared to 2021/22 due to the increasing growth in EHCP numbers locally which was creating pressure in the High Needs Block.
- 7.3 The protected funding for individual schools has the transfer of 0.5% / £1.1m to the High Needs Block built-in. That means that only 99.5% of the Schools Block DSG was used for Schools Block activities and individual schools are protected at the 99.5% level, not the 100% level. If the £1.1m were not again to be transferred to the High Needs Block, there would be dilemmas about how to comply with the regulations.
- 7.4 **Table 5** sets out the initial illustration of the funding formula for 2023/24 using October 2021 pupil numbers and data, 2023/24 NFF values, growth in Harris Clapham and Woodmansterne and 0.5% MFG (the maximum permitted). It suggests that there would be £1.4m remaining on these assumptions.

Table 5: High Level first draft of mainstream funding formula 2023/24 compared to indicative SB DSG

Component	Indicative amount 2023/24 (£'000)
Formula Factors within MFG	203,094
Minimum Funding Guarantee (0.5%)	9,662
Rates funding 2023/24	3,743
Lump sums 2023/24	12,022
Growth Fund	40
Total commitments in Schools Block	228,561
Indictive Schools Block allocation 2023/24	229,965
Unallocated	1,404

7.5 The options for the use of this remainder (the precise amount of which will change as October 2022 data is used and as final allocations are confirmed in December 2022) are as follows:

- **Seek Secretary of State's Approval to go beyond 0.5% for the level of the MFG.** This is unlikely to be agreed. Lambeth's approach is to get to the NFF level of funding for individual schools; increasing the MFG keeps most schools at the historic levels of funding for longer.
- **Keep the 0.5% MFG, but adjust the local funding formula values.** This, too, moves further away from the ultimate goal of reaching the NFF values because those very values would have to change to achieve this, resulting in some schools getting further away from the NFF.
- **Transfer the maximum 0.5% to the High Needs Block and keep any left over in the Growth Fund (Schools Block DSG).** On the figures in Table 5, that would suggest up to £1.149m to HNB and £0.255m to the Growth Fund. The Growth Fund element would carry forward to future years to assist with the removal of surplus places, in anticipation of the regulation changes that ESFA consulted on earlier in the year and which are explained in the consultation response in Appendix 2.
- **Some other split between transferring to High Needs Block and keeping to carry forward in the Schools Block DSG.**

7.6 In the context of 10% inflation, mainstream schools will be keen for the first option, but the matter needs to be considered in the round and ultimately the decision to go with the first option rests with the Secretary of State.

7.7 The option to transfer to the High Needs Block needs to be left open and included in the consultation with schools about the mainstream funding formula for 2023/24. Officers will alert ESFA to the possibility of a request for a higher MFG by their deadline of 10th October 2022, so that an answer is available by the December 2022 funding announcement.

8 National Funding Formula / national changes

8.1 The ESFA has indicated that the basic structure of the schools national funding formula (NFF) is not changing in 2023/24. For 2023/24, only a small number of the existing features of the formula has changed. These are outlined below.

Increasing funding factor values

8.2 Additional support towards disadvantaged pupils was evidenced by the increase in the values of the FSM6 and IDACI deprivation factors by more than other factor values in the formula. Deprivation factors are increasing by 4.3%

8.3 Other core factors are increasing by 2.4%.

8.4 In addition to these uplifts, the basic entitlement, the FSM6 and the lump sum factors have been increased to reflect the rolling in of the schools supplementary grant into the NFF.

8.5 The minimum per pupil levels in 2023/24 will be set at £4,405 per pupil for primary schools and £5,715 per pupil for secondary schools. This includes £119, £155 and £173 per primary, KS3 and KS4 pupil respectively for the rolling in of the schools supplementary grant, plus a further 0.5% increase.

- 8.6 The 2023/24 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil/led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the schools supplementary grant.
- 8.7 Premises funding will continue to be allocated at local authority level on the basis of data in the 2022/23 APT. From 2023/24, this will include local authorities' estimated 2022/23 rates figure.
- 8.8 The PFI factor is increasing in line with the 11.2% RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Rolling the schools supplementary grant funding into the NFF

- 8.9 The schools supplementary grant was introduced to support schools to meet the costs of the Health and Social Care Levy and wider costs in 2022/23. The grant funding in respect of pupils from reception to year 11 (inclusive) is being rolled into the schools NFF from 2023/24.
- 8.10 The aim for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2023/24, without adding significant additional complexity to the formula.
- 8.11 The schools supplementary grant is rolled in three ways, to reflect the three different ways in which schools attract funding through the NFF:

a) First by adding :

- £97 to the primary, £137 to key stage 3 and £155 to key stage 4 per pupil funding factors respectively;
- £85 to the primary and £124 to secondary FSM6 factors; and
- £3,680 to the school lump sum.

This increases the amount that schools already on their NFF allocations attract. The NFF factor value increases correspond to the values of the grant itself.

b) Secondly by adding £119 to the minimum per pupil (MPP) funding levels for primary, £155 to KS3 and £173 to KS4 respectively. This increases the amount that schools funded through the minimum per pupil funding levels attract through the NFF. The amounts reflect the average amount of funding these schools currently attract through the grant.

c) Finally by adding an amount representing the funding schools receive through the schools supplementary grant in respect of their reception to Year 11 pupils onto their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.

- 8.12 The existing Area Cost Adjustment (ACA) calculation within the NFF ensures that the per pupil rates added to the basic entitlement, the FSM6 factor and the school lump sum are uplifted to reflect geographical variation in labour market costs, as is currently the case with the grant.
- 8.13 The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2023, and that academies will receive from September 2023. To avoid an unfair gap in the support provided to academies, academies will therefore continue to receive separate grant payments up

until the end of August 2023. The 5/16 element of the schools supplementary grant will then cease to operate as a separate grant.

- 8.14 In 2023/24, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. Local authorities are expected to ensure that individual schools' budget allocations for 2023/24 are set taking full account of additional funding from the schools supplementary grant that schools are receiving in 2022/23.
- 8.15 Schools receiving the minimum per pupil funding levels will have the additional funding protected in local formulae as these will continue to be compulsory in 2023/24.
- 8.16 Local authorities are required to mirror the additional funding added to schools' NFF baselines in their baselines for the minimum funding guarantee, so that schools on the minimum funding guarantee can also have their schools supplementary grant protected.
- 8.17 The post/16 and early years element of the school supplementary grant will continue as a separate grant for 2023/24.

Completing reforms of the national funding formula

- 8.18 Following last year's consultation on Completing Reforms to the National Funding Formula, the DFE has confirmed that it will move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula. As set out in the consultation response, a gradual approach to transition is taken to avoid any unnecessary or unexpected disruption to schools.
- 8.19 Local authorities will be required to start bringing their own formulae closer to the schools NFF from 2023/24. In particular:
 - a) Local authorities will only be allowed to use NFF factors in their local formulae. This means that the looked after children (LAC) factor will no longer be an allowable factor. The government provides funding directly to support looked after children and previously looked after children through the pupil premium.
 - b) Local authorities must use all NFF factors / except for the locally determined premises factors which remain optional, and the ACA fringe factor which is compulsory for the five local authorities on the fringe. This means that local authorities will have to use all three deprivation factors (FSM, FSM6 and IDACI), as well as low prior attainment (LPA), English as an additional language (EAL), mobility, sparsity and the lump sum.
 - c) Local authorities must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already "mirroring" the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be "mirroring" the NFF.
 - d) Local authorities must use the NFF definition for the EAL factor, whereby pupils attract additional funding for three years after they enter the statutory school system. (Previously local authorities could choose to provide funding for one, two or three years.). In contrast to the EAL factor, flexibility over the sparsity factor methodology will remain in 2023/24.
- 8.20 This does not apply to Lambeth as Lambeth already mirror the NFF in Lambeth's Funding Formula. Indeed the strategy agreed with schools and Schools Forum is to match the NFF values and to use the MFG as the mechanism for getting individual schools to the pure NFF over time.

Other key features of the local funding formulae

- 8.21 Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2023/24 must be between +0.0% and +0.5%. This allows them to match the protection in the NFF, which we expect local authorities to continue to do where possible.

9 Lambeth's National Funding Formula

- 9.1 As Lambeth mirrored the NFF in 2022/23, the 2023/24 NFF rates adjusted by Lambeth's ACA of 1.18892 set out in **Appendix 2** will be used in 2023/24 APT.

Premises factors

- 9.2 **Rates** allocations will be on the basis of the expected 2023/24 rates bills. The ESFA will be paying NNDR bills nationally and recovering costs from schools via the ESFA (for academies) and LAs (for maintained schools). The technical change in the payment mechanism does not change the accounting arrangements: NNDR funding is provided through the funding formula, schools account for their NNDR, any ups or downs are adjusted for in the following year's funding formula.
- 9.3 **PFI**. There is a PFI Factor of £0.215m in the 2022/23 local formula (relating to a PFI contract at Lilian Bayliss). The LA intends to retain that factor again for 2023/24, increasing it by 11.2% RPIx (retail prices index), consistent with the underlying funding in the Premises allocation in the Schools Block for 2023/24.
- 9.4 **Split site** factor may have to change for 2023/24 pending the outcome of the consultation on the national split site factor. There may be a decision to make about whether to anticipate that change or not; individual schools will be affected by changes to the split site factor and by the proposal to exclude this factor from MFG protection. The sub/group could look into the pros and cons of this and make recommendations to a future Schools Forum.

10 Minimum Funding Guarantee

- 10.1 The ESFA requires that every school has two guarantees. The first is that every primary pupil must attract at least £4,405 and each secondary pupil must attract at least £5,715.
- 10.2 The second is that the per pupil allocation for all formula funding, excluding the lump sum and the rates allocation, must be between 0% and 0.5% more than the adjusted baseline figure for 2022/23.
- 10.3 **Table 5**, earlier in this report set out that a maximum 0.5% MFG meant that there was funding left over (£1.4m is the current estimate) The final pupil data and the final settlement in December may shift that position and there may be peculiarities in the details that mitigate against that. The options in Section 7 set out what is possible. Officers will take soundings from ESFA officials about the likelihood of the Secretary of State agreeing to an MFG higher than 0.5%. The sub/group will be able to explore these issues and report back.

11 Growth Fund.

- 11.1 Schools Forum agreed principles and amounts on the Growth Fund at its meeting in January 2021. For 2023/24, there are 2 growing schools, only 1 of which (Woodmansterne) is eligible for £20k for each of two new classes in September 2023.
- 11.2 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.

- 11.3 **Table 6** sets out the expected commitments on Growth Fund for 2022/23 and 2023/24. There is a reduction in the costs of growth for 2023/24.

Table 6. Estimated commitments on Growth Fund 2021/22 and 2022/23

School	Component	Extra forms of entry (2022/23 academic year)	Sept 2022 (2022/23 financial year) £'000	Extra forms of entry (2023/24 academic year)	Sept 2023 (2023/24 financial year) £'000
Paxton	Classroom start/up	1 primary (Y6)	£20		
St Leonards	Classroom start/up	1 primary (Y6)	£20		
Woodmansterne	Classroom start/up	2 secondary (Y10)	£40	2 secondary (Y11)	£40
Total			£80		£40

- 11.4 If the MFG is set at 0.5% and there is a funding left over (whether after a transfer to High Needs Block or not), it may be worth including that in the Growth Fund for future years. The NFF consultation in the summer term talked about Schools Forum being able to consider how the Growth Fund / Falling Rolls Fund could assist in the removal of surplus capacity. At present the regulations have not yet been changed and the details are yet to be provided, but this funding would roll forward if unapplied for use in future years.

12 Falling Rolls Fund.

- 12.1 It was agreed in 2022/23 budget setting that the Falling Rolls Fund would be suspended until there was school place planning evidence of an uptick in the number of pupils expected in Lambeth schools.

13 Decisions for the Secretary of State

- 13.1 The Secretary of State's permission would need to be sought if there were proposals to transfer more than 0.5% of the School's Block to the High Needs Block, and officers will submit a request to the ESFA by 10th October 2022 to establish whether such a request would be agreed to. It is still a matter for Schools Forum to consider after the consultation with all schools.
- 13.2 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. For 2022/23 dispensation was sought to adjust the MFG for the two all/through schools to avoid any changes in the relative numbers of primary / secondary pupils to inadvertently skew their MFG funding either to their benefit or disbenefit. The DfE agreed to the minor amendments for 2022/23, but indicated that they would not wish to see such requests in the future.

14 Next Steps

- 14.1 The Schools Block sub/group will continue to consider the issues relating to constructing the detailed local funding formula for 2023/24. Once the October 2022 pupil numbers are collated, we will provide illustrations of any proposals / options that the group believes are relevant. They will then consider the outcomes from a consultation with all school on the proposed formula to be used for mainstream schools in 2023/24.
- 14.2 The direction of travel has been clearly set out in previous consultations: set the formula to the NFF values and use the MFG to get schools to NFF/driven funding in the medium to long term. The sub/group will consider the outcomes of the consultation and shape their recommendations to Schools Forum for its December 2022 meeting.
- 14.3 At the December 2022 meeting, officers will seek decisions on the key elements of the funding formula and any other associated issues (eg de/delegation, approvals for MFG variations etc). This will allow officers to construct final draft allocations on those principles for the January Schools Forum meeting, in order to despatch the Authority Proforma Tool (of mainstream local formula allocations) to the ESFA and to seek formal political approval for school budgets from Cabinet and Council in February 2023.

15 Recommendations

Schools Forum is invited to

- a) note the submission to the ESFA in response to the consultation on the future arrangements on the NFF;**
- b) note the emerging position on the Schools Block for 2022/23 and 2023/24;**
- c) agree that the continued strategy for Lambeth is to adopt the funding values in the National Funding Formula and to use the Minimum Funding Guarantee to manage the transition to the NFF over time;**
- d) agree that officers should seek ESFA's view about going beyond the 0.5% MFG to distribute the available funding to mainstream schools, but that a final decision on this will follow consultation with schools;**
- e) agree to the Schools Block Sub/Group considering the detailed approach to be followed for mainstream schools funding in 2023/24 and for them to make recommendations back to Schools Forum following consultation with all schools in November 2022.**

Schools Forum Schools Block Sub/Group
1:30pm / 2:35pm, Tuesday 12th July 2022
Agenda for Meeting 1

Attended by:

- Andrew Chaplin (Walnut Tree Walk) (CHAIR of Sub/Group)
- Alison Moller (Julians)
- Shirley Drane (Dunraven)
- Nick Butler (St Gabriels)
- Eleanor Donegan (Woodmansterne)
- Abrilli Phillip (Director of Education & Learning)
- David Tully (Finance)
- Dorte Newman (Finance)
- Yoke Ying Kong (Finance)

Apologies from:

- Chris Ashley Jones (Hitherfield)
- Arlette Wells (Hitherfield)
- Dominique Johnston/Franklin (Finance)
- Rachel Harrison (Finance)

1. **Introduction.** Andrew welcomed the group and invited David to talk through the papers.
2. **NFF Consultation Draft Response.** David had prepared some considerations and a draft response on each of the 22 question raised by ESFA on their NFF consultation paper. The group talked through each question. The agreed response is recorded in the attached Paper 1. For information, the details of Lambeth's split/site schools is included in Paper 2.
3. **Next steps.** David will circulate the revised response and submit to ESFA by the deadline later in July. Andrew would report back to Schools Forum in October.
4. The meeting closed at 2:35pm.

Considerations in the Lambeth response to NFF consultation July 2022

Q	DfE consultation question	Lambeth considerations	Agreed Lambeth response
1	<p>Block Transfers. Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?</p> <p>Do you have any other comments on the proposals for the operation of transfers of funding from mainstream schools to high needs?</p>	<p>Currently, any transfers from the Schools Block, in effect, scale back the funding distributed through all the formula factors, other than those for lump sum, split site, NNDR and PFI.</p> <p>If there are some local issues that mean a slightly different scaling back arrangement is desired, it is good to have the option to request that. It is, however, difficult to envisage what those circumstances might be.</p>	<p>Yes, we agree with the proposal to allow LA applications to indicate how block transfers should be reflected in the NFF.</p>
2	<p>Notional SEND. Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?</p>	<p>Every LA has a slightly (sometimes radically) different approach to calculating notional SEND. It makes sense to have a national notional SEND calculation if there is a national funding formula.</p>	<p>Yes, we agree that an NFF should have a national, notional SEND budget for each school.</p>
3	<p>Growth & Falling Rolls. Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?</p>	<p>If the ultimate aim is to have an NFF for all parts of the Schools Block allocations, a transitional stage will involve more standardisation of criteria used by LAs. Lambeth is nearing the end of the current tranche of growing schools (the final growth for Paxton and St Leonards is Sept 2022 and the final stage of the 2fe expansion at Woodmansterne is Sept 2023). The Falling Rolls Fund has been suspended and it is expected that it will not be restored for a few years, by when the NFF will allocate it. So, I doubt if we have any comments on this.</p>	<p>No.</p>
4	<p>Do you believe that the restriction that falling rolls funding can only be provided to schools judged "Good" or "Outstanding" by Ofsted should be removed?</p>	<p>Likewise, we have lived with the OFSTED rating restriction on the Falling Rolls Fund so far, but might we find ourselves with problems if school organisation changes are thwarted by this?</p>	<p>We believe that restricting access to the falling rolls fund for good and outstanding schools might hinder Schools Forums when it comes to exercising local flexibilities, particularly where funds are to be used to assist with school organisation proposals.</p>

Q	DfE consultation question	Lambeth considerations	Agreed Lambeth response
5	Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?	<p>They propose to re/baseline the Growth Fund from 2018/19 to 2023/24. The 2018/19 baseline was helpful for Lambeth because we ended up getting protection, but this is largely exhausted. So, there can be little objection to this proposal.</p> <p>They propose to use the Medium Super Output Area data, not just for Growth as now, but for Falling Rolls, too, where there is evidence of significant decline in pupil populations.</p>	<p>The Medium Super Output Area (MSOA) approach to the Growth Fund has worked better than expected. It does have the drawback, however, of lagging funding; it is funding where growth has happened in the previous year, when the LA has to be looking to fund growth that will happen in the coming year. Inevitably, that means committing resource in advance where growth is new and resisting the temptation to spend excess resource when growth programmes reach their natural conclusion.</p> <p>With the more local and flexible approach being advocated, you need to make sure that LAs have the scope to make adjustments to the NFF to take account of the need to have cross/year subsidisation arrangements to manage growth effectively.</p> <p>In theory, using MSOAs for falling rolls should work, too. Falling rolls tends to be funded retrospectively anyway, so the cross/year subsidisation issue does not arise.</p>
6	Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?	<p>Consider how we would want the growth / falling rolls fund to assist, if at all, with the school organisation changes that might arise in the next few years. They are specifically saying "We could permit local authorities to spend growth and falling rolls funding on the revenue costs associated with repurposing or reducing school places."</p> <p>This is a very real issue for Lambeth. A draft response is in the next column.</p>	<p>As an LA that has experienced significant falling rolls and is trying to develop its strategy for removing surplus places, we welcome the inclusion of this item in an expanded growth / falling rolls definition.</p> <p>The proposal seems quite wide/ranging in its scope, recognising costs associated with closure, amalgamation and down/sizing of schools; costs which currently might be absorbed by the schools' own budgets or may ultimately fall on the LA or the ESFA. You are right to say that the cost impact is a disincentive to act.</p>

Q	DfE consultation question	Lambeth considerations	Agreed Lambeth response
			<p>We offer two observations:</p> <ol style="list-style-type: none"> 1. Scale. Lambeth may be looking to scale back around 20 fe in primary and around 20 fe in secondary in the next few years. Removing that number of surplus places could get very expensive for the local education system, but it has to be balanced with the need to fund schools adequately for their on/going responsibilities. 2. Gate/keeping. It is the LA that usually administers the growth and falling rolls funds according to the policies agreed by Schools Forum. All schools and academies will need to be treated fairly in the use of this fund, so the policy will need to be well/defined. Yet, the nature of such exercises, as your examples illustrate, is for quite a wide range of approaches and costs to be incurred to meet the objectives of reducing or repurposing spare capacity. If we are not careful, bills will be submitted for all sorts of initiatives taken by individual schools and academies. A policy framework to set the parameters and direction and a role for Schools Forum in approving any charges to the account would be most useful. It is important that Schools Forum works collaboratively in determining an appropriate local strategy where school organisation problems need to be solved. This includes working out how to minimise deficits and maintain financial control in difficult circumstances.
7	Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding;	Given Lambeth's position on surplus school places, a local flexible approach is to be welcomed.	Yes.

Q	DfE consultation question	Lambeth considerations	Agreed Lambeth response
	and that we should implement the changes for 2024/25?	The advantage of the national standardised approach is that we would not need to worry about budgeting across years for shifting pupil number impacts; schools would be funded according to strict criteria. Nonetheless, the local and flexible approach facilitates the proposed extension of the funds to support the removal and repurposing of surplus capacity which may be less easy to standardise in quite the same way.	
8	Do you have any comments on the proposed approach to popular growth?	The original proposals would only have allowed forward funding of growth for growing academies (not for maintained schools). Lambeth objected to this last year. We welcome the option of including maintained schools, too.	We welcome the opportunity for maintained schools also to be given access to funds for expanding popular schools.
9	Split site. Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'?	This is consistent with the approach that Lambeth currently uses.	Yes. Lambeth currently provides more funding for sites that are further away.
10	Do you agree with our proposed criteria for split site 'basic eligibility'?	See the detailed analysis of current schools entitled to split/site factor and how they might be affected by the proposed new arrangements. The one school affected by the basic criteria is Clapham Manor Primary where their separate nursery will not be recognised. What is the group's view about this?	Yes.
11	Do you agree with our proposed split site distance criterion of 500m?	The one school affected by this is Kingswood, which qualifies for distance on the basis of our current ¼ mile threshold, but fails to meet the proposed 500m threshold. Kingswood is planning to move onto one site in 2023, so it is probably academic. Unless we are going to make the case for UK sovereignty and the need to retain imperial measures, we may just have to live with this. Does the group have a view?	Yes.
12	Do you agree with total available split sites funding being 60% of the NFF lump sum factor?	The illustrations suggests that a split site point would be worth £29k in Lambeth, with each site attracting a maximum of £86k (ie 3 points). This is	Yes.

Q	DfE consultation question	Lambeth considerations	Agreed Lambeth response
		around 40% more than we currently allocate, so we can have no complaint.	
13	Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?	For primary schools in Lambeth, the one/third, two/thirds split between basic and distance entitlements is unchanged. For secondary schools, it was 3/8ths, 5/8ths split between basic and distance.	Yes.
14	Do you agree with our proposed approach to data collection on split sites?	Because the ESFA do not want to ask all schools for their split site data when most would answer that they are not split site schools, they are asking LAs to co/ordinate this. It will require liaison between the LA and schools and academies to provide property details. This should not be greatly burdensome. We could share the analysis of split/site impact with the 9 schools as part of seeking the necessary information.	Yes.
15	Do you have any comments on our proposed approach to split sites funding?	ESFA are clear that they see this as an extension of the lump sum for schools, rather than it being something that affects primary or secondary schools. Does the group have a view about this?	The consultation considers primary and secondary schools, but it is important to remember that there is a small number of all/through schools whose needs should be borne in mind when developing policy.
16	Exceptional Circumstances. Do you agree with our proposed approach to the exceptional circumstances factor?	Lambeth has no exceptional circumstances factors currently. Amalgamations may lead to requests for that factor to be applied if they should arise. Other schools may seek an exceptional circumstances factor for their own school from time/to/time.	Yes
17	Do you have any comments on the proposed approach to exceptional circumstances?		No
18	Minimum Funding Guarantee. Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?	See draft response.	Yes. Lambeth has aligned with the pupil led aspects of the NFF, so the MFG uplift is the basis of allocation currently and will be the floor below which no school will fall as individual schools get closer to being funded purely on the NFF. While the NFF baseline from 2018/19 is less relevant at a school/by/school level, it did allow a little bit of flexibility to fund growth / falling rolls or

Q	DfE consultation question	Lambeth considerations	Agreed Lambeth response
			to transfer to High Needs. Any arrangements based on MFG must allow some headroom for all LAs to exercise the flexibilities that are available in the overall system.
19	Do you agree that we should move to using a simplified pupil/led funding protection for the MFG under the direct NFF?	<p>This amounts to less protection if the scope of the MFG is to be narrowed. In effect, however, we are only talking about removing the split/site factor (£0.443m) and PFI factor (£0.215m) from the MFG. This amounts to 0.3% of the funding currently protected within the MFG, affecting only ten schools.</p> <p>In practice, this works both ways. Split site schools would not necessarily gain anything (eg the 40% uplift to the NFF values) if the split site factor continued to be in the MFG. Likewise, if there are changes affecting the PFI factor, we would want to know that Lilian Bayliss received them. On balance, we can agree to this.</p>	Yes. It is a very small part of the overall budget that is being taken out of the MFG.
20	Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?	We recognise the issue of submitting disapplication requests to adjust the MFG for all/through schools where a shifting balance between primary and secondary could lead to under/ or over/protection for the school. We note that ESFA asked us not to do that in future for smaller amounts and the NFF will pick this up centrally anyway.	No.
21	What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?	What does the group think?	The sub/group of the Schools Forum would welcome a calculator tool to assist in budget planning once the NFF is fully in place.
22	Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?	What does the group think?	No.

Current and future split/site arrangements in Lambeth

Current Lambeth split site criteria

Schools (maintained / academies / free schools) within the Lambeth geographical boundary whose accommodation is on two or more sites separated by a main road and necessitating movement between sites of staff and /or pupils during the school day. They receive a supplementary allocation related to a points score according to the distance between the school sites. Each split/site point is worth **£20,128.26**. Schools supported by a Federation are no longer eligible for one split site point on the basis the school being federated. A school with more than one site may be eligible for a second split site factor.

- Primary school on two sites less than 1/4 mile apart = 1 point
- Primary school on two sites more than 1/4 mile apart = 3 points
- Secondary school on two sites less than 1/4 mile apart = 3 points
- Secondary school on two sites more than 1/4 mile apart = 5 points

Proposed NFF criteria

NFF proposal is that sites should be counted as 'split' where they are separated by a public road or railway as a clear marker of separateness. Each site must be used to provide education to 5/16 year olds (ie not nurseries or sixth forms, not admin buildings, not playing fields etc). 1 point for basic entitlement plus an additional 2 points if the other site is more than 500 metres from the main site. For schools with multiple sites, they will allow up to 3 basic entitlement and 3 distance entitlements (ie a maximum of 9 points). They have indicated that each point would be worth 20% of the lump sum amount in the funding formula. For 2022/23, the lump sum for Lambeth is £0.143m, and 20% of that is £29k, suggesting around 50% more funding for schools in Lambeth where the points allocation is the same, with no distinction given between primary / secondary age pupils.

Impact on Lambeth schools.

The table on the next page sets out the circumstances of the 9 schools which currently receive a split/site factor. Six of them look likely to continue with the same points total as currently, meaning they would benefit from the proposed c40% increase arising from adopting the NFF indicated values. 2 may see their funding reduce by half because of the different eligibility criteria. One school may no longer qualify for the funding and would lose it.

Amalgamations pursued to reduce surplus capacity could result in more split schools in Lambeth.

Split site schools in Lambeth

Schools	Comment	Current split site points	Likely NFF points	Current allocation £'000	NFF indicative allocation £	Difference £
Clapham Manor Primary	Nursery and main school are in separate buildings. The school will not receive any split site factor because the other site does not include 5/15 year olds. Will follow up with the school directly.	1	0	£20	0	/£20
Henry Cavendish	Basic + distance. Two separate 2 fe sites: 1 in Streatham and 1 in Balham.	3	3	£60	£86	+£26
Kingswood	Basic only. An upper and lower school in the same street (188 and 55 Gipsy Road). They are planning on moving to one site in 2023. Google maps says they are 450m apart,	3	1	£60	£29	/£31
Wyvil Primary School	Two basic and 1 distance. They have three sites: the main school, a new building across the road, and Aurora House, a resource base, in Kennington.	4	4	£81	£115	+£34
Archbishop Sumner	Basic only. Main school in Reedworth St, Kennington. Reception classes in Oakden St, Kennington.	1	1	£20	£29	+£9
Julian's	Basic + distance. A 3fe site in Streatham and a 2fe site in West Norwood.	3	3	£60	£86	+£26
Van Gogh	Basic + distance. A lower school (EYFS / Y4) on the Mostyn site and an upper school (Y5 / Y6) on the Hackford site	3	3	£60	£86	+£26
Corpus Christi	Basic only. School sites on opposite sides of Trent Road, Brixton.	1	1	£20	£29	+£9
Dunraven	Basic only. Separate primary site across the road from the main school with 6th Form separate.	3	1	£60	£29	/£31
TOTAL		22	17	£443	£489	+£46

Appendix 2

Details of the NFF values 2022/23 and 2023/24

NFF Funding Factors	2022-23 NFF rates	Lambeth's 2022-23 rates ACA adjusted 1.18623	2023-24 NFF rates	Lambeth's Proposed 2023-24 rates ACA adjusted 1.18892
Minimum Per Pupil Funding Levels - Primary	£4,265.00	£4,265.00	£4,405.00	£4,405.00
Minimum Per Pupil Funding Levels - KS3	£5,321.00	£5,321.00	£5,503.00	£5,503.00
Minimum Per Pupil Funding Levels - KS4	£5,831.00	£5,831.00	£6,033.00	£6,033.00
Basic per pupil Funding				
Primary basic entitlement	£3,217.00	£3,816.10	£3,394.00	£4,035.19
KS3 basic entitlement	£4,536.00	£5,380.74	£4,785.00	£5,688.98
KS4 basic entitlement	£5,112.00	£6,064.01	£5,393.00	£6,411.85
Primary / Secondary FSM	£470.00	£557.53	£480.00	£570.68
Additional Needs Funding				
Primary FSM6	£590.00	£699.88	£705.00	£838.19
Secondary FSM6	£865.00	£1,026.09	£1,030.00	£1,224.59
Primary IDACI F	£220.00	£260.97	£230.00	£273.45
Primary IDACI E	£270.00	£320.28	£280.00	£332.90
Primary IDACI D	£420.00	£498.22	£440.00	£523.12
Primary IDACI C	£460.00	£545.67	£480.00	£570.68
Primary IDACI B	£490.00	£581.25	£510.00	£606.35
Primary IDACI A	£640.00	£759.19	£670.00	£796.58
Secondary IDACI F	£320.00	£379.59	£335.00	£398.29
Secondary IDACI E	£425.00	£504.15	£445.00	£529.07
Secondary IDACI D	£595.00	£705.81	£620.00	£737.13
Secondary IDACI C	£650.00	£771.05	£680.00	£808.47
Secondary IDACI B	£700.00	£830.36	£730.00	£867.91
Secondary IDACI A	£890.00	£1,055.74	£930.00	£1,105.70
Primary EAL3	£565.00	£670.22	£580.00	£689.57
Secondary EAL3	£1,530.00	£1,814.93	£1,565.00	£1,860.66
Primary LPA	£1,130.00	£1,340.44	£1,155.00	£1,373.20
Secondary LPA	£1,710.00	£2,028.45	£1,750.00	£2,080.61
Primary mobility	£925.00	£1,097.26	£945.00	£1,123.53
Secondary mobility	£1,330.00	£1,577.69	£1,360.00	£1,616.93
School Led Funding				
Primary lump sum	£121,300.00	£143,889.70	£128,000.00	£152,181.76
Secondary lump sum	£121,300.00	£143,889.70	£128,000.00	£152,181.76
Primary sparsity	£55,000.00	£65,242.65	£56,300.00	£66,936.20
Secondary sparsity	£80,000.00	£94,898.40	£81,900.00	£97,372.55
Middle-school sparsity	£80,000.00	£94,898.40	£81,900.00	£97,372.55
All-through sparsity	£80,000.00	£94,898.40	£81,900.00	£97,372.55
PFI (RPIX) %	3.17%	3.17%	11.20%	11.20%
MFG	0.5% - 2%	1.77%	0% - 5%	

Agenda Item 5

Title: Early Years Update

Date: 06th October 2022

Report to: Schools Forum

Report for: Information X Decision Consultation Action

Author: Kathryn Shaw, Dominique Johnston-Franklin

1 Purpose of this paper

1.1 This paper explains the current position and some service context regarding the Early Years block for 2022-23 and updates on Early Years National Fund Formula consultation for 2023-24.

2 Update 2021-22

2.1 The Department for Education (DfE) confirmed the final position of the Early Years Block of the DSG 2021-22 in July 2022. As highlighted in previous forums the adjustment was based on all of the Early years headcounts, 5/12 based on Summer; 4/12 on Autumn and 3/12 on Spring 22 (the January 2022 Census). **Table 1** shows the net increase of £0.026m.

2.2 The current trend of participation demonstrates a continued decline in 3&4 Universal entitlement pupil hours, offset against the increase in accessing the Additional 30 hours for working parents. There was also a small increase in 2 year olds which will not be expected moving forward based on projection of headcounts and dfe data.

Table 1: Final 2021-22 Adjustment for Jan-22 Final Headcount

Income component	Initial Early Years Block 2021 to 2022	Final Early Years Block 2021-22	FINAL 21-22 Adjustment
Amount LA allocated for universal 3-4 year old entitlement funding	£16,525	£16,399	-£126
Amount LA allocated for additional hours for 3-4 year olds	£5,715	£5,842	£127
Total funding to LAs for 2-year-olds	£2,763	£2,806	£43
Early Years' Pupil Premium	£212	£218	£5
Disability Access Fund	£66	£66	£
Maintained nursery school supplementary funding	£474	£451	-£23
Total	£25,755	£25,780	£26

3 Early Years 2022-23

- 3.1 The formula allocation which took place in 2021-22 will not continue in 2022-23 and the funding has reverted back to the standard 5/12th Jan 22 and 7/12th on the Jan 23 census. Although the impact of COVID on participation levels seems to now have realigned Lambeth continue to see a decrease in overall pupils numbers by 9% in 2 year olds and 6% in 3 and 4 year olds.
- 3.2 The Early years block allocation for 2022-23 is has now been update to take into account Jan 22 headcount and has anticipated to be £26.144m, This is set out in **Table 2**. The current Early years projections based on anticipated headcounts is projecting similar headcounts numbers. The EY block is funded on participation so any reduction in funding should follow through to funding passported to providers.
- 3.3 The brought forward underspend from 2021-22 of £0.271m which has now been allocated to contingency should support any un-anticipated changes in headcount which are outside of the normal 2% expected to be sustained with Early years block management between headcounts. The submission of summer headcounts in 2021-22 was beneficial to Lambeth as the summer headcount was significantly higher, and we were funded on that basis. As this will not continue there is a risk that the Jan23 headcount is lower than actual numbers across the autumn term that could cause pressure overall.
- 3.4 The risk to these assumptions is the projections of falling rolls in Lambeth and how this will impact the Early years headcount particularly in the 3&4 year old numbers across the borough. There is an anticipation that 2 year old numbers will stay relatively stable there will be a push in publicity across the sector, which should sustain the numbers moving forward.

Table 2: Provisional Early Years DSG allocations 2022-23

Income component	Initial budget allocations 22-23			July 22 - Budget update			Projected Allocation 22-23 Based on forecast assumed headcounts for 22-23
	PTE pupils (570 hours)	Rate per hour (£)	Total EY DSG 2022-23 March 30th allocations £'000	PTE pupils (570 hours)	Rate per hour (£)	Total EY DSG 2022-23 March 30th allocations £'000	
2 Year old funding	671.79	£6.87	£2,631	716.73	£6.87	£2,807	£2,709
3&4 YO funding (Universal)	4,055	£7.32	£16,919	3,934	£7.32	£16,415	£16,096
3&4 YO funding (Extended)	1,355	£7.32	£5,652	1,476	£7.32	£6,159	£6,477
EY Pupil Premium			£229			£252	£252
Disability Access Fund			£82			£82	£82
Maintained Nursery School Supplement (MNSS)	384.5	£2.39	£524	315	£2.39	£429	£429
Total			£26,036			£26,144	£26,045

4. Early Years Funding Formulae 23-24 Consultations

4.1 Over the summer the Dfe consulted on a number of funding reforms across the early years sector. The Early years sub group met on the 12th July to review all proposed changes and bring together with officers an LA response on changes proposed highlighted in **Appendix 1**. The main areas of review that were underpinning the proposed changes were:

- **Use of most recent Data** - Many of the datasets underpinning the formulae that measure relative local costs are not using the most recent data available
- **year to year protections** - reflecting changes in relative costs and levels of need between areas
- **Changes to participation Ratios**

4.2 Lambeth are one of the nine LAs which are still being protected by the loss cap, meaning they are being funded (at a higher level) by reference to historic funding decisions, rather than in line with the funding formula. The reforms that are proposed will result in some changes to local authorities' funding rates. Some local authorities would see their funding rate decrease if their relative levels of need have decreased compared to other areas. In order to mitigate the impact, the Dfe are proposing to introduce year-to-year protections to ensure that local authorities can manage the changes at a local level. For 2023-24, we propose to set this at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.

4.3 Since 2017, many local authorities have received supplementary funding for their MNS in recognition of the additional costs that they bear over and above other providers, because of the fact that they are schools. This additional funding was introduced to take account of historic LA spend on maintained nursery schools at that time and was intended to provide stability to the nursery school sector. From 2023-24, the DfE are proposing to invest an additional £10 million into MNS supplementary funding and to reform the distribution to ensure that it is being shared more evenly across all LAs with MNSs.

4.4 If the proposed changes are adopted this will see an overall increase in the base rate of the funding formula. **Appendix 2** But as Lambeth would only benefit from a 0.9% increase in the 3&4 year old funding rates which is the lowest in the country. The base rate has not been updated since the formula was introduced in 2017. Between 2017-18 and 2019-20, local authorities protected by transitional protections saw those protections unwind, whilst rates remained the same for other local authorities, such as Lambeth. This will ultimately reflect very small ongoing year on year increases in the 3&4 year old rate in future years.

4.5 **Appendix 3** gives a breakdown of the regulatory changes the Dfe are proposing to allow more flexibility in the Early Years sector. The sub group feedback considerations reading these proposals for LA responses.

5. Risks

5.1 Pupil numbers are continuing to see a downward trend, and this in conjunction with inflationary pressures is impacting sufficiency in the EY sector. There is also the impact of cost of living and recruitment shortage driving up costs for delivery. The small increases in hourly rate continue to impact provisions particularly in the Maintained nursery sector.

- 5.2 The proposals that are put forward for 23-24 NNF consultation show that there is a continued risk to the centrally retained element withing the EY block as it continues to reduce based on participation and additionally very small increases in the hourly rate. This will impact EY support functions within the sector.
- 5.3 There is a continued risk of any headcounts movement higher than 1 -2 % up or down may be unsustainable in future years. Although there is a current contingency for this this may diminish in future years removing ability to pay for starters outside of termly headcount which currently supports the Early years sector.

6. Recommendations

- 6.1 Schools Forum to note this report.

Appendix 1

Early Years Block Sub Group Meeting papers - Consultation

Early years funding formulae

Overview

On 4 July, DfE issued a consultation on updating the national funding formulae for the 2-, 3- and 4-year old entitlements, and on the distribution of MNS supplementary funding. This included an announcement of an additional £10m funding for MNSs in 2023-24.

The DfE have not updated either of the formulae since their introduction initially to allow the 30 hours policy to embed and more recently due to one-year Spending settlements in 2019 and 2020. Between 2017 to 2018 and 2019 to 2020, local authorities protected by the transitional protections included when the EYNFF was introduced saw those protections unwind, whilst rates remained the same for other local authorities

As the formulae have not been updated since they were introduced, the datasets underpinning the various factors within the formulae are now not the latest available – which therefore means that the formula is no longer targeting funding as effectively as it could be in order to meet current levels of need.

Protections on Year on Year funding

Lambeth are one of the nine LAs which are still being protected by the loss cap, meaning they are being funded (at a higher level) by reference to historic funding decisions, rather than in line with the funding formula.

The reforms that are proposed will result in some changes to local authorities' funding rates. Some local authorities would see their funding rate decrease if their relative levels of need have decreased compared to other areas. In order to mitigate the impact, the DfE are proposing to introduce year-to-year protections to ensure that local authorities can manage the changes at a local level. For 2023-24, we propose to set this at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.

Maintained Nursery Supplementary Funding

Since 2017, many local authorities have received supplementary funding for their MNS in recognition of the additional costs that they bear over and above other providers, because of the fact that they are schools. This additional funding was introduced to take account of historic LA spend on maintained nursery schools at that time and was intended to provide stability to the nursery school sector. From 2023-24, the DfE are proposing to invest an additional £10 million into MNS supplementary funding and to reform the distribution to ensure that it is being shared more evenly across all LAs with MNSs.

Lambeth response to Early Years Funding Formulae consultation September 2022

<https://consult.education.gov.uk/funding-policy-unit/early-years-funding-formulae-2022/>

Q	DfE consultation question	Draft Lambeth response
1	Do you agree with our proposal to update the underlying data in the <u>additional needs factor</u> in the EYNFF?	Yes, we agree
2	Do you agree with our proposal to move to using the <u>free school meals</u> headline measure?	Yes, we agree.
3	Do you agree with our proposal to update the way in which the <u>Disability Living Allowance</u> data is used?	No, This will ultimately be a reduction as the range of years eligible having a significant impact on numbers which will reduce the overall funding level. This will impact the processing of this delivery and the support in the sector.
4	Do you agree with our proposal to update the underlying data used in the <u>area cost adjustment</u> in the EYNFF, in particular the rateable values data and the GLM data, when available?	Yes we agree, but the GLM is still based on 2013-14 and that this should be adjusted to reflect 2023-24 Labour Market costs.
5	Do you agree with our proposed amendments to the proxy measure for <u>premises related costs</u> in the EYNFF, including introducing schools rateable values data?	Yes , We agree
6	Do you agree with our proposed approach to mainstreaming the early years element of the teachers' pay and pensions grants?	Yes in principle - Rolling this into the Grant impacts the teachers increases in the MNS sector as the % increase is not reflective of Teachers pay and Pension increases. Lambeth will currently see an increase in the illustrative model but this is still not reflective of real time increases to salaries, and will ultimately be included in the total EY block which will be repressed by proposed caps applied.
7	Do you agree with our proposal to update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the <u>existing quality supplement</u> ?	Yes, We agree

Q	DfE consultation question	Draft Lambeth response
8	Do you agree with our proposal to update the underlying data in the area cost adjustment <u>in the 2-year-old formula?</u>	In principle yes we agree, but the GLM is still based on 2013-14 and that this should be adjusted to reflect 2023-24 Labour Market costs.
9	Do you agree with our proposal to introduce a proxy for premises related costs into the 2-year-old formula?	Yes, We agree
10	Do you agree with our proposed approach to protections in the EYNFF for 2023-24?	<i>No, Lambeth will see only 1% increase year on year in 3 & 4 year old rate until they reach the minimum funding floor which will impact delivery with inflation and delivery cost exceeding this, The minimum increase of 1% needs to be revisited in line with the current pressures facing the sector to allow inflationary increases for the GLM to be incorporated.</i>
11	Do you agree with our proposed approach to protections in the 2- year-old formula for 2023-24?	Yes, We agree
12	Do you agree with our proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding?	Yes, but that this is not addressing the imbalance between what different authorities are receiving to support MNS. Additionally the real time pressures facing MNS is not being supported via the funding settlement and has continued to impact MNS since the introduction of EYNFF.
13	Do you agree with our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding?	Yes in principle - Rolling this into the Grant impacts the teachers increases in the MNS sector as the % increase is not reflective of Teachers pay and Pension increases. Lambeth will currently see an increase in the illustrative model but this is still not reflective of real time increases to salaries, and will ultimately be included in the total EY block which will be repressed by proposed caps applied.
14	Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?	The overall impact of adjustments in funding has not addressed the significant costs for EY SEND delivery and how these costs can impact on numbers of children that can be supported in settings.

Q	DfE consultation question	Draft Lambeth response
		<p>The EY SEND inclusion fund supports identified need but this is only for 3 &4 Year olds and does not have a mechanism to identify and fund work prior to intervention. With the pressure in the High needs block in many LA this is then restricting funds available to EY providers.</p>
15	<p>Are there any other comments that you would like to make about our proposed reforms?</p>	<p>There is still no identification of the funding being in line with the current labour market and the cost of living for EY staff. There is a recruitment shortage in this area and the proposed 0.9% increase in base rate for Lambeth 3 &4year olds restricts providers to be able to give appropriate salaries in line with inflation.</p>

Appendix 2

EYNFF Consultation Illustrative projections

Illustrative 2-year-old entitlement 2023-24 hourly funding rates

For 2023-24, we propose the following protections: +1% year-to-year protection and a 8.6% gains cap. Whilst the majority of LAs will see a % change between 1% and 8.6% some LAs will see changes outside of these limits. Rate changes outside of these limits will be due to rounding (after protections are applied, hourly rates are rounded (up or down) to the nearest penny, resulting in some increases slightly above 8.6% and some slightly below 1%).

Region (alphabetical order)	LA number	LA name (alphabetical order within region)	2022-23 2YO funding rate (£ / hr)	Illustrative 2023-24 2YO funding rate (£ / hr)	Change (£) from 2022-23 rate	Change (%) from 2022- 23 rate
INNER LONDON	309	Haringey	£6.03	£6.55	£0.52	8.6%
INNER LONDON	202	Camden	£6.87	£7.46	£0.59	8.6%
INNER LONDON	204	Hackney	£6.87	£7.46	£0.59	8.6%
INNER LONDON	205	Hammersmith and Fulham	£6.87	£7.46	£0.59	8.6%
INNER LONDON	206	Islington	£6.87	£7.46	£0.59	8.6%
INNER LONDON	207	Kensington and Chelsea	£6.87	£7.46	£0.59	8.6%
INNER LONDON	208	Lambeth	£6.87	£7.46	£0.59	8.6%
INNER LONDON	209	Lewisham	£6.87	£7.46	£0.59	8.6%
INNER LONDON	210	Southwark	£6.87	£7.46	£0.59	8.6%
INNER LONDON	212	Wandsworth	£6.87	£7.46	£0.59	8.6%
INNER LONDON	213	Westminster	£6.87	£7.46	£0.59	8.6%
INNER LONDON	211	Tower Hamlets	£6.87	£7.40	£0.53	7.7%
INNER LONDON	316	Newham	£6.03	£6.37	£0.34	5.6%

Illustrative Early Years National Funding Formula (EYNFF) 3- and 4-year-old entitlements 2023-24 hourly funding rates

For 2023-24, we propose the following protections: £4.86 minimum funding floor, +1% year-to-year protection, and a 4.5% gains cap. Whilst the majority of LAs will see a % change between 1% and 4.5%, some LAs will see changes outside of these limits. Rate changes outside of these limits will be due to either the minimum funding floor (the gains cap cannot reduce your rate below the minimum funding floor) and/or due to rounding (after protections are applied, hourly rates are rounded (up or down) to the nearest penny, resulting in some increases slightly above 4.5% and some slightly below 1%).

Region (alphabetical order)	LA number	LA name (alphabetical order within region)	2022-23 EYNFF rate (£ / hr)	Illustrative 2022-23 TPPG rate (£ / hr)	2022-23 EYNFF rate + illustrative TPPG rate (£ / hr)	Illustrative 2023-24 EYNFF rate (£ / hr)	Change (£) from 2022-23 rate + illustrative TPPG rate	Change (%) from 2022-23 rate + illustrative TPPG rate
INNER LONDON	208	Lambeth	£7.32	£0.13	£7.45	£7.52	£0.07	0.9%
INNER LONDON	205	Hammersmith and Fulham	£8.23	£0.12	£8.35	£8.43	£0.08	1.0%
INNER LONDON	207	Kensington and Chelsea	£8.20	£0.08	£8.28	£8.36	£0.08	1.0%
INNER LONDON	211	Tower Hamlets	£8.06	£0.19	£8.25	£8.33	£0.08	1.0%
INNER LONDON	309	Haringey	£5.97	£0.15	£6.12	£6.18	£0.06	1.0%
INNER LONDON	316	Newham	£5.88	£0.19	£6.07	£6.13	£0.06	1.0%
INNER LONDON	213	Westminster	£7.86	£0.15	£8.01	£8.09	£0.08	1.0%
INNER LONDON	210	Southwark	£6.86	£0.13	£6.99	£7.06	£0.07	1.0%
INNER LONDON	206	Islington	£7.81	£0.17	£7.98	£8.06	£0.08	1.0%
INNER LONDON	212	Wandsworth	£6.79	£0.11	£6.90	£6.97	£0.07	1.0%
INNER LONDON	202	Camden	£8.51	£0.12	£8.63	£8.72	£0.09	1.0%
INNER LONDON	209	Lewisham	£5.93	£0.11	£6.04	£6.31	£0.27	4.5%
INNER LONDON	204	Hackney	£6.14	£0.10	£6.24	£6.52	£0.28	4.5%

Maintained Nursery Schools illustrative 2023-24 supplementary funding hourly rates and allocations

Region (alphabetical order)	LA number	LA name (alphabetical order within region)	2022-23 MNS Rate	Illustrative TPPG rate*	PTE for MNS supplementary funding for 2023-24 (January 2021)	2023-24 MNS pre-reforms rate	Illustrative 2023-24 MNS rate including TPPG uplift	Illustrative 2023-24 MNS rate with £3.80 minimum floor applied	Illustrative 2023-24 MNS rate with £10 maximum cap applied	Change (£) from 2022-23 rate + illustrative TPPG rate	2023-24 MNS pre-reforms funding	MNS' share of TPPG	Illustrative LA allocation for MNS supplementary funding for 2023-24
			(£ / hr)	(£ / hr)		(£ / hr)	(£ / hr)	(£ / hr)	(£ / hr)	(£ / hr)	(£)	(£)	(£)
			Unrounded	[* See TPPG Baseline Uplift sheet]		Rounded to nearest penny							Rounded to the nearest pound
[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]	[j]	[k]			
					= [a] x 2023-24 uplift of 3.10%	= [b] + [d]			= [g] - (round([a],2) + [b])		= [c] x [d] x 15 hours x 38 weeks	= [c] x [b] x 15 hours x 38 weeks	= [c] x [g] x 15 hours x 38 weeks
England total:			£3.1	£0.4	29,224.1	£3.1	£3.1	£4.4	£4.4	£0.4	£54,790.0	£8,041.3	£72,666.8
INNER LONDON	202	Camden	£0.00	£0.52	74.00	£0.00	£0.52	£3.80	£3.80	£3.28	£0	£21,934	£160,284
INNER LONDON	206	Islington	£3.58	£0.69	164.00	£3.69	£4.38	£4.38	£4.38	£0.11	£344,941	£64,501	£409,443
INNER LONDON	209	Lewisham	£3.89	£0.48	184.00	£4.01	£4.49	£4.49	£4.49	£0.12	£420,569	£50,342	£470,912
INNER LONDON	212	Wandsworth	£4.17	£0.66	171.00	£4.30	£4.96	£4.96	£4.96	£0.13	£419,121	£64,330	£483,452
INNER LONDON	204	Hackney	£5.42	£0.48	170.00	£5.59	£6.07	£6.07	£6.07	£0.17	£541,671	£46,512	£588,183
INNER LONDON	207	Kensington and Chelsea	£5.06	£0.77	194.60	£5.22	£5.99	£5.99	£5.99	£0.16	£579,013	£85,410	£664,423
INNER LONDON	208	Lambeth	£2.39	£0.56	384.50	£2.46	£3.02	£3.80	£3.80	£0.85	£539,146	£122,732	£632,827
INNER LONDON	205	Hammersmith and Fulham	£5.45	£0.66	236.00	£5.62	£6.28	£6.28	£6.28	£0.17	£756,002	£88,783	£844,786
INNER LONDON	211	Tower Hamlets	£1.84	£0.50	501.00	£1.90	£2.40	£3.80	£3.80	£1.46	£542,583	£142,785	£1,085,166
INNER LONDON	213	Westminster	£12.76	£0.79	191.00	£13.15	£13.94	£13.94	£10.00	-£3.55	£1,431,641	£86,007	£1,088,700
INNER LONDON	309	Haringey	£7.71	£0.51	287.00	£7.95	£8.46	£8.46	£8.46	£0.24	£1,300,541	£83,431	£1,383,972
INNER LONDON	210	Southwark	£5.49	£0.53	433.00	£5.66	£6.19	£6.19	£6.19	£0.17	£1,396,945	£130,809	£1,527,754
INNER LONDON	316	Newham	£3.97	£0.46	833.00	£4.10	£4.56	£4.56	£4.56	£0.13	£1,946,721	£218,413	£2,165,134

Appendix 3

Early Years Block Sub Group Consultation review

Childcare: regulatory changes

Overview

On 4th July the DfE published a consultation on ratio requirements, to give providers more flexibility and autonomy to make decisions about their settings and the needs of their children, as well as looking more closely at how funding for childcare is allocated so that the system is fair and effective for everyone.

This proposals is seeking views on the proposed changes of:-

- **Change the current statutory minimum staff:child ratios in England for 2-year-olds from 1:4 to 1:5.**

The DfE are not proposing any changes to qualification requirements and have confirmed the current qualification requirements set out in the EYFS will apply to any changes that may be made to ratios as part of this consultation. If implemented, these proposed changes to ratios would amend the existing statutory minimum requirements, however providers will continue to be free to staff above these minimum requirements if that is their preference. The DfE believe that these changes would hand greater autonomy to settings and childminders to:

- expand their reach so that as many families as possible can benefit from affordable, flexible childcare, and;
- exercise greater professional judgement in deciding the makeup of the groups of children they care for and/or the way in which they staff their settings, according to the needs of their children.

- **Allow childminders to care for a fourth child under the age of 5 providing one is either a sibling of another child they care for, or their own child, whilst continuing to only allow childminders to care for a maximum of 6 children under the age of 8**

Within the specified ratios, the EYFS limits childminders to caring for a maximum of one child under the age of 1, a maximum of three children under the age of 5, and a maximum of six children under the age of 8. However, it does provide examples of limited flexibility within ratios to enable childminders to care for sibling babies (i.e., siblings under 1-year old) or the childminder's own baby, providing the needs of all children can be met. The DfE are consulting on two proposals to specify a greater level of flexibility within these rules.

- **Make the Early Years Foundation Stage statutory framework (EYFS) explicit that 'adequate supervision' while children are eating means that children must be in sight and hearing of an adult.**

Engagement with early years providers to date suggests that for many settings, adequate supervision while eating is already understood to mean that children are within sight of a member of staff. The DfE believe that an explicit requirement in the EYFS will reinforce this practice without an overall impact on staff numbers.

Consultation Questions for discussion and Feedback

<https://consult.education.gov.uk/childcare-futures-unit/childcare-regulatory-changes/>

Q	DfE consultation question	Lambeth Response
10	<p>Do you agree or disagree with the proposed change to the current statutory minimum staff:child ratios in England for 2-year-olds from 1:4 to 1:5?</p> <p>Please explain your rationale for these views.</p>	<p>In principle Yes, as this allows flexibility with providers depending on the need of the cohort especially in relation to SEND children. The guidance will need to be explicit into scenarios where this should be allowed so that it is clear to providers of when the 1:5 ratios is allowed, and should not be at providers discretion.</p> <p>This will not affect costs to parents nor fee charges and DfE should not be published information to be as such</p>
11	<p>Do you agree or disagree with Proposal B to change the EYFS wording on childminders' ratio flexibility for siblings?</p> <p>Please explain your rationale for these views.?</p>	<p>In Principle Yes to flexibility but due to following points:</p> <ol style="list-style-type: none"> 1- Risk may be increased by having too many under 5's to one childminder as a lot of families may have lots of siblings under 5. 2- Wording needs to be more clear 3- May also reduce interaction where you have multiple children from 1 family. 4- Childminder with new baby may be exhausted if they also have a baby. 5- May reduce quality of interactions
12	<p>Do you agree or disagree with Proposal C to change the EYFS wording on ratio flexibility for childminders' own children? Please explain your rationale for these views.</p>	<p>In principle, Yes but Wording is unclear and requires further clarification for this provision to be implemented. If you have a child/twins ratios could go up to 6. If your child is at another setting as they are still counted in your ratios this increases your numbers. It may affect quality overall if there are too many U5.s to one childminder.</p>
13	<p>What are your views on having the following flexibility for 3-4 year olds in your provision?</p>	<p>In principle Yes, as this allows flexibility with providers depending on the need of the cohort especially in relation to SEND children.</p>

Consultation Questions for discussion and Feedback

Q	DfE consultation question	Lambeth Response
	<p>Where children aged 3-4 are attending a setting for less than 4 hours per day, the ratio of 1:8 can be increased to 1:10 (as in Scotland),</p> <p>although where staff are qualified to Level 6, the ratio of 1:13 would continue to apply.</p>	<p>The guidance will need to be explicit in scenarios where this should be allowed so that it is clear to providers when the 1:8/ 1:10 ratios is allowed. This should not be at providers discretion.</p> <p>Also there needs to be clear guidance on what is the definition of a session is?</p> <p>How can you split cohorts that are sessional and then full time and able to adjust staffing ratios accordingly?</p> <p>The wording is very unclear and needs clarification with examples for settings.</p>
14	<p>What further flexibilities would you consider adopting to deliver your provision?</p> <p>Multiple choice (select all that apply)</p> <p>I. Create greater flexibilities within the ratios for group-based provision, for example when looking after mixed age groups.</p> <p>II. Revise the existing qualification requirements needed to be included within the ratio. Examples could include (and are not limited to):</p> <p>a) Allowing staff working towards a qualification to be included within the ratio at the qualification level they are working towards (e.g., a member of staff working towards a Level 3 qualification can be included in ratio as a Level 3, not a Level 2).</p> <p>b) Revising the number of Level 2 and/or Level 3 staff required per ratio under the current rules.</p> <p>III. Other, - please include any other options that you would like us to</p>	<p>Recognition of staff progression studying from Level 2-3 as Level 3, but with a time limit of possible 3-4 years when the qualification should be completed.</p> <p>More support/training for unqualified but experienced staff to be able to get Level 2&3.</p> <p>Barriers for attainment of GCSE maths and English. This is affecting experienced staff (adult learners) who are having difficulty to achieve these required qualifications. It should not be left to settings to determine standards but instead to encourage unqualified to become qualified.</p>

Consultation Questions for discussion and Feedback

Q	DfE consultation question	Lambeth Response
	consider, or provide further thoughts on these proposed flexibilities	
15	Do you agree with the proposal to make paragraph 3.29 of the EYFS explicit that adequate supervision whilst eating means that children must be within sight and hearing of a member of staff?	Yes in principle but clarification is needed with wording. what does that “adequate supervision” mean? Sight and hearing is good but if 1 staff needs to quickly get a plate or take child to loo is this recognised in the ‘adequate’ as staff will temporarily be out of ratio?
16	Please explain briefly your views about this, including if you foresee any unintended consequences for early years providers as a result of this change.	<ol style="list-style-type: none"> 1- Increasing ratios will not reduce the costs to the parents for EY education. 2- Close monitoring on quality where ratios have increased needs to be implemented to ensure no safeguarding concerns arise as a result. 3- Mental health of staff in the EY sector may be affected with increased ratios within the EY settings.
17	What are your concerns (if any) about how the proposals may affect you or individuals in your organisation with protected characteristics?	<p>The Ratio increase could disproportionately impact SEND and SALT children who require additional support and this needs to be recognised.</p> <p>Higher ratios could reduce individual meaningful interactions with adults and trips / experiences outside of the boundaries of nursery setting for first hand learning experiences.</p>
18	How would you mitigate against these concerns in your organisation?	It will be reviewed via the Early Years quality teams.

Agenda Item 8

Title: High Needs Block 2022/23 update

Date: 6th October 2022

Report to: Schools Forum

Report for: Information x Decision x Consultation Action

Authors: David Tully, Dominique Johnston-Franklin, Yoke Ying Kong, Adam Yarnold

1. Purpose of this report.

- 1.1 This report provides some service context and explains the overall High Needs Block forecast for 2022/23 and beyond.

2. Key Service Issues and Pressures

- 2.1 The SEND Strategy Vision 2021/24 says:

We believe that all children and young people with a special education need and/or disability and all those who are vulnerable learners due to their life circumstance, have the right to a fulfilling adulthood. A life with equality of access to opportunities that improves life chances and empowers them to be the best they can be.

- 2.2 Number of EHCPs by age group – 2022. Following the England trend, the number of Lambeth residents with an EHCP rose from 2,741 in 2021 to 2,940 in 2022, equivalent to 3.31% of 0-24 year olds in Lambeth. This was well above England and statistical neighbour averages, placing Lambeth in the top quartile of England local authorities.
- 2.3 Increasing numbers of EHCPs - The biggest impact for Lambeth being the 75% increase in statutory assessments leading to Education, Health and Care Plans since 2014.
- a) In 2021, new EHCPs were issued to one in every 300 (0.33%) 0-24 year olds, a fall from the 0.40% who were issued a new EHCP in 2020. This fall took Lambeth below England and statistical neighbour averages. This likely due to school lock downs and the impact of Covid.
- b) Implementation (2021) In 2021, there were 549 requests for an EHCP assessment, equivalent to 0.62% of the 0-24 year old population in Lambeth. Following the England trend, this was an increase from 0.45% in 2020 and was above England and statistical neighbour averages.
- c) Of the initial requests for an assessment, around a third (32.2%) were refused. This was the second highest refusal rate among statistical neighbours and well above the England average of 22.3%.
- d) Excluding exceptional cases, around four in five (80.6%) EHCPs were issued within the 20 week timeline. This was also the second highest among statistical neighbours and well above the England average of 59.9%. Provision for EHCP pupils (2022).

- e) Lambeth had relatively high proportions of EHCP pupils in state funded mainstream schools, both in and not in resourced provision or SEN units. In both cases, Lambeth ranked in the top quartile of England local authorities.
- f) The percentage of EHCP pupils at a state funded special school fell to 23% in 2022, below both England and statistical neighbour averages and placing Lambeth in the bottom quartile of England local authorities.
- g) The proportion of the EHCP cohort attending a post-16 institution has been growing year-on-year since 2020, reaching a high of 18.8% in 2022. This was the second highest among statistical neighbours and placed Lambeth in the top quartile of all England local authorities.

2.4 Factors driving EHCP demand include:

- o Increase in accuracy of diagnosis and earlier identification of SEND.
- o Advances in paediatric care for babies and children with complex conditions.
- o Introduction of the extended age range in the Children and Families Act 2014. 0/25
- o The financial pressures faced by schools may be leading them to apply for EHCPs more readily than previously.
- o Reduction in early intervention services (in local authorities, schools, and CAMHS) due to funding pressures.
- o Increase in the number of young people presenting with Autism Spectrum Disorders (ASD) and Social Emotional Mental Health (SEMH) needs in particular.

3. High Needs budget 2022/23

- 3.1 Council agreed in March 2022 that the High Needs budget could balance in-year for 2022/23 and that the £3.2m deficit brought forward would be reduced in the medium term. **Table 1** below indicates that the latest forecast position is pointing to a forecast deficit of £0.795m (ie an improvement on the £3.196m brought forward deficit by £2.334m). Moreover, this is an improvement of £0.747m on the overall forecast reported at June Schools Forum.

Table 1. High Needs DSG budget 2022/23 and latest forecast (P06) compared to P02

Component	Latest Budget 2022-23	Forecast net spend (P06) 2022-23	Forecast Variance at Period 6	Previous Forecast Variance at June 2022 SF (P02)	Forecast Movement since June 2022 SF
	£'000	£'000	£'000	£'000	£'000
1. Places only	11,635	11,310	(326)	89	(414)
2. SEND Top-Ups	44,613	42,605	(2,008)	(1,675)	(333)
3. AP Top-Ups	1,392	1,392	0	0	0
4. Other High Needs provision	2,055	2,055	0	0	0
Total Commitment (gross)	59,696	57,362	(2,334)	(1,586)	(747)
Balance brought forward	(3,196)	(3,196)	0	0	0
Funding transferred from Schools Block	1,111	1,111	0	0	0
High Needs DSG Funding (gross)	58,652	58,652	0	0	0
Total funding	56,567	56,567	0	0	0
Net position	3,128	795	(2,334)	(1,586)	(747)

3.2 **Appendix 1** sets out the details supporting this forecast.

3.3 **Funding.** The overall High Needs Block has increased by £0.356m. The original DSG allocations were based on Lambeth having 179 more pupils in other LA institutions (ie exports) than there were other LA pupils in Lambeth institutions (i.e. imports). The final figures indicate a reduction in net exports to 124. An improvement of 55 pupils at £6k led to an increase of £0.330m more High Needs DSG due to imports and exports. There was an increase in additional Free School funding of £0.026m. As noted in previous Schools Forum this has further supported Lambeth getting back to a balanced High Needs Block DSG.

3.4 **Places (-£0.326m).** The combined impact of the surplus of £0.330m for import/export adjustment and £0.026m for special free schools, plus the need to agree in-borough places to accommodate the rising number of EHCPs. There is also a provision included for 12 places at 10k places from September 2022 which if they don't materialise could improve the position in future months.

3.5 **SEND Top-ups (-£2.008m).** When the budget was set, the LA anticipated 30 additional EHCPs a month for the full year and 175 leavers in the summer term. There has been a significant reduction against this budget due to the actual pupil numbers between April to June 2022 not materializing. This could be flattening in EHCP growth since Covid but there is also a backlog of panel decisions which could increase this spend in future months. Additionally, there is £0.6m underspend in Home Tuition based on agreed provision allocation not currently being utilised.

- 3.6 **Alternative Provision Top-Ups (£Nil).** Whilst Alternative Provision Top-ups is currently forecast to be on budget, in previous years there has been an underspend which could still materialise as the year progresses.
- 3.7 **Other High Needs Provision (£Nil).** Other High Needs Provision is currently forecast to be on budget but it needs to have a more detailed review as previous years specialist equipment service have created budget pressures. Also, many of the posts that were created as part of the repurposing of the Inclusion Fund this year may only have a part-year impact as not all the posts will have been filled by 1st April 2022 .

4. High Needs Block 2023/24 and beyond

- 4.1 The medium/term plan for the DSG was to incur a short/term deficit to recognise the underlying pressures in schools and high needs settings, but to pursue initiatives to get the budget back to balance.
- 4.2 The July 2022 DfE schools funding announcement confirmed that the Lambeth High Needs DSG for 2023/24 will again see a stepped increase of 6.1%, albeit smaller than those received in recent years. The indicative DSG for 2023/24 is £61.9m, £3.3m more than the current 2023/23 HN DSG of £58.6m.
- 4.3 When Michael Tippett becomes an academy, the deficit of the maintained school will revert to the LA at that point. The original plan was to pay the school DSG High Needs funding £1.062m as a school in financial difficulties and the cost of that would be affordable because the £0.5m annual cost of the MFG would offset it. This needs to be revisited in 2023/24, so the Council's General Fund budget (ie not the DSG) stands to bear the cost of the deficit at the school. Should the ESFA agree to the reduction to the MFG in 2023/24, the LA would want to revisit the use of High Needs DSG to meet all or part of the historic deficit at Michael Tippett maintained school.
- 4.4 **Table 2** sets out how the budget was expected to be balanced in 2022/23 originally and how that situation has changed, given the further overspend in the high needs budget being reported.

Table 2: Initial high level outline prospects for High Needs Budget in 2023/24

Component	Updated and unmitigated outline budget plans 2023/24 £m	Comment
Net Spending	£57.4m	As per Table 1 above
Provision for cost pressures	£2.3m	Working assumption of 4% of overall HN spend.
Provision for new cases	£3.5m	Annual net increase of 185 EHCPs at £15k each. Based on 30 new cases per month from Aug 2022 until March 2023 (600 gross, 462.5 fte impact in 2023/24, less part/year impact of the 240 gross cases (110 fte) in 2022/23 fy already included in forecast, less 175 leavers in summer 2023 (116.7 fte). Overall = 235.8 net fte increase at £15k = £3.5m.
Total estimated commitment (gross)	£63.2m	
Deficit b/f from 2022/23	(£0.8m)	Forecast position from Table 1 above
Transfer from Schools Block	£1.1m	There is an option to transfer from Schools Block again, but no guarantee that this will be agreed.
High Needs DSG Funding (gross)	£61.9m	
Total funding	£62.2m	
Net position	£1.0m	On these assumptions the position worsens again to a £1.0m deficit.

4.5 **Table 2** indicates that, with the stated assumptions about High Needs DSG funding in 2023/24 and the impact of future new cases and with an assumption of 4% cost pressures, the HNB deficit would worsen to £1.0m in 2023/24.

4.6 Clearly, it is early in the cycle and further information is to emerge that could materially impact on that initial assessment, including:

- **2022/23 spending.** This is the current forecast net spend, but that may fluctuate during the year as there remain risks in this traditionally volatile budget.
- **Rate of new cases.** While 30 new cases per month and 175 leavers have been the prevailing rate in the past, it may not be the prevailing rate in the future. Already this financial year, there has been a slowing down of new cases, but it is too soon to know if this is due to a backlog, a blip or it is the start of a permanent easing of the rate. Clearly, lower numbers of new cases will reduce the forecast commitment.
- **Cost pressures.** These are subject to the rates of funding for high needs top-ups that are agreed for 2023/24, which will be a matter for Schools Forum to recommend to Cabinet and Council. It will also be driven by the extent to which

existing cases are assigned to different banding rates following annual reviews. A judgement on this will need to be made later in the cycle, based on a fuller analysis.

- **Deficit brought forward.** If the position in 2022/23 is as currently forecast, the deficit will reduce to £0.8m, but any shift in the outturn position will affect the brought forward balance.
- **Transfer from Schools Block.** If the option of transferring 0.5% (£1.1m) from Schools Block to High Needs Block is foregone, the forecast deficit on the HNB would be £2.1m, rather than £1.0m.
- **High Needs DSG.** The size of the increase to the Schools Block is small (0.6% per pupil) in the context of the inflationary pressures facing schools. If the ESFA replicate their inclusion in 2022/23 of a School Supplementary Grant in 2023/24, this could also benefit the High Needs Block.

4.7 Among the areas that will continue to be explored are:

- **Demand Management.** Why do we have rising numbers of EHCPs across the age ranges? What can be done to meet statutory responsibilities and the needs of young people, while slowing down the demand? Is the LA ceasing EHCPs appropriately when circumstances indicate that this is necessary?
- **Tight controls.** Are the processes for agreeing EHCPs or agreeing the resources associated with them sufficiently robust?
- **Cost effective provision.** Are there any initiatives or services or practices where money could be better spent to meet the needs of young people? Are there any specialist settings with consistently empty places that ought to be removed? The LA will continue to ensure that all Lambeth schools, maintained, academies or free schools are funded on the Lambeth standard high needs top-up rates.
- **Capital Investment.** Are there any initiatives or expansions that might require some capital investment before they can happen? What might they be?
- **Seeking out best practice.** Are there practices that colleagues have been effective elsewhere that Lambeth could adopt or adapt for local circumstances?
- **Early Intervention.** Some benefits (both financially and for the outcomes for individual young people) may require some spending now to save in the future. What sort of initiatives that are not being done now might be beneficial locally?
- **Top-up rates.** At what rate should the LA set top-up rates for 2023/24 in the context of the available funding and the pressures facing schools?
- **Partner funding.** Is there more that partners (mainly social care and health) should be doing to share the costs of supporting EHCPs? Or are the current arrangements sufficient?

4.8 Getting the balance right between getting back to a balanced budget in a reasonable period and funding schools appropriately needs to be struck. The development of this in the High Needs Block will be considered in the next couple of meetings of the

Schools Forum, ahead of firming up recommendations to Cabinet and Council for 2023/24.

5. Risks

- 5.1 The High Needs budget is volatile, so it is never entirely risk free to commit additional funding.
- 5.2 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.
- 5.3 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.
- 5.4 The higher the overspend on the High Needs DSG in 2022/23, the more it will consume the expected increase in the 2023/24 High Needs DSG.
- 5.5 In the context of falling rolls, it ought not to be the case that numbers of EHCPs continue to rise. Much of the rise in recent years has been due to the expansion of the age range to 25 for those high needs students that the LA had responsibility for. There ought to come a point when numbers plateau and begin to reflect a stable proportion of the overall pupil / student population. There are no guarantees of that, though.

6. Recommendations

- 6.1 Schools Forum is invited to:
 - a) note the High Needs Budget position for 2022/23 and 2023/24
 - b) agree that the high needs funding sub-group should assist the LA in developing the high needs plan for 2023/24 and beyond.

Summary High Needs Budget position P06 2022/23

Component	Budget 2022/23 £'000	Forecast spend P06 2022/23 (£'000)	Variance against budget £'000	Prior month forecast 2022/23 (P05) £'000	Movement since P05 £'000	Comment
1. Places only	£11,635	£11,310	(£326)	£11,368	-£59	Forecast budget requirement for 2022/23 based on all known agreed places, including agreements for FE / free schools outside recoupment. There is provision included for 12 further £10k places from September 2022 and also ESFA provision of £356k input/output (after applying some recent increases) that have been published recently.
2. SEN Top-Ups	£44,613	£42,605	(£2,008)	£43,104	-£499	Reflects updated pupils on roll in Lambeth settings, with 4% uplift on rates for specialist provision and 1% uplift for non-specialist provision. New cases from July 2022 to March 2023 have been forecast at a rate of 30 new ones each month, with 175 leavers in summer 2022, all at an annual average top-up rate of £14.5k. It further includes provision of 1% possible inflation for cost drift across all settings. The significant reduction against budget is accounted for by two main things: a) Home Tuition has been over-forecast, based on agreed provision, but only around half of the entitlement is typically used (-£0.5m); and b) Forecast numbers of 30 new cases a month has not been the position between April 2022 and June 2022. This may be a flattening of the growth after backlogs arising during COVID, or the profile may be greater at other times of the year or something else.
3. AP Top-Ups	£1,392	£1,392	£	£1,392	£0	
4. Other High Needs provision	£2,055	£2,055	£	£2,055	£0	There is an expectation that some of the posts created from the repurposed Inclusion Fund may only incur a part-year impact.
Total Commitment (gross)	£59,695	£57,362	(£2,334)	£57,919	(£558)	Gross budget in 2022/23 includes an under-commitment of -£68k.
Brought forward	(£3,196)	(£3,196)		(£3,196)		B/f HNB DSG Deficit
Funding transferred from Schools Block	£1,111	£1,111		£1,111	£0	Agreed by Schools Forum 9th December 2021
High Needs DSG Funding (gross)	£58,652	£58,652		£58,296	£356	2022/23 budgets updated to reflect July 2022 ESFA notification, including £2.180m High Needs DSG supplement
Total funding	£56,567	£56,567		£56,211	£356	
Net position	£3,128	£795	(£2,334)	£1,708	(£914)	

1. Core Place Funding 2022/23

Appendix 1.2

2022/23	Prior month forecast	Spend to date			Current month forecast spend			Variance	Movement	
	2022/23 (P05)	Budget	on financial	Backdated	No of place	No of places	Rate	2022/23 (P06)	against	since P05
£'000	2022/23 £'000	system £'000	(£'000)	April 2022	Sept 2022	(£)	(£'000)	£'000	£'000	
Special Schools (Pre-16)	£6,699	£6,647			653	682	£10,000	£6,699	£53	£0
Special Schools (Post-16)	£40	£0			0	6	£10,000	£40	£40	£0
Academy Places outside recoupment	£21	£21			5	0	£10,000	£21	£0	£0
Resource Bases (Pre-16 filled)	£1,415	£1,421		£12	235	233	£6,000	£1,415	£-6	£0
Resource Bases (Pre-16 unfilled)	£465	£390			36	59	£10,000	£494	£104	£29
Resource Bases (Post-16)	£0	£0			0	0	£6,000	£0	£0	£0
FE Places	£1,252	£1,252			176	225	£6,000	£1,252	£0	£0
FE Places outside recoupment	£246	£216		£0	59	10	£6,000	£158	£-58	£-88
Pupil Referral Units	£963	£963			105	90	£10,000	£963	£0	£0
Hospital Funding	£198	£196			10	10	£19,825	£198	£2	£0
Provision for new £10k cases	£70	£531			0	12	£10,000	£70	£-461	£0
Provision for new £6k cases	£0	£0			0	0	£6,000	£0	£0	£0
Total allocations	£11,368	£11,635	£0	£12	1,279	1,327		£11,310	£-326	£-59

2. Top-ups SEND 2022/23

Component	Prior month forecast 2022/23 (P05)		Budget 2022/23 £'000	Spend to date on financial system £'000	Current number of pupils (fte)	Average cost £	Direct activity forecast cost £'000	Backdated amounts £'000	Provision for indexation £'000	Allocation of forecast future numbers £'000	Current month forecast spend 2022/23 (P06) (£'000)	Variance against budget £'000	Movement since P05 £'000
	£'000	%											
Special Schools	£11,187	1%	£12,416	£3,326	538.65	£21,077	£11,353	-£138	£167	£75	£11,457	-£959	£270
Special Schools (TPG £785 per place)	£522		£523		675.50	£785	£530	£12	£0	£0	£542	£19	£20
Resource Bases	£2,670	1%	£2,603	£868	222.30	£11,679	£2,596	£31	£48	£16	£2,691	£88	£21
Mainstream Schools	£11,336	1%	£10,802	£3,731	991.67	£10,376	£10,290	£70	£162	£65	£10,587	-£215	-£749
Out of Borough Special	£3,773	4%	£3,778	£652	160.00	£21,811	£3,490	£0	£204	£23	£3,717	-£61	-£56
Out of Borough Mainstream	£2,262	2%	£2,061	£309	209.00	£9,520	£1,990	£0	£65	£12	£2,067	£6	-£195
Further Education SEND	£4,841	2%	£4,960	£89	352.00	£12,790	£4,502	£0	£132	£30	£4,664	-£296	-£177
Pupil Referral Units (SEMH)	£316	1%	£471	£131	17.98	£18,394	£331	-£26	£5	£3	£313	-£158	-£3
Independent and non-maintained schools	£4,837	4%	£5,168	£1,610	174.44	£28,772	£5,019	£0	£201	£31	£5,251	£83	£414
Home Tuition	£924	2%	£1,463	£94	40.21	£21,443	£862	£0	£17	£9	£888	-£575	-£36
Personal Budgets	£168	2%	£196	£173	22.17	£13,445	£298	£0	£6	£1	£305	£109	£137
Other AP (SEND)	£16	2%	£20	£0	1.00	£250	£0	£0	£0	£0	£0	-£20	-£16
Therapy	£252	2%	£152	-£18	29.17	£4,081	£119	£0	£2	£1	£122	-£30	-£130
Provision for new cases	£0				18.33	£14,550	£267			-£267	£0	£0	£0
Provision for indexation?	£0						£1,009.00		-£1,009	0	£0	£0	£0
Total allocations	£43,104		£44,613	£10,965	£3,452	£188,973	£42,656	-£51	£0	£0	£42,605	-£2,008	-£499

3. Top-up Alternative Provision 2022/23

Component	Prior month forecast 2022/23 (P05)		Budget 2022/23 £'000	Spend to date on financial system £'000	Current number of pupils (fte)	Average cost £	Direct activity forecast cost £'000	Backdated amounts £'000	Allocation of forecast future numbers / costs £'000	Current month forecast spend 2022/23 (P06) (£'000)	Variance against budget £'000	Movement since P05 £'000
	£'000	%										
Pupil Referral Units	£684		£644		£60	£11,400	£684			£684	£40	£0
Pupil Referral Units (TPG £785 per place)	£76		£76		£96	£785	£76			£76	£0	£0
Other Alternative Education	£632		£672				£632			£632	-£40	£0
Total allocations	£1,392		£1,392		£156	£12,185	£1,392	£0	£0	£1,392	£0	£0
ALL TOP-Ups	£44,496		£46,005		£3,609	£201,158	£44,048	-£51	£0	£1,509	-£2,008	-£499

4. Other High Needs functions and activities 2022/23

Appendix 1.4

2022/23	Prior month forecast 2022/23 (P05) £'000	Budget 2022/23 £'000	Spend to date on financial system £'000	Current month forecast spend 2022/23 (P06) (£'000)	Variance against budget £'000	Movement since P05 £'000	Comment
Disproportionate SEN (mainstream)	£100	£100		£100	£0		Allocations made for those with more than 4% EHCPs in Oct 2021.
HN Fund for mainstream pupils below EHCP threshold	£0	£0		£0	£0		This fund has been repurposed for 2022/23, as set out in Jan 2022 SF paper. The £510k allocation in the original 2022/23 budget is spread as follows: Alternative Provision +£142k Early Years Team +£250k ASD Outreach Team +£118k
Hearing / Visual Impairment Outreach	£768	£768		£768	£0		Based on Jan 22 forecast
Autistic Spectrum Disorders Outreach	£324	£324		£324	£0		2022/23 budget as agreed, plus repurposed Inclusion Fund: (2 ASD workers and 0.5 Post 16 outreach worker) +£118k
Early Years SEN Team	£346	£346		£346	£0		2022/23 budget as agreed, plus repurposed Inclusion Fund: (3 Areas SENCOs and 2 home support workers) +£250k
SEN Specialist Equipment	£131	£131		£131	£0		Currently based on quarterly spend of £33k, but the tighter processes may see this reduce as the year progresses.
CENMAC Service	£386	£386		£386	£0		Currently based on quarterly spend of £96k, but the tighter processes may see this reduce as the year progresses.
Total allocations	£2,055	£2,055	£0	£2,055	£0		