

Item 9

Recommendations of the Schools Block Working Group

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Brief Summary

On 1 October 2024, the Schools Block Working Group considered several reports, including:

- **SEND Programme Update**
- **Schools Block Funding Arrangements**
- **Service De-delegations 2025/26**
- **Schools Private Finance Initiative Funding 2025/26**
- **De-delegation 2025/26 Proposals**
- **National Non-Domestic Rates**
- **Schools in financial Difficulty Bids**
- **Redistribution of the Welfare Officer Service Secondary Funding**
- **Scheme for Financing Schools in Lancashire**

A summary of the information presented, and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) Note the report from the Schools Block Working Group held on 1 October 2024.
- b) Ratify the Working Group's recommendations.

Detail

On 1 October, the Schools Block Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

9.1 SEND Programme

Aby Hardy, Head of School Improvement, provided a verbal update on the SEND Programme to the working group. Since the last update the service is continuously reviewing the place planning process and looking at ways to increase specialist



provision across the county. Improvements have also been made to the SEND helpline to streamline calls and prioritise calls from schools. A staffing update was also provided, the service has recently recruited a number of agency and permanent members of staff.

Communication on the programme developments will be shared with schools shortly in the Inclusion Sway. Schools can access this via the Education Bulletin.

The Working Group:

- a) Noted the update.

9.2 Schools Block Funding Arrangements 2025/26

The working group noted that across government, budgets for 2025-26 are yet to be finalised due to the change in government, this includes the 2025-26 Schools' Budget. Therefore, the ESFA has not been able to publish the schools and high needs operational guides in July as per normal practice.

The ESFA have stated that the annual funding cycle will differ from previous years. New timelines will be confirmed following decisions on the core schools budget settlement for 2025-26.

Schools Forum will be updated once the schools and high needs operational guidance is published by the ESFA.

Members were also made aware that this delay may impact the Authorities timescales.

Schools Budget 2024/25

Members also considered the use of reserves to set the Schools Block budget for 2024/25 and reviewed a possible proposal to mitigate the deficit in future years.

Below is a reminder of the high-level blocks of funding which we passport to schools. It should be noted that on the £1.3b, 99.6% is deployed to schools or commissioned educational services with only 0.4% agreed by way of de-delegation.

Final Dedicated Schools Grant (DSG) Expenditure Budget 2024/25

Forecast Dedicated Schools Grant Expenditure	£m's
Schools Block	979.184
High Needs Block	202.146
Early Years Block	143.989
Central Schools Services Block	8.829
Total deduction for national school's non-domestic rates	-1.275
Total deductions for direct high needs payments made by the Education & Skills Funding Agency	-9.734
Total forecast Dedicated Schools Grant Expenditure	1,323.139



The budget was approved by cabinet on the 18th of January meeting and ratification from the DFE was received in February 2024 with a balanced Dedicated Schools Grant funding position in 2024/25, subject to the planned use of £1.154m of DSG reserves to mitigate transitional pressures in the Schools Block budget, this is in addition to the £1.8m shortfall in 2023/24 of which DSG reserves was also used to set the 2023/24 budget.

Modelling has been carried out to balance our schools block in 2025/26 without the use of DSG reserves. This will mean we will be unable to passthrough the full increase in funding within the basic entitlement element within the National Funding Formula. An overview of the modelling based upon the 2024/25 schools block funding is provided below.

In 2024/25, the ESFA increased the following NFF factor values by 1.4%; basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity, and the lump sum, all of which was passed onto schools in full.

Modelling showed that if an increase of 1.2% was applied to the basic entitlement in 2024/25, the 0.2% would equate to a saving of £1,057,252 which would've largely offset the Schools Block deficit.

The 0.2% of funding across all schools equated to an average of £1,875. For primary schools the average impact is £1,020 and for secondary's is £6,873. In addition, the modelling shows that the impact for 28 primary schools would be £500 or less.

The schools block operational guidance states local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF. Overall, the passthrough rate of funding will be 99.81%, which is 0.2% of one factor value and within the NFF regulations.

Once the 2025/26 Schools Block operation guidance is released, this will be modelled on the factor values and then presented at the next working group. It is anticipated to be finalised for the next Schools Block working group on 3 December 2024.

If there is any headroom remaining, we will consult with schools to transfer this across from Schools Block to the High Needs Block. A HNB presentation will be presented at the Schools Forum on 16 October which will highlight the main pressures and the forecast for future years.

It was confirmed at the working group that changes to the pass-through rate of factor values would impact all maintained mainstream schools and academies.

The Working Group:

- a) Noted the update on the Schools Block Budget 2025/26
- b) Noted the Schools Block 2025/26 proposal based on the 2024/25 factor values and the modelling presented.



9.3 Service De-delegations 2025/26

At this point, it is anticipated that the school funding framework will continue to allow service de-delegations in 2025/26. Funding for de-delegated services must be allocated through the schools block formula but can be de-delegated for maintained mainstream primary and secondary schools.

De-delegations must be approved on an annual basis by the Forum and be subject to consultation with maintained primary and secondary schools.

In previous years, the de-delegation consultation would be issued to schools in September to allow Schools Forum to consider the responses and formally vote during the October Schools Forum meeting. Due to the ESFA delaying the summer term schools block and high needs block operational guidance, the consultation is therefore postponed. Once the ESFA have published the guidance, the consultation will be issued to schools and updates will be provided to Schools Forum.

In 2024/25, the Forum formally approved 4 service de-delegations, relating to:

- Staff costs – Public Duties/Suspensions
- Heritage Learning Service – (Primary Schools Only)
- Schools Requiring Additional Support
- Inclusion Hubs (Primary Schools Only)
- Children's Champions

Relevant de-delegations were also offered to nursery schools, special schools and PRUs as pooled services buy-backs.

1. Staff costs – Public Duties/Suspensions

Members will be aware that in recent years the 'Staff costs – Public Duties/Suspensions' de-delegation proposals included various options around the treatment of trade union duties, including:

- a) Continue the 'Staff Costs - Public Duties/Suspensions' de-delegation using the existing policy
- b) Continue the 'Staff Costs - Public Duties/Suspensions' de-delegation but with a reduced Trade Union Facilities Time contribution to reflect a smaller workforce
- c) Continue the 'Staff Costs - Public Duties/Suspensions' de-delegation but without any Trade Union Facilities Time contribution
- d) Completely discontinue the 'Staff Costs - Public Duties/Suspensions' de-delegation

In considering this de-delegation each year, the Forum has also asked for information arising from an annual review of the trade union facilities time agreement and the latest report, which has been produced by Schools HR colleagues.

The de-delegation rate for 2025/26 will increase by 8% to reflect the teachers' pay award over the past two financial years.

Primary	£5.77
Secondary	£6.62



2. Heritage Learning Team - Primary Schools Only

The Schools Forum have historically supported the work the Heritage Learning Team undertakes for primary schools to help meet the national curriculum and to support wider cultural learning and learning outside the classroom.

It is again proposed to consult on the continued de-delegation of this service for 2025/26, at the same level as currently de-delegated of £1.97 per pupil, in the primary sector only.

3. Schools Requiring Additional Support

The de-delegation arrangement is aimed to support schools in financial difficulty where additional support is deemed necessary for staffing reorganisations (HR), Intervention support (MIT) and finance support (SFS) based on a set of long-established principles. It aims to encourage schools to operate on a self-managing, self-sustaining strategy with schools in the worst situation receiving the greatest support, but still contributing, with those schools which take early preventative action also entitled to support based on a RAG rating system.

The proposed de-delegation rate for 2025/26 will reduce to reflect the reserves held.

Primary	£2.00
Secondary	£3.00

4. Inclusion Hubs – Primary Schools Only

The LA is also proposing to continue with de-delegation proposals for Primary Inclusion Hubs for 2025/26. De-delegation of funding to support Inclusion Hubs was first agreed by the High Needs Block Working Group in October 2019.

The purpose of these Inclusion Hubs was to promote inclusion and reduce exclusions in mainstream primary schools through the creation of:

- Local training and collaboration networks
- Local systems for advice and support
- Networks to support inter-district collaboration

Schools within each district develop a local response to the particular challenges encountered within their geographical area. It is also the case that different approaches have been adopted to reflect the resources available within a particular district and which included for example support from neighbouring pupil referral units/short stay schools, special schools and other service providers.

A Cross-District Inclusion Hub Leads and professional's hybrid meeting is scheduled to take place on 13th November at 1pm and forum members are invited to attend.

The proposed de-delegation rate in 2025/26 is increased to £11.50 per pupil due to the rate remaining static since 2020/2021.

5. Children's Champions

The children's champions enable schools to gather young people's voice when they were struggling to access mainstream education. This could be if they were at risk of permanent exclusion, breakdown of a relationship with school leading to non-



attendance, working with families where they are considering home education but this may not be in the best interests of the child and assisting in reintegrating some of our children missing education cohort who are often new to country/area and therefore may need extra support on transition into school. Their work has been in all sectors primary, secondary, PRU and special. 50% of their referrals for support come from schools and 50% from wider agencies flagging up the need for support.

This de-delegation supports 4 additional children's champions to maintained schools only and posts to provide administrative support for these posts and the inclusion hubs.

- 4 Grade 9 Children's champions brokering support and supporting children across Lancashire for maintained schools
- 1 Grade 5 administrative post to manage the administrative work and reporting of the inclusion hub and Children's champions work

The de-delegation rate in 2025/26 will increase by 5% to reflect the teachers pay award over the past two financial years.

Primary	£1.58
Secondary	£2.63

The working group considered the 2025/26 proposals and discussed key issues. Members reiterated some concerns about inconsistency in the inclusion hubs across the district and the need for the sharing of best practice and the development of key performance indicators to be available to measure the outcomes of hubs across different districts. Mike Mitchell, Inclusion Hub headteacher lead attended the meeting to provide feedback from the inclusion hubs. Officers confirmed the de-delegation funded business support officer is now in place to support the functions of the Inclusions hubs and the data collection going forward. It is anticipated that this will improve the data quality and reporting. Members were encouraged to outline the schools forum data requirements for future reports.

The Working Group:

- a) Noted the report.
- b) Thanked Mike Mitchell for their attendance at the meeting.
- c) Supported the proposals for 2025/26.

9.4 Private Finance Initiative Funding 2025/26

The working group considered the Private Finance Initiative funding update for 2025/26. PFI schools are state schools that are owned and managed by the private sector during a set contract. The idea was the private sector would fund the construction and upkeep of the buildings. The intention was that schools would benefit from new facilities and improve educational standards. The first PFI school opened in 1999, and more than 900 have opened since then, but the concept was scrapped in 2018.

The schools are locked into contracts that are subject to charges which can increase by the Retail Price Index annually.



PFI funding is funded through the premises factor within Schools Block. The purpose of the factor is to fund the unavoidable additional costs to a school of being in a PFI contract, not the full cost. The main purpose of the factor is to cover additional costs related to the school buildings themselves. Costs related to facilities management and energy are costs all schools face. These should therefore be covered by the funding schools receive from the other formula factors in their local authority's funding formula.

All local authorities are required to have an affordability model for their respective PFI contracts to manage the finances relating to those contracts. In accordance with the Schools Block Operation Guidance for 2024/25, all local authorities using the PFI factor are required to share their PFI affordability modelling with the ESFA. During this recent process, the ESFA confirmed that the annual funding increase within the DSG premises factor will be based on the Retail Price Index published in the guidance and will not be funded above inflation.

For 2024/25 this was funded as the 2023/24 PFI premises factor as given on the 2023/24 APT and uplifted in line with RPIX growth from April 2022 to April 2023 (10.4%).

The increase funded to schools within budget shares was 11.05%. This generated a funding gap of £33,076 in 2024/25 which was funded through the DSG reserve.

The current forecast indicates that this funding gap will increase in 2025/26. This is currently estimated at £277,381. With the DSG reserve being fully utilised in the 2024/25 financial year the DSG will no longer be able to fund this gap.

Schools affected by this will be contacted by the authority once the 2025/26 schools block operational guidance is released.

The working group discussed the impact on schools. It was noted at the meeting that this would impact schools with PFI contracts which is a small number of schools in the authority. It was confirmed that schools would therefore need to meet any additional costs above the ESFA stated RPIX rate which will be published in the 2025/26 Schools Block Operational Guidance.

The Working Group:

- a) Noted the report.

9.5 Exceptional Circumstances Factor Disapplication Request 2025/26

The ESFA have confirm the 2025/26 Schools Block Operational Guidance continues to allow for an exceptional circumstances factor to be included in the formula. The exceptional circumstances factor must relate to premises costs and is only applicable where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the local authority's area.

This factor has been utilised by Lancashire for several years and in 2024/25, supported 3 schools for a 'rents' payment where the schools needed to rent premises to deliver the curriculum. In 2025/26, the LA is also proposing to submit a



request for a Secondary school for rental expenditure to meet the demands of their expanding pupil numbers. This request is supported by the LA.

The 4 schools involved will continue to rent premises in 2025/26 and initial modelling indicates that the criteria for the value of the factor to be more than 1% of a school's budget and applicable to fewer than 5% of the schools in the area are still met.

The ESFA will confirm the disapplication deadline to submit applications for exceptional circumstances when the funding timetable is announced.

The Working Group was asked to support the disapplication to the DfE to request the continued use of an Exceptional Factor in the Lancashire formula, to provide allocations to 4 schools to cover the costs of renting premises for the schools.

At the Schools Forum on 16 October 2024 members will be asked to formally vote on supporting the submission of disapplication request to the DfE, as this will form part of the disapplication request.

The Working Group:

- a) Supported the disapplication to the DfE to request the continued use of an Exceptional Factor in the Lancashire formula, to provide allocations to 4 schools to cover the costs of renting premises for the schools.

9.6 National Non-Domestic Rates

The working group considered a report around National Non-Domestic Rates (NNDR).

NNDR Schools Block Deficit

In 2022/23 DfE announced that schools business rates will be paid nationally by the ESFA to billing authorities directly on behalf of 'all state funded schools'.

This was predominately aimed at schools block funded establishments, where school business rates appear as a factor in the funding formula. Special schools are already exempt from business rates and maintained nursery schools have been deemed outside the scope of these national arrangements by the DfE.

In 2 tier local authority areas (like Lancashire), all billing authorities need to agree to implement the NNDR changes before they are introduced and if mutual consent is not reached it will not be possible for any billing authority to adopt the revised payment process.

The ESFA have confirmed that four out of the twelve districts in Lancashire have opted in to receiving NNDR directly from the ESFA. The Local Authority is currently alerting all billing authorities of the implications on the Schools budget if Lancashire do not collectively agree to implement the NNDR changes.

Over the past two financial years, the impact of this has been an overall deficit of £597,590. Due to the pressures on schools block and DSG reserve, this deficit is not sustainable.



DfE have requested local authorities to confirm the payment process they will be implementing for April 2025, by January 2025.

A letter on behalf of Schools Forum from Daniel Ballard, Schools Forum Chair, will be distributed to the district councils Chief Finance Officers at their next meeting. This letter was shared to members of the working group.

2024/25 Rates Funding

Following the application of the new rating list in 2023, coupled with transitional arrangements, it has become apparent that there are some discrepancies between the estimated and actual figures.

The issue has been reviewed and lies mainly within two areas; the transitional relief scheme, (where a reduction is applied to support increasing Rates Bills over three years), and the application of an additional business rates supplement (which is discretionary). The combination of the two has, in some instances, resulted in bills increasing more than anticipated and moving closer to having 'full' bills applied.

This is now in the process of being resolved for future years but of course it is appreciated that for some school budgets the anticipated rates charge will not match the actual position.

For most Schools this will be a relatively small difference, however in a small number of cases Schools may notice a substantial increase in rates. In these cases, relief may be available through the schools forum and school finance officers will be able to support and advise accordingly.

The schools forum Rates Reimbursement Policy, allows schools to claim for additional rates funding if they meet the following criteria;

The rates reimbursement policy requires schools to submit a business case in year to the authority, where the actual in year costs incurred by a school is greater than budgeted and the difference is greater 1% of the Total Schools Block Budget Share for the same funding period or £5,000.

Any additional rates funding released would not be exempt from clawback as it would be a reimbursement of actual costs incurred.

This policy will apply to schools affected by the discrepancy. This schools will be notified of this and will receive additional rates funding shortly.

The working group noted the updates and offered support to make district authorities aware of the impact on schools funding this is causing.

The Working Group:

- a) Noted the report.

9.7 Schools in Financial Difficulty Bids

Information was provided about two Schools in Financial Difficulty bids relating to two Lancashire primary schools that have fallen into deficit budget positions. Budget



recovery plans have been agreed by the schools management and governors, and incorporates a number of components, which were shared with the group. On 17 September 2024, the School Improvement Group formally approved both Schools in Financial Difficulty Bids.

It was noted that the county council only submits a request to the Forum for a bid for one off support when there is confidence that any agreed funding will assist the school to return to a sustainable surplus position.

The Working Group:

- a) Noted the information provided.
- b) Recommended the allocation of £38,767 from the Schools Requiring additional Support budget for the two Lancashire primary schools.

9.8 Redistribution of Welfare Officer Service Funding

The working group considered a report on the redistribution of the Welfare Officer funding. There has been an historic agreement for eight years to fund attendance support through the central schools block. Primary schools chose to use this funding to fund the team of attendance support workers. Up until 2023 this team provided case work for primary schools. Secondary schools decided that the funding should be allocated directly to the schools via a formula linked to deprivation and pupil numbers.

As more schools have become academies, the allocated funding has become larger for each secondary school. In September 2023 Working Together to Improve Attendance guidance was published. This insists that local authorities must provide advice and support through an attendance team to all schools. This means that the funding originally assigned for primary schools for case work is funding attendance support for all schools. Therefore, due to the changes in statutory guidance, this historic agreement is no longer fair to all schools. Secondary schools receive between £8K - £30K a year to support their attendance.

A breakdown of the funding is provided below.

Year	No of Schools	Budget	No of Pupils	No of FSM	Lump sum	Per Pupil	Per FSM Eligibility	Per IMD Eligibility
2016	60	529,375	47,163	6,447	838.00	1.57	29.97	17.62
2017	59	535,675	47,153	6,538	863.00	1.59	29.91	17.75
2018	57	540,655	45,685	6,349	901.00	1.66	31.08	18.49
2019	53	546,675	41,792	6,582	980.00	1.83	30.32	20.38
2020	47	552,675	40,171	7,043	1,117.00	1.93	28.64	21.57
2021	46	558,675	39,741	8,143	1,154.00	1.97	25.04	22.36
2022	43	564,675	37,431	8,312	1,248.00	2.11	24.80	23.91
2023	41	570,675	36,043	8,585	1,322.00	2.22	24.26	24.76
2024	37	576,675	33,702	8,189	1,481.00	2.40	25.70	26.90

Schools have also been asking the council to create a service to be able to provide attendance staff to provide case work support. Other councils are able to offer this as



a traded service, this is because their attendance staff perform other functions. For example, 3 days a week will be traded work but the rest of the week they will also perform EHE/CME duties. This isn't possible with our current team as we only have 15 members of staff for 629 schools. It would cost schools around £7000 per day (potentially 3 cases/children per day) in order to fully fund an attendance support worker which is not sustainable.

Therefore, the proposal is to use the funding that was assigned to secondary schools to fund a 'case work attendance service' based on need. This means that those schools we identify as requiring case work, those in the most deprived areas, those with high numbers of persistent absence, would receive excellent quality case work for a new team. This will also be available for all schools and not just maintained schools.

For £576K, we could fund ten attendance case workers and one manager to line manage them. Each case worker could work ten families a week and serve 5 schools a week.

Initially if schools block agrees, we would meet with the secondary schools impacted to discuss this further and how we can support them with this transition. However, most of these schools who already receive this funding at the moment, are likely to be those able to access case work. The benefit of Lancashire performing case work rather than other agencies or internal school staff means there is a level of independence that can sometimes be helpful in supporting relationship breakdown between families and schools. It also means that the preparatory case work leading up to prosecution is accurate and able to be used more effectively should family go to court.

The Working Group:

- a) Noted the report.

9.9 Scheme for Financing Schools in Lancashire 2024/25 Consultation Responses

The working group reviewed the Scheme for Financing Schools consultation responses. The School Standards and Framework Act 1998 requires local authorities to publish a scheme for financing schools, which details the financial relationship with the maintained schools in the council. Any amendments to schemes must be the subject of consultation with all schools and be approved by the Schools Forum.

In March 2024, the DfE issued a 16th update to Statutory Guidance on schemes, which amended the guidance for the 2024 to 2025 financial year. In addition to some minor edits to wording, the main change highlighted by the DfE is that in the 'Borrowing by schools' section to reflect the introduction of the International Financial Reporting Standard 16 (IFRS16) and the Secretary of State providing blanket consent to certain categories of finance lease.

The main changes to the scheme incorporate the updated DfE guidance as noted above in section 3.6. In addition, the Authority has amended section 4.2 'Controls on surplus balances' in light of the recent implementation of clawback.



The Authority has also reviewed the Lancashire scheme to refine the document and reference the latest DfE guidance where necessary.

A revised draft Lancashire Scheme, incorporating the proposed DfE can be viewed [here](#).

On 10 July 2024, the county council issued a consultation with maintained schools, seeking views on the proposed scheme changes and provided an eform to facilitate responses.

29 responses were received in the consultation and an analysis is provided below:

Do you support the changes to the Lancashire scheme for financing schools that are being introduced as a result of the updated DfE scheme guidance?		
Yes	20	69%
No	1	3%
Not Sure	8	28%
Total	29	100%

As can be seen, 69% of responses supported the proposed amendments, 3% responses opposed and 28% unsure.

Comments received from schools during the consultation period:

It is the very end of term, you expect me to take in a lengthy document that I don't understand? I think it is disgraceful. I recorded teams meeting would've been more helpful so that HTs can make an informed decision.

I am new to the role of School Business Manager I am in support of the scheme amendments as I would like to believe that you have taken experience and knowledge available to ensure they will be in the best interest of schools.

I do not agree with schools being subject to clawback on budget balances. As a Headteacher of a school with a volatile pupil roll due to high levels of transience, the clawback system penalises the school for planning effectively for changes in future pupil numbers.

The Working Group:

- a) Noted the report and consultation responses from schools.
- b) Supported the proposed amendments and recommended the scheme for publication.

