

WESTMORLAND AND FURNESS SCHOOLS FORUM

15th January 2025, Microsoft Teams Meeting, 9.30am

AGENDA

PART 1: ITEMS LIKELY TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

Item	Item name	Papers	Responsible Member
1.	Membership Update - Consideration of Forum Member vacancies	Attachment 1	All
2.	Apologies for Absence	Verbal	Clerk
3.	Exclusion of Press and Public To consider whether the press and public should be excluded from the meeting during consideration of any item on the agenda.	Verbal	All
4.	Declarations of Interest	Verbal	All
5.	Minutes of Previous Meeting (6th November 2024) and Matters Arising (Action Log)	Attachment 2 Attachment 3	Chair/Clerk
6.	Schools Funding Formula 2025/26	Attachment 4	Amanda Chew
7.	Dedicated Schools Grant – Other blocks 2025/26	Attachment 5	Amanda Chew
8.	Schools Payroll Contract	Attachment 6	Susan Milburn
9.	Maintained School Balances 2023/24 and 2024/25	Attachment 7	Amanda Chew
10.	Dedicated Schools Grant – Final Outturn 2023/24	Attachment 8	Amanda Chew

Item	Item name	Papers	Responsible Member
11.	High Needs Budget Monitoring Q2 2024/25	Attachment 9	Amanda Chew
12.	De-Delegated Contingency Budget Monitoring Q2 2024/25	Attachment 10	Amanda Chew
13.	Consideration of further Working Groups	Verbal	All
14.	Dates of Future Meetings and Forward Plan	Verbal	Chair/Clerk
	<ul style="list-style-type: none"> i. The next meeting of the Schools Forum will be held on Wednesday 11th June 2025. The meeting will begin at 9.30am and will be via Microsoft Teams. ii. Provisional meeting dates for 2025/26: <ul style="list-style-type: none"> 17th Sept 2025 5th Nov 2025 14th Jan 2026 10th June 2026 		

PART 2: ITEMS LIKELY TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

Membership of Westmorland & Furness Schools Forum

Membership category - Schools and Academies	Number of positions	Members
Maintained Primary Schools	5	<ol style="list-style-type: none"> 1. David Spruce, Appleby Primary School 2. Vacancy 3. Ian Nicol, Leven Valley Primary 4. David Nattrass, Morland School, Culgaith School, Kirby Stephen School, Crosby Ravensworth School 5. Michelle Hughes, Dalston St Mary's CofE Primary School
Maintained Secondary Schools	2	<ol style="list-style-type: none"> 1. Stephen Gilby, UCC 2. Mathew Hardwick, UVHS/Emma Aubrey, Dowdales School
Academy		
- Primary	1	<ol style="list-style-type: none"> 1. Huw Davies, Ghyllside School
- Secondary	4	<ol style="list-style-type: none"> 1. Jon Hayes, Queen Katherine School 2. Simon Laheney, Furness Academy 3. Mark Harris, Kirby Kendal School 4. Nicola Carruthers, Queen Elizabeth School
- Special	1	<ol style="list-style-type: none"> 1. Vacancy
Maintained Nursery	1	<ol style="list-style-type: none"> 1. Vacancy
Special Schools	1	<ol style="list-style-type: none"> 1. Dan Hinton, Sandgate School
PRUs	1	<ol style="list-style-type: none"> 1. Lisa Balderstone, Newbridge House
Total	16	
Membership category - Non-School Members	Number of Members	Expression of Interest
CE Diocese	1	<ol style="list-style-type: none"> 1. Charlotte Tudway / Laura Watson
RC Diocese	1	<ol style="list-style-type: none"> 1. Michael Merrick
16-19 Providers	2	<ol style="list-style-type: none"> 1. Nicola Cove, Furness College 2. Kelvin Nash, Kendal College
EY/PVIs	1	<ol style="list-style-type: none"> 1. Peter Graveson, Sunny Brow Day Care
Teaching Associations	1	<ol style="list-style-type: none"> 1. Andy Brewerton, NEU
Non-Teaching Associations	1	<ol style="list-style-type: none"> 1. Vacancy
Total	7	
Total Forum Members	23	

WESTMORLAND AND FURNESS SCHOOLS FORUM

6th November 2024, Microsoft Teams Meeting, 9.30am

DRAFT MINUTES

Attendees: David Nattrass Stephen Gilby (Chair) Andy Brewerton Matthew Hardwick Ian Nicol Nicola Carruthers	Peter Graveson Jon Hayes Simon Laheney Huw Davies Emma Aubrey Dan Hinton Laura Watson Mark Harris	Officers in attendance: Isobel Booler Dawn Dyer Susan Milburn Marie Barnes Katherine Dalgliesh (Clerk)
Observers: Cllr Janet Battye		
Apologies: Nicola Cove Kelvin Nash Amanda Chew Charlotte Tudway Lisa Balderstone Michelle Hughes		

PART 1: ITEMS LIKELY TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. Membership Update - Consideration of Forum Member vacancies

Kelvin Nash was approved as a representative for Post-16.

2. Apologies for Absence

As above.

3. Exclusion of Press and Public

It was agreed that the press and public should not be excluded from the meeting during consideration of any item on the agenda.

4. Declarations of Interest

None.

5. Minutes of Previous Meeting (9th October 2024) and Matters Arising (Action Log)

The minutes were approved.

All actions on the log were addressed or updated.

6. Outcome of the School Funding 2025/26 Consultation

Susan Milburn presented a report on the outcome of the School Funding 2025/26 Consultation. She explained that in July of each year the Education & Skills Funding Agency (ESFA) usually announce details of the Dedicated Schools Grant (DSG) funding for the next financial year. However, following the general election no indicative allocations have been published with the actual allocation due to be published in December 2024. As the National Funding Formula (NFF) is still a soft formula, local authorities are obliged to consult all maintained schools and academies each year.

At its meeting on 9th October 2024 the Schools Forum agreed to consult on whether to adopt the NFF, and also to consult on the principle of how to deal with either a shortfall or a surplus in the NFF. The consultation opened on 14 October for a period of 2 weeks.

In total 15 schools responded to the consultation with all 15 (100%) agreeing with the Schools Forum recommendation that the NFF should be used to allocate funding to schools in 2025/26. A total of 10 (67%) agreed that if there was a shortfall in the Schools Block the basic per pupil factor values in the formula should be reduced. A total of 11 (73%) respondents agreed that a transfer from the Schools Block to the High Needs Block should be actioned if there is a balance remaining in the Schools Block.

The final decision on the school funding formula for 2025/26 will be made by Cabinet at its meeting on 17 December 2024.

The Schools Forum were presented with two options:

Option 1

- Recommend that the NFF is implemented in Westmorland & Furness in full in 2025/26, impacting maintained schools from April 2025 and academies from September 2025 and;
- After taking into account the growth fund budget, any residual balance up to a maximum of 0.5% to be transferred from the Schools Block into the High Needs Block and;
- Any balance remaining in the Schools block after transfer of a maximum of 0.5% to be allocated to schools through the school funding formula and;
- If the NFF is not affordable, the basic per pupil factor values in the formula will be reduced.

Option 2

- Recommend that the NFF is implemented in Westmorland & Furness in full in 2025/26, impacting maintained schools from April 2025 and academies from September 2025 and;
- Any balance remaining in the Schools block after taking into account the growth fund to be allocated through the school funding formula and;
- If the NFF is not affordable, the basic per pupil factor values in the formula will be reduced.

It was highlighted that if Schools Forum recommend Option 2 there is a risk that, due to the requirement that local authorities to move their local formula closer to the NFF, 'topping up' the NFF factor values by allocating additional funding through the formula will create greater turbulence for some schools in future years. It may also make applying the NFF in full unaffordable in future years as the additional funding would be built into the schools budget share baselines, but the funding for this is not reflected in the notional school budgets used by the ESFA to calculate local authority level core NFF funding.

It was AGREED to recommend option 1 to Cabinet, namely that:

The NFF is implemented in Westmorland & Furness in full in 2025/26, impacting maintained schools from April 2025 and academies from September 2025 and;

- After taking into account the growth fund budget, any residual balance up to a maximum of 0.5% to be transferred from the Schools Block into the High Needs Block and;
- Any balance remaining in the Schools block after transfer of a maximum of 0.5% to be allocated to schools through the school funding formula and;
- If the NFF is not affordable, the basic per pupil factor values in the formula will be reduced.

7. Consideration of further Working Groups

The work of the High Needs Block Working Group was discussed in relation to announcements in the Budget.

No other working groups were considered necessary at this time.

8. Dates of Future Meetings

- The next meeting of the Schools Forum will be held on Wednesday 15th January 2025. The meeting will begin at 9.30am and will be via Microsoft Teams.
- The next meeting of the HNB Working Group will be held on Wednesday 20th November 2024. The meeting will begin at 9.30am

and will be via Microsoft Teams. There was discussion about moving this meeting ahead of the next full Schools Forum to allow an update to be presented but due to timings this was not possible.

Schools Forum – Action Log 2024/25

Meeting date	Agenda item	Ongoing Actions	Owner	Due date	Update for next meeting
9/10/24	9	Produce a flowchart showing the relationships and roles of different groups looking at HNB Funding.	Isobel Booler		
01/11/23	2	Vacancy for members: Clerk to discuss potential candidates with officers, and pass details to Stephen Gilby to contact them.	Clerk / Stephen Gilby	6/11/24	In progress
01/11/23	2	Vacancy for Non-Teaching Associations: Andy Brewerton to approach unions for potential members	Andy Brewerton	6/11/24	In progress

(See GREY for completed items)

Meeting date	Agenda item	Completed Action	Owner	Due date	Update for next meeting
9/10/24	9	Circulate explanatory slides which detail the factors behind the Westmorland and Furness HNB funding position	Clerk/ Susan Milburn		
9/10/24	9	Recirculate request to Working Group members to submit ideas or proposals for actions on HNB Funding	Clerk		
12/6/24	6	Establish HNB Working Group	Clerk	18/9/24	First meeting 18/9/24

WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: Dedicated Schools Grant – School Funding Formula 2025-26
Meeting date: 15 January 2025
Report of: Isobel Booler, Assistant Director - Education & Inclusion

1.0 Executive Summary

- 1.1 This paper informs the Schools Forum that the 2025/26 Dedicated Schools Grant (DSG) Schools Block allocation for Westmorland & Furness is £174.985m.
- 1.2 Approval is being sought from the Schools Forum to set the growth fund budget at £0.071m in 2025/26 and continue to use the current growth fund allocation methodology (Appendix 1) in 2025/26.
- 1.3 The ESFA have approved the continued use of the optional exceptional circumstances factor in the 2025/26 school funding formula for rent costs. Three schools meet the criteria to receive funding through this factor totalling £308,073.
- 1.4 After calculating the school budget shares using the national funding formula and after taking into account the proposed growth fund budget there is a balance remaining in the Schools Block of £0.106m (0.06%) which will be transferred to the High Needs Block to support the budget pressures.
- 1.5 Approval is also being sought from the Schools Forum on the proposed maintained schools de-delegated budgets for 2025/26 and the primary and secondary per pupil rates.

2.0 Link to Council Plan Priorities

- 2.1 Ensuring that schools are funded appropriately is supportive of the Council Plan priorities that “People in Westmorland & Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

- 3.1 The Schools Forum is recommended to:

- note the DSG Schools Block allocation and the ESFA approval to continue to use the optional exceptional circumstances factor in 2025/26;

and approve:

- a growth fund budget of £0.071m;
- the growth fund allocation criteria at Appendix 1;
- the maintained schools de-delegated budgets totalling £1.380m.

4.0 Rationale & Evidence for the Recommendation

Background

- 4.1 On 6 November 2024, following the outcome of the consultation with all maintained schools and academies, Schools Forum agreed to recommend to Cabinet that Westmorland & Furness should adopt the National Funding Formula (NFF) in 2025/26 and that if there was any surplus balance remaining in the Schools Block, after taking into account the growth fund budget, up to a maximum of 0.5% should be transferred to the High Needs Block with any residual balance after that to be allocated to schools through the school funding formula by increasing the basic per pupil unit factor. Cabinet subsequently approved this recommendation on 17 December 2024.
- 4.2 At the time of consultation with schools and Schools Forum the DSG allocations for 2025/26 had not yet been published and therefore the decision was made in principle.
- 4.3 The Education and Skills Funding Agency (ESFA) published the final 2025/26 DSG allocations for local authorities on 18 December 2024. The Schools Block funding for Westmorland & Furness is £174.985m and funds mainstream maintained schools and academies. This represents an increase of £11.203m compared to 2024/25 as shown in the table below:

	24/25	25/26	Movement
	£m	£m	£m
Core NFF	161.075	171.640	10.565
Premises factor	2.148	2.401	0.253
Growth/Falling Rolls factor	0.558	0.943	0.385
Total	163.782	174.985	11.203

- 4.4 The Core NFF funding, which includes the roll in of the Teachers' Pay Additional Grant (TPAG), the Teachers' Pensions Employer Contribution Grant (TPECG) and the Core Schools Budget Grant (CSBG), has increased by £10.565m compared to 2024/25 of which £12.699m relates to an increase in the Primary and Secondary Units of Funding (PUFs and SUFs) offset by a

reduction of (£2.134m) due to a decrease in pupil numbers between the October 2023 and 2024 census dates:

	Primary Unit of Funding (PUF)	Secondary Unit of funding (SUF)	Primary headcount	Secondary headcount	Primary funding £m	Secondary Funding £m	Total £m
2024/25	£5,575	£6,374	14,737	12,382	82.154	78.920	161.075
2025/26	£6,009	£6,897	14,416	12,328	86.619	85.021	171.640
increase/decrease	£434	£523 -	321 -	54	4.464	6.101	10.565

4.5 The ESFA calculate the PUFs and SUFs by applying the 2025/26 NFF at school level using October 2023 pupil data. The total funding relating to primary pupils is then aggregated and divided by the total primary pupil numbers to arrive at a primary unit of funding. Likewise, the same methodology is applied to calculate the secondary unit of funding. These units of funding, which were published on 28 November 2024, are then multiplied by the October 2024 pupil numbers to form the final core NFF funding at Local Authority level in 2025/26 and published in December 2024. The implications of this funding methodology means that local authorities' Core NFF funding allocations are adjusted for increase or decreases in pupil numbers between years but not for any changes in pupil characteristics, such as increases/decreases in eligibility for Free Schools Meals, Low Prior Attainment and this can create a pressure or surplus when calculating school budget shares using the national funding formula as the October 2024 pupil characteristics must be applied to the formula factors but this is not reflected in the PUF and SUF values used to allocate funding to local authorities.

4.6 The premises factor at LA level, which has increased by £0.253m as shown in the table at para 4.2, is based on estimated National Non-Domestic Rates (NNDR) costs in 2025/26 for each maintained school and academy in Westmorland & Furness plus any rates adjustments for 2024/25 (either positive or negative) and exceptional rents costs as submitted in the 2024/25 Authority Proforma Tool (APT).

4.7 The growth/falling rolls fund factor at LA level has increased by £0.385m compared to 2024/25. The funding is calculated by the ESFA based on observed differences between primary and secondary pupil numbers on roll between October 2023 and October 2024 school censuses in each middle-layer super output area (MSOA) multiplied by a primary and secondary unit of funding. The units of funding have increased from £1,550 to £1,570 for primary and £2,320 to £2,350 for secondary compared to 2024/25. It also includes a lump sum of £141,890 where the reduction in primary and secondary pupil numbers in each MSOA is at least 10% of the October 2023 pupil number count. The growth/falling rolls factor is not ring-fenced and can be used to support the school funding formula, as required.

Proposed Growth Budget Requirements for 2025/26

4.8 Local authorities are permitted, with the agreement of their Schools Forum, to retain a growth fund to support mainstream maintained schools and academies in its area in meeting increased local pre-16 demand for school

places resulting from 'natural' demographic changes (i.e. unusually large cohorts) or nearby housing developments within a school's own catchment area.

- 4.9 As in previous years, the budget required for the growth fund is deducted from the Schools Block before calculating the school budget shares. In 2024/25 the Schools Forum approved a budget of £0.161m, of which £0.076m has been allocated year to date to Kirby Stephen Grammar School relating to a bulge in Year 7 pupils with an intake of 90 pupils against a PAN of 64.
- 4.10 Work is ongoing to identify potential growth funding requirements in 2025/26 however approval is sought from the Schools Forum to set the growth fund budget at £0.071m in 2025/26 to fund ongoing and new growth in schools that are admitting pupils over PAN at the LA's request to meet basic need. As in previous years, any under or overspend against the Growth Fund budget will transfer to the DSG reserves.
- 4.11 The proposed growth fund criteria for allocating funding to mainstream maintained schools and academies in 2025/26 is attached at Appendix 1. To summarise, schools and academies can apply for growth funding if they have exceeded their PAN either permanently or temporarily at the request of the Council to meet basic need or where the number on roll overall has increased. Growth funding will not be available for 'natural' year-on-year growth unless the permanent PAN is exceeded in prior agreement with the Council. Allocations are based on either:
- Age-Weighted Pupil Unit (AWPU) used in the school funding formula x number of pupils over PAN x 7/12ths or;
 - the cost of a new class based on the cost of a teacher and teaching assistant with associated equipment where agreed x 7/12ths;
- 4.12 There are no proposed changes to the current allocation methodology that was approved by Schools Forum last January except that it has been updated to reflect the ESFA's minimum per pupil value of £1,570 for 2025/26. When considering growth fund allocations in 2025/26 a check will be completed to ensure that all allocations comply with the new minimum value.
- 4.13 Local authorities are also permitted to have a discretionary falling rolls fund but can only provide funding where the most recent school capacity (SCAP) survey shows that school places are expected to be required in 2025 to 2026, or the subsequent 2 years. As per 2024/25 it is not proposed to have a falling rolls fund in 2025/26.

School Budget Shares 2025/26

- 4.14 The school budget shares for 2025/26 (impacting maintained schools from 1 April 2025 and academies from 1 September 2025) have been calculated using the NFF as recommended by Schools Forum and agreed by Cabinet. The NFF factor values for 2025/26 are compared to 2024/25 at Appendix 2. The minimum funding guarantee is +0% increase against 2024/25 per pupil baselines and the minimum per pupil funding levels are £4,955 for Primary and £6,465 for Secondary pupils.

- 4.15 As in previous years, the school funding formula includes the use of the optional exceptional circumstances factor to fund the cost of renting halls/school buildings/land for a small number of schools. Funding for this cost has already been included in the premises funding element of the Schools Block in 2025/26 and therefore the use of this factor in the formula does not impact on any other maintained school or academy. The use of this factor can only apply to fewer than 5% of schools in the local authority area and the additional cost to the schools must be more than 1% of their school budget share in order to qualify for funding. Each year the local authority must apply to the ESFA for approval to continue to use this factor for rents. Schools Forum members were consulted via email in November for their views on the continued use of this factor for 4 schools in 2025/26. Responses were received from 8 members and 6 members were in support. The ESFA subsequently gave their approval to use the factor.
- 4.16 Following the calculation of the school budget shares one school (Greystoke) did not meet the allocation criteria for 2025/26. Therefore the factor has been applied to the following 3 schools:

DfE	School	Premises	2025/26
9433054	Levens	Land and Buildings Levens School	£11,391
9435225	Penruddock	Penruddock Village Hall	£5,982
9435405	Dallam	Dallam School at Heversham and fields	£290,700
			£308,073

- 4.17 On calculating the school budget shares on this basis and after taking into account the proposed growth fund budget of £0.071m, there is a balance remaining of £0.106m equating to 0.06% of the Schools Block, as summarised below:

	2025/26
	£m
Proposed Growth Budget	0.071
NFF	174.808
	174.879
Schools Block Allocation	174.985
Balance Remaining	0.106
Balance as % of Schools Block	0.06%

- 4.18 The balance of £0.106m will be transferred to the High Needs Block in 2025/26 to support the budget pressures as recommended by Schools Forum on 6 November 2024 and decided on by Cabinet at its meeting on 17 December 2024 (see para 4.1 of this paper).
- 4.19 It should be noted by Schools Forum that academies are responsible for submitting their own census returns to the DfE and it has recently come to light that one academy omitted 17 reception pupils from its return and failed to respond to the DfE when it queried this with them. Therefore, the LA has not received any funding for these missing pupils and they are also missing from the Authority Proforma Tool (APT) that must be used to calculate school budget shares.
- 4.20 The approach that has been taken is to add the missing pupils onto the APT to make good the shortfall for this particular academy however this has

resulted in a reduction in the growth fund budget from £0.161m in 2024/25 to £0.071m. This approach means other schools are not negatively impacted by the funding shortfall arising from this omission. If 2 or 3 academies failed to correct their census data this would have had a significant impact on the affordability of the school funding formula and negatively impact on all schools and academies.

De-delegation

- 4.21 As required by the DfE regulations, the total to be delegated to schools includes those budgets that the maintained school representatives of the Schools Forum agree to be de-delegated back to the local authority in 2025/26. It should be noted that the de-delegation does not apply to academies.
- 4.22 The services that the de-delegated budgets apply to also impact maintained special schools and nursery schools and therefore an element is centrally retained in both the Early Years and HN Blocks for these services, although there is no de-delegation process for these two areas.
- 4.23 The table below presents the proposed de-delegated budgets for 2025/26 for the Schools Block only and is compared to 2024/25:

Budget	Schools Block Element Only		
	Total 2025/26	Total 2024/25	Variance
	£m	£m	£m
Contingencies	0.260	0.263	-0.003
Insurance	0.343	0.345	-0.002
Staff Costs	0.391	0.390	0.001
Library Services	0.173	0.174	-0.002
School Improvement	0.214	0.217	-0.002
Total De-Delegated Budgets	1.380	1.389	-0.009

- 4.24 The Library Services and School Improvement budgets only apply to primary schools. The 2025/26 budgets (with the exception of Insurance) have been calculated using 2024/25 budgets as a baseline and reduced to take into account schools that have converted to academy status during 2024/25 based on pupil numbers. Then a 2% estimated pay inflation has been applied to the elements of budgets linked to staffing. The budgets are then split across the Schools, Early Years and High Needs Blocks based on maintained schools pupil numbers. The insurance budget line has been adjusted down to reflect schools have converted to an academy during 2024/25 and the budget reflected the current cost of insurance contracts. Schools Forum members are reminded that the current insurance contracts with Zurich (property and vehicle) and Maven Public Sector (liability and fidelity guarantee) commenced on 1 April 2023 and was for a period of 3 years ending 31 March 2026, therefore the next opportunity to consider new insurance options for maintained schools will be during 2025/26.
- 4.25 The de-delegated budgets are split between primary and secondary maintained schools on the basis of October 2024 pupil numbers and weighted based on the AWPU ratios. The proposed per pupil amounts that will be

applied to mainstream maintained school budgets in 2025/26 are shown in the table below and compared to 2024/25:

	2025/26		2024/25	
	Primary	Secondary	Primary	Secondary
Contingencies	£16.70	£24.73	£16.36	£24.27
Insurance	£22.04	£32.64	£21.47	£31.85
Staff Costs	£25.15	£37.24	£24.28	£36.01
Library Services	£17.62	n/a	£17.04	n/a
School Improvement	£21.89	n/a	£21.16	n/a

- 4.26 There is a small increase in the per pupil values as there is an overall reduction in pupil numbers between October 2023 and 2024. The School Forum representatives for maintained schools are asked to confirm agreement to the proposed de-delegated budgets for 2025/26.
- 4.27 The school budget shares calculated by the local authority are due to be submitted to the ESFA via the 2025/26 Authority Proforma Tool by 22 January 2025 and will be subject to validation and approval by the ESFA before final school budget shares can be confirmed.
- 4.28 The deadline set by the DfE for mainstream maintained schools to be notified of their budget by the Local Authority is 28 February 2025. Academies will be informed of their budgets by the ESFA by 31 March 2025.
- 4.29 In addition to the funding through the school funding formula in 2025/26, the ESFA has confirmed that academies will receive an additional allocation of the TPAG, TPECG and CSBG to cover the period April – August 2025 in recognition of the funding cycle for academies which follows the academic year rather than the financial year used for maintained schools. The ESFA has also confirmed that the pupil premium grant will continue in 2025//26 based on the October 2024 census data. For the academy that missed 17 pupils from its census return if any of these pupils were eligible for pupil premium the local authority will not be able to make good the shortfall.

5.0 Options

5.1 Schools Forum can:

- Approve the Growth Fund budget of £0.071m;

Or

- Propose an alternative Growth Fund budget;

and

- Approve the growth fund allocation criteria at Appendix 2;

Or

- Propose an alternative growth fund allocation criteria.

5.2 The Schools Forum representatives for maintained schools can:

- Confirm agreement to de-delegate in 2025/26 by voting separately for primary and secondary schools for the following services:

	Primary		Secondary	
De-delegated Service	De-delegated in 2024/25	De-delegate in 2025/26?	De-delegated in 2024/25	De-delegate in 2025/26?
Contingencies	Yes		Yes	
Staff Costs	Yes		Yes	
Library Services	Yes		No	
School Improvement	Yes		No	

and (subject to the above):

Option 1

- Agree the proposed 2025/26 de-delegated budgets as shown in table at para 4.22 totalling £1.380m;

Option 2

- Not agree the proposed 2025/26 de-delegated budgets as shown in table at para 4.22 totalling £1.380m;

And

- Propose revised 2025/26 de-delegated budgets.

5.3 It should be noted that if Schools Forum decide not to approve a growth fund budget in 2025/26 this would also increase the balance available to transfer to the High Needs Block.

6.0 Financial & Other Relevant Implications

6.1 Financial implications are considered throughout this report. No equality/legal implications have been identified.

8 January 2025

REPORT AUTHOR

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Westmorland
& Furness
Council

Working for **Cumberland Council** and
Westmorland & Furness Council

Appendices:

1. Proposed Growth Fund Criteria 2025/26
2. National Funding Formula Factors comparison 2024/25 to 2025/26

Sf 150125 Dedicated Schools Grant – School Funding Formula 2025-26 – Appx 1 Proposed Growth Fund Criteria

Appendix 1 – Proposed Growth Fund Criteria 2025-26

Eligibility

Growth funding will be paid:

- To mainstream maintained schools and academies which have expanded permanently at the request of the council to meet the need for places in an area, and numbers admitted exceed the previous permanent PAN, or;
- To mainstream maintained schools and academies which have exceeded PAN temporarily at the request of the council to meet short-term demand for places in an area, and;
- Where the number on roll overall has increased. (The requirement for an overall increase in roll will not apply where an additional class is required to comply with regulations relating to maximum class size.)

Growth funding will not be available for mainstream maintained schools or academies experiencing ‘natural’, year-on-year growth unless the permanent PAN is exceeded in prior agreement with the council.

Methodology

Where no new class is required, an allocation will be made based on the numbers being admitted above the pre-expansion or permanent PAN, assuming the number on roll has increased overall. For maintained schools funding will be allocated on the basis of the appropriate portion of the full-year AWPU; for additional pupils admitted in September, 7/12 of the full-year amount will be payable. For pupils admitted after that but before the end of the financial year 3/12 of the full-year amount will be payable.

As academies are funded on an academic year based on the previous year’s October census pupil numbers they will also receive funding for the period April to August based on 5/12 of the full year amount.

Example:

Previous PAN – 45

New PAN – 60

55 pupils admitted to Reception in September, all other year groups remain at 45

Admissions above previous PAN = 10

Growth Fund allocation = $(10 \times \text{AWPU}) \times 7 / 12$

Where numbers in other cohorts have fallen, these will be netted off against the Growth Fund allocation. In the example above, had the Year 6 cohort reduced by 5 (and all others remained constant), the allocation would have been based on $10 - 5 = 5$ pupils multiplied by the relevant proportion of the AWPU.

Where a new class is to be established, the Growth Fund will allocate sufficient to cover the costs of a teacher and teaching assistant (TA) for the relevant portion of the financial year. Payments will be

Sf 150125 Dedicated Schools Grant – School Funding Formula 2025-26 – Appx 1 Proposed Growth Fund Criteria

standardised at the cost of a teacher at point M3 on the pay scale (including oncosts) and Grade 7B for a TA. Schools will be required to justify why they need to form an additional class.

Where the expansion is permanent and where there is growth in numbers year-on-year, Growth Funding will be available until the new PAN has applied to all year groups in the school; 3 years for an infant school, 4 years for a junior, 7 years for a primary and 5 years for a secondary school.

Where the expansion is temporary, e.g. a 'bulge' cohort, Growth Funding will be available for only the year in which the permanent PAN has been exceeded.

Where a new classroom is being provided as part of a permanent expansion, the Growth Fund will cover reasonable equipment costs – tables, chairs, in-class storage, interactive screen (where this is not being funded as part of the construction project). Schools will be asked to provide a breakdown of the costs of equipment. This will be a one-off payment on the classroom being used for the first time.

Where the calculated lump sum funding for a new class is below the DfE's minimum requirement of £1,570 per pupil then the funding will be based on £1,570 x number of additional pupils admitted above the PAN.

Letters will be issued to eligible mainstream maintained schools and academies on x May 2025 (tbc) asking for a breakdown of anticipated costs, and with a deadline of x May 2025 (tbc) to respond. This timeline will allow for final place numbers to be confirmed after both primary and secondary reallocations have taken place. Mainstream maintained schools and academies will be notified of the allocated growth funding on x June 2025 (tbc).

SF 150125 Dedicated Schools Grant - School Funding Formula 2025-26 - Appendix 2

Comparison between Westmorland & Furness School Funding Formula values for 2024/25 and the National Funding Formula Values for 2025/26

	2024-25	2025-26	Increase
	Unit Value	Unit Value	%
Basic per Pupil Funding			
Primary AWPU	£3,562	£3,847	8.00%
KS3 AWPU	£5,022	£5,422	7.96%
KS4 AWPU	£5,661	£6,113	7.98%
Primary Minimum Per Pupil Funding	£4,610	£4,955	7.48%
Secondary Minimum Per Pupil Funding	£5,995	£6,221	3.77%
Deprivation			
Primary FSM	£490	£495	1.02%
Secondary FSM	£490	£495	1.02%
Primary FSM6	£820	£1,060	29.27%
Secondary FSM6	£1,200	£1,555	29.58%
Primary IDACI A	£680	£685	0.74%
Primary IDACI B	£515	£520	0.97%
Primary IDACI C	£485	£490	1.03%
Primary IDACI D	£445	£445	0.00%
Primary IDACI E	£285	£285	0.00%
Primary IDACI F	£235	£235	0.00%
Secondary IDACI A	£945	£950	0.53%
Secondary IDACI B	£740	£745	0.68%
Secondary IDACI C	£690	£695	0.72%
Secondary IDACI D	£630	£635	0.79%
Secondary IDACI E	£450	£450	0.00%
Secondary IDACI F	£340	£340	0.00%
Low Prior Attainment			
Primary LPA	£1,170	£1,175	0.43%
Secondary LPA	£1,775	£1,785	0.56%
English as an Additional Language			
Primary EAL	£590	£595	0.85%
Secondary EAL	£1,585	£1,595	0.63%
Mobility			
Primary mobility	£960	£965	0.52%
Secondary mobility	£1,380	£1,385	0.36%
School Led Funding			
Lump Sum	£134,400	£145,100	7.96%
Primary Sparsity (Up to a maximum of)	£57,100	£57,400	0.53%
Secondary Sparsity (Up to a maximum of)	£83,000	£83,400	0.48%
New Split Site Lump Sum	£53,700	£54,000	
New Split Site Distance (Up to a maximum of)	£26,900	£27,000	
Rates & Rents	Actual cost	Actual cost	

WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: Dedicated Schools Grant – Other Blocks 2025-26
Meeting date: 15 January 2025
Report of: Isobel Booter, Assistant Director - Education & Inclusion

1.0 Executive Summary

1.1 This paper informs the Schools Forum on the 2025/26 Dedicated Schools Grant (DSG) for Central School Services, Early Years and High Needs Blocks. The total DSG to be allocated through these blocks in 2025/26 for Westmorland & Furness is £62.824m.

1.2 The Schools Forum is asked to note the DSG Central School Services, Early Years and High Needs Block allocations for 2025/26 and approve the proposed centrally retained expenditure budgets for the Central School Services and Early Years Blocks.

2.0 Link to Council Plan Priorities

2.1 Ensuring that schools are funded appropriately is supportive of the Council Plan priorities that “People in Westmorland & Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

3.1 The Schools Forum is recommended to approve:

- the proposed Central School Services Block budget of £1.646m;
- the proposed centrally retained Early Years expenditure budget of £0.568m.

4.0 Rationale & Evidence for the Recommendation

Background

4.1 The Education and Skills Funding Agency (ESFA) published the DSG allocations for 2024/25 on 18 December 2024. The DSG is allocated in 4 blocks: Schools Block, High Needs Block, Early Years Block, and Central

Schools Services Block. The total allocation across these 4 blocks for Westmorland & Furness is £237.808m as shown below:

	Schools Block	High Needs Block	Central Services Block	Early Years Block	Total
	£m	£m	£m	£m	£m
24/25 (as at Nov 24)	163.782	28.795	1.608	21.077	215.261
25/26	174.985	30.712	1.646	30.466	237.808
Increase/Decrease	11.203	1.917	0.038	9.389	22.547
% Increase/Decrease	6.84%	6.66%	2.34%	44.55%	10.47%

- 4.2 The Schools Block allocation details are reported separately in the DSG – School Budgets 2025/26 paper. This paper provides the details of the Central School Services Block (CSSB), Early Years Block (EYB) and High Needs Block (HNB).

Central School Services Block

- 4.3 The CSSB allocation comprises of 2 elements; historic commitments and ongoing commitments. The overall funding has increased by £0.038m as shown in the table below:

	Ongoing Responsibilities	Historic Commitments	Total
	£m	£m	£m
2024/25	1.026	0.582	1.608
2025/26	1.180	0.465	1.646
	0.154	-0.116	0.038
%	15.01%	-20.00%	2.34%

- 4.4 The historic commitments element has reduced by £0.116m. Since 2020/21 the DfE have committed to reduce the historic commitments element by 20% annually except where this would bring the level of funding below that of any local authorities' prudentially borrowing cost commitments in recognition of the time required for such costs to unwind. In Westmorland & Furness, the prudential borrowing costs are £0.468m. As the funding for this commitment has now reduced to £0.465m we will apply to the ESFA for protection funding.
- 4.5 The ongoing commitments element, which is funded on a per pupil unit, has increased by £0.154m as shown below:

	Pupil Count	Rate per Pupil £	Total £
2024/25	27,118.50	37.85	1,026,435
2025/26	26,743.50	44.14	1,180,458
Increase	-375.00	6.29	154,023

- 4.6 The per pupil rate comprises of a basic per pupil amount for all local authorities plus an amount to reflect deprivation based on FSM6 eligibility multiplied by an area cost adjustment. The per pupil rate reflects the roll-in of the centrally employed teachers Core School Budget and Teachers' Pension Employer Contribution Grants totalling £0.183m.
- 4.7 The funding for historic and ongoing commitments are not ring-fenced and local authorities can use funding allocated for ongoing commitments to fund their historic commitments if needed.

CSSB Budgets

- 4.8 The proposed CSSB budgets for 2025/26 are shown in the table below:

	2025/26	2024/25	Variance
	£m	£m	£m
<u>Historic Commitments including:</u>			
Contribution to Schools Related Council Budgets (Local Safeguarding Children Board, District Teams (education element), HR service supporting schools, Health and Safety team)	0.000	0.155	-0.155
Prudential Borrowing Costs for historic schools capital programme	0.468	0.468	0.000
Total Historic Commitments	0.468	0.624	-0.155
<u>Ongoing Commitments including:</u>			
School Forum and Schools Finance Team support	0.046	0.045	0.001
Schools Admissions Team	0.162	0.158	0.003
Copyright Licences	0.273	0.259	0.014
Asset Management	0.045	0.045	-0.001
Education welfare services	0.088	0.090	-0.002
Statutory and regulatory duties	0.296	0.302	-0.005
Centrally employed teachers historic teacher pension employer contribution funding	0.085	0.085	0.000
Centrally employed teachers core school budget and teacher pension employer contribution grants	0.183	0.000	0.183
Total Ongoing Commitments	1.178	0.984	0.193
Grand Total	1.646	1.608	0.038

- 4.9 As in previous years, the reduction in the historic commitments funding has resulted in a reduction in the contribution towards the Council's school related budgets (£0.115m) the shortfall of which will be considered as part of the Council's corporate budget setting exercise. There is an overall increase in the budget for Schools Forum and School Finance Team of £0.001m and School Admissions of £0.003m due to estimated pay inflation.
- 4.10 The annual charge for copyright licences of £0.273m is set by the ESFA and re-charged to local authorities. The budgets for asset management, education

welfare and statutory duties have been reduced due to affordability but this should not have an impact on the services provided to schools and will be reviewed once the historic commitments protection funding has been confirmed by the EFSA.

- 4.11 The Schools Forum is asked to note the reduction to historic commitments budgets and approve the CSSB budget for 2025/26 for Westmorland & Furness.

Early Years Block

- 4.12 The EYB allocation has increased by £9.389m as shown in the table below:

	Under 2s Funding £m	2 year old Funding £m	3-4 year old Funding £m	EY Pupil Premium £m	Disability Access Funding £m	MNS Supple- mentary Funding £m	Total £m
2024/25	3.152	5.071	12.261	0.179	0.101	0.313	21.077
2025/26	9.391	7.542	12.799	0.266	0.113	0.355	30.466
Increase	6.239	2.471	0.538	0.087	0.012	0.042	9.389

- 4.13 The increase in the EYB includes funding for the expansion of up to 30 hours of free entitlement for eligible working parents of Under 2s and 2 year olds which comes into effect from 1 September 2025. The EYB allocation is provisional and will be adjusted in July 2025 and July 2026 to reflect the actual hourly take up of disadvantaged 2 year olds and 3-4 year old provision free entitlement. These adjustments will be based on January 2025 and January 2026 census data. The funding for the new entitlements for working parents of 2 year olds effective from April 2024 and the Under 2s effective from September 2024 will continue to be updated based on termly headcounts in Summer 2025, Autumn 2025 and January 2026 as the initial funding for these new entitlements has been based on the DfE's estimate of take-up of provision.

- 4.14 The above increases in Under 2s, 2 and 3-4 year old funding also represent an increase in the LA level hourly funding rates. The 3-4 year old funding rate includes the roll-in of the early year budget grant (EYBG) which was a separate grant in 2024/25.

	2025/26	2024/25	increase
Under 2s	£10.13	£9.78	£0.35
2 year olds	£7.49	£7.20	£0.29
3-4 year olds	£5.71	£5.47	£0.24
Early Years Pupil Premium	£1.00	£0.68	£0.32

- 4.15 It should be noted that the hourly rates above (with the exception of the Early Years Premium Premium) are not the rates that providers will receive as the

local authority is allowed to centrally retain some funding for central services, have a SEN Inclusion Fund budget and some of the funding is required for the deprivation supplement in the local early years funding formula. In 2025/26 local authorities must pass on at least 96% of the free entitlement funding to early years providers. The MNS supplementary funding, Disability Access Fund (DAF) and Early Years Pupil Premium (EYPP) is excluded from the pass-through calculation. The pass through rate applies separately against the Under 2s, 2 Year Olds and 3-4 Year olds funding allocations and the ESFA monitor LA compliance.

Early Years Block Budgets

4.16 The table below shows how the proposed EYB budget is comprised:

	2025/26	2024/25	Variance
	£m	£m	£m
Delegated to providers through the Early Years National Funding Formula (Under 2s, 2, 3 and 4 year olds) including the Early Years Pupil Premium, Disability Access Fund, Maintained Nursery Schools supplementary funding	29.643	20.516	9.127
Early Years SEN Inclusion Fund	0.256	0.256	0.000
	29.899	20.772	9.127
<u>Centrally Retained Early Years Budgets:</u>			
Contribution to Early Years Team	0.400	0.147	0.253
Early Years Sustainability Grant	0.044	0.044	0.000
Total Centrally Retained Early Years Budgets:	0.444	0.192	0.253
<u>Centrally Retained Early Years Elements of the De-delegated Budgets:</u>			
Contingencies	0.021	0.019	0.002
Insurance	0.028	0.025	0.002
Staff Costs	0.031	0.029	0.003
Library and Museum Services	0.019	0.018	0.002
School Improvement	0.024	0.022	0.002
Total Centrally Retained Early Years Elements of the De-delegated Budgets:	0.123	0.113	0.010
Total Centrally Retained Budgets	0.568	0.305	0.263
Grand Total	30.466	21.077	9.389

4.17 The centrally retained EYB budget is proposed to increase by £0.263m compared to 2024/25. The increase in the Early Years Team of £0.253m, which includes estimated pay inflation, relates to increased support required for the roll out of the new Under 2s and 2 Year Olds free entitlements expansion.

4.18 In line with the Schools Forum regulations, the local authority must seek Schools Forum approval on the proposed centrally retained early years expenditure budgets totalling £0.568m.

Proposed Funding Rates for Providers

4.19 The table below shows the proposed provider level hourly funding rates for 2025/26:

	2025/26	2024/25	increase
Under 2s	£9.94	£9.62	£0.32
2 year olds	£7.30	£7.04	£0.26
3-4 year olds	£5.32	£5.08	£0.24
Deprivation Supplement	£0.22	£0.21	£0.01

4.20 It is proposed that the full increase in the 3-4 Year Old LA level hourly funding rate of £0.24 will be passed onto Early Years Providers in 2025/26. The majority of the increase in the Under 2s and 2 Year Olds LA level hourly funding rate is proposed to be passed on to providers with just £0.03 of the hourly rate proposed to be centrally retained as detailed in para 4.17. The rates in the table above are dependent on Schools Forum approval of the proposed centrally retained budgets in the table at para 4.16.

Early Years Pupil Premium

4.21 The Early Years Pupil Premium hourly rate which has increased from £0.68 to £1.00 must be used to fund eligible providers at the national rate and will apply to Under 2s and 2 Year Olds as well as 3-4 year olds in 2025/26.

Disability Access Funding (DAF)

4.22 The DAF has increased from £910 to £938 per eligible child and will be passed on to providers who have eligible children.

Maintained Nursery Schools (MNS) Supplementary Funding

4.23 The MNS supplementary funding which has increased by £0.042m compared to 2024/25 includes the roll in of the Early Years Budget Grant. This funding will continue to be used to fund the MNS lump sum, business rates and MNS supplementary hourly rate. The MNS will also benefit from the increase in the 2 and 3-4 year old base rates.

High Needs Block

4.24 The HN Block allocation before deduction for directly funded places by the ESFA is £30.712m and has increased by £1.917m compared to 2024/25:

	2025/26	2024/25	Movement	Movement
	£m	£m	£m	%
Basic Factor	2.227	2.039	0.189	9.26%
Historic Factor	7.953	7.953	0.000	0.00%
Other Proxy Factor Funding	19.545	17.542	2.004	11.42%
Funding Floor	0.530	0.832	-0.302	-36.26%
AP Factor	0.462	0.436	0.027	6.09%
Import/export adjustment	-0.006	-0.006	0.000	0.00%
Total	30.712	28.795	1.917	6.66%

- 4.25 The 2025/26 HNB funding formula includes a funding floor protection which allows for a minimum increase per head of 2-18 year old population of 7% capped at 10% against the 2024/25 baseline. It should be noted that this protection only applies against the historic and other proxy factors in the formula which is why the above table shows an overall gain of only 6.66%. The historic factor comprises of 25.9% of the total funding available 2025/26 is still based on 50% of actual 2017/18 spend.
- 4.26 The increase in the Basic factor funding reflects an increase in special and independent school pupil numbers of 41 pupils between the 2023 and 2024 census dates.
- 4.27 The increase in the proxy factor funding relates to increases in factor values and increases in the proportion of children entitled to FSM, entitlement to Disability Living Allowance. Westmorland & Furness continues to be one of the lowest funded authorities ranking 14th lowest funded out of 151 local authorities at £807 per head of 2-18 population compared to the highest funded local authority at £1,360 per head.

High Needs Budget

- 4.28 Regulations require that the minimum funding guarantee (MFG) for Special Schools must be set at a minimum of 0% against the 2024/25 baseline which is the same rate as the mainstream schools MFG.
- 4.29 Special schools and PRUs will continue to receive a separate allocation in addition to their place and top-up funding equivalent to the additional HN funding allocations in 2023/24. This separate allocation gave special schools and PRUs additional funding equivalent to 3.4% of their total income in 2023/24. They will also continue to receive a separate allocation of the historic Teachers' Pay and Pension Grants 2018/19. The funding must be based on the number of commissioned places and must be equivalent to full year per place amount received in 2024/25.
- 4.30 In addition, Special Schools and PRUs will continue to receive a single separate Core School Budget Grant (CSBG) in 2025/26 which incorporates the former Teachers' Pay Additional Grant (TPAG), Teachers Pension Employer Contribution Grant (TPECG) and Core School Budget Grant (CSBG) which will be allocated based on place numbers..
- 4.31 As with mainstream schools, the maintained special school and PRU budget shares will be published on 28 February 2025. The High Needs Block allocation is provisional and is subject to later adjustments including ESFA direct funded places in academies and further education colleges.

5.0 Options

5.1 Schools Forum can:

- Approve the provisional CSSB budget of £1.646m;
- Approve the provision centrally retained EYB of £0.568m;

Or

- Not approve the provisional CSSB budget of £1.646m and propose an alternative budget.
- Not approve the provisional centrally retained EYB of £0.568m and propose an alternative budget.

6.0 Financial & Other Relevant Implications

6.1 Financial implications are considered throughout this report. No equality/legal implications have been identified.

8 January 2025

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WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: School Payroll Contract
Meeting date: 15 January 2025
Report of: Isobel Booler, Assistant Director - Education & Inclusion

1.0 Executive Summary

- 1.1 This report informs the Schools Forum that a new framework for payroll and HR Admin services for maintained non-cheque book schools will be procured during 2025. There is a requirement to consult Schools Forum members on the terms of the contract.

2.0 Link to Council Plan Priorities

- 2.1 Ensuring schools have appropriate contracts in place is supportive of the Council Plan priorities that “People in Westmorland & Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

- 3.1 The Schools Forum is asked to:

- Note the report.

4.0 Rationale & Evidence for the Recommendation

- 4.1 A framework for the provision of payroll and HR Admin services to maintained non-cheque book schools has been in place since June 2020. The framework contract ended on 31 March 2024 with individual school call offs against the contract ending on 31 August 2025. A new framework contract needs to be procured to ensure schools have payroll contracts in place from 1 September 2025.
- 4.2 The School Forum operational and good practice guide and School Forum powers and responsibilities guide published by ESFA set out the need for the local authority to consult with the Schools Forum where the local authority is entering into a contract to be funded from the schools budget.

- 4.3 The consultation must cover the terms of the contract at least one month prior to the issue of invitations to tender. The invitation to tender is expected to be issued in Spring 2025.
- 4.4 Schools Forum members will be notified when the consultation is due to commence so they have an opportunity to review and comment on the contract documentation.

5.0 Options

- 5.1 The Schools Forum members are asked to note the report notifying them of the intention to consult on the contract documentation to provide payroll services to non-cheque book maintained schools, and to respond to the consultation when it is launched, which is expected to be late January 2025.

6.0 Financial & Other Relevant Implications

- 6.1 Financial implications are considered throughout this report. No equality/legal/ implications have been identified.

9 January 2025

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Westmorland
& Furness
Council

Working for **Cumberland Council** and
Westmorland & Furness Council



WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: Maintained School Balances 2023/24 and 2024/25
Meeting date: 15 January 2025
Report of: Isobel Booler, Assistant Director – Education & Inclusion

1.0 Executive Summary

- 1.1 This report presents a summary of the maintained schools balances as at 31 March 2024 and projected balances for 31 March 2025. The schools balances position as at 31 March 2024 was a net surplus of (£0.450m).
- 1.2 Based on school budget plans submitted in May the net school balances as at 31 March 2025 are projected to be net deficit of £2.533m, a reduction of £2.983m compared to the position as at 31 March 2024. This is a cause for concern and steps are being taken by local authority officers to address this including finance review meetings in early Spring term with schools in deficit causing concern, a review of the current deficit schools policy (Appendix 1) and targeted financial training for schools.
- 1.3 Forecast year-end outturn projections have been received from 29 of the 34 schools that proposed deficit budgets in May. These returns predict a net decrease in pressure of (£0.380m) compared to their proposed deficit budgets of £5.583m.
- 1.4 An updated maintained school balances projection as at 31 March 2025 to reflect the school budgets plans submitted in October together with the outcome of the excess surplus balances review and proposed changes to the schools in deficit policy will be provided at the next Schools Forum meeting.

2.0 Strategic Planning and Equality Implications

- 2.1 Managing the level of school balances is supportive of the Council Plan outcome that “People in Westmorland & Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

3.1 The Schools Forum is asked to:

- note the balances for maintained schools as at 31 March 2024 and projected balances as at 31 March 2025;
- note the latest forecast year-end outturn position as at 30 September 2024 for those schools that have proposed a deficit budget for 2024/25;
- note the action the local authority is taking to control excess surplus and deficit balances.

4.0 Background

4.1 In accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance the DSG allocated to the Individual Schools Budget (ISB) is taken to have been spent as soon as it is deployed i.e. passed to schools' budget shares. There is no requirement to track DSG through the ISB to its use by individual schools.

4.2 As the DSG is considered to be spent as soon as it is deployed to schools, and as schools have delegated budgets, any balances on individual schools are transferred to earmarked reserves and passported to these individual schools to form their opening balance for the 2024/25 financial year.

4.3 Maintained schools that have a surplus balance in excess of the allowable thresholds of 10% (primary, special, nursery) or 6%(secondary) of their total delegated school budget share are required to provide a justification and supporting evidence for review by the Assistant Director, Education & Inclusion in accordance with the [LA Scheme for Financing Schools](#), Annex I, Control of Surplus Balances policy.

4.4 Maintained schools are required to submit a three-year budget plan each year by the 31 May to the finance team. These plans are reviewed to check that the funding assumptions and expenditure plans are reasonable and achievable. A summary report is provided to the Assistant Director, Education & Inclusion who approves the budgets. Those schools that submit a budget that cannot be approved, because they are forecasting a deficit balance or for other reasons, are required to submit a revised budget by 31 October. Schools that propose a deficit budget in May must apply for a licensed deficit and return a forecast year-end outturn as at 30 September and 31 December. In accordance with [LA Scheme for Financing Schools](#), Annex J Challenge and Support for Schools with Deficit Budgets a summary report is provided to Schools Forum.

5.0 Maintained School Balances 2023/24

- 5.1 As at 31 March 2024 the net surplus balance for maintained schools was (£0.450m) a decrease of £2.732m compared to the position as at 31 March 2023.
- 5.2 The table below shows a breakdown of these figures separately by surpluses and deficits:

	2022/23 Actual		2023/24 Actual		Change in value (£)
	Number of Schools	Total Value (£)	Number of Schools	Total Value (£)	
Maintained Schools with Surpluses	87	(£5.402m)	73	(£4.243m)	£1.159m
Maintained Schools with Deficits	23	£2.220m	33	£3.793m	£1.573m
Total	110	(£3.182m)	106	(£0.450m)	£2.732m

- 5.3 During 2023/24 four schools converted to academy status and this accounts for a reduction of £0.520m in maintained school balances. Therefore, after taking this into account the balances for those schools that were maintained as at 31 March 2023 and 31 March 2024 has reduced by a net £2.212m.
- 5.4 The below table shows a breakdown of schools with deficit balances by sector:

Phase	No of Schools in Sector	Number of Schools in Deficit	Proportion of Sector	2023/24 Net Deficit £m	% of Total Net Deficit
Nursery	2	1	50%	0.098	2.6%
Primary	95	26	27%	1.921	50.6%
Secondary	6	4	67%	1.549	40.8%
Special	2	2	100%	0.224	5.9%
PRU	1	0	0%	0.000	0.0%
Total	106	33		3.793	100%

- 5.5 Of the 33 schools in deficit, 15 are below 5% of their total school budget shares as shown below:

Sector	Number of Deficits less than 5%	Number of Deficits between 5% -10%	Number of Deficits between 11% -15%	Number of Deficits between 16% - 20%	Number of Deficits greater than 20%	Total Number of Deficits
Nursery					1	1
Primary	12	5	6	1	2	26
Secondary	1	1		1	1	4
Special	2					2
						0
Total	15	6	6	2	4	33

- 5.6 One school with a deficit greater than 20% in 2023/24 has now closed and another has become a sponsored academy and joined an academy trust in 2024/25.
- 5.7 Analysis of the outturn figures for 2023/24 compared to 2022/23 shows that whilst overall funding increased in 2023/24 by 6.8% net expenditure also increased 6.4% with the main pressures being staffing costs which increased by 8.6% and energy costs by 11.7%.
- 5.8 As can be seen from the table below there was an in-year pressure of £2.511m in 2022/23 and £2.212m in 2023/24 and this downward trend is predicted to continue in 2024/25.

	22/23	23/24	Variance	%
	£	£	£	
Total Funding	106,967,192	114,279,995	7,312,803	6.8%
School income	-8,492,321	-9,265,867	-773,546	9.1%
Staffing incl agency	91,348,080	99,246,047	7,897,967	8.6%
Energy	3,471,026	3,878,734	407,707	11.7%
Premises (excl energy)	6,517,658	6,374,285	-143,373	-2.2%
Supplies & Services	16,359,005	16,116,625	-242,380	-1.5%
Other	275,063	142,159	-132,904	-48.3%
	109,478,511	116,491,982	7,013,471	6.4%
In Year Movement	2,511,318	2,211,987	-299,332	

- 5.9 Despite the budget pressures 16 schools had an excess surplus balance over the allowable thresholds of 10% for primary, special, nursery and PRUs and 6% secondary schools in 2023/24. The total net balance over the thresholds was £0.566m and these schools are required to provide justifications to the Assistant Director, Education & Inclusion who will decide if the excess balances can be retained by the schools. The outcome of this exercise will be reported to Schools Forum at the next meeting.

6.0 Projected Maintained School Balances 2024/25

6.1 Based on school submitted May budget plans for 2024/25 the net school balances are projected to be a net deficit of £2.533m as at 31 March 2025. The table below shows a breakdown of these figures separately by surpluses and deficits:

	2023/24 Actual		2024/25 Forecast		Change in value (£)
	Number of Schools	Total Value (£)	Number of Schools	Total Value (£)	
Maintained Schools with Surpluses	73	(£4.243m)	69	(£3.811m)	£0.432m
Maintained Schools with Deficits	33	£3.793m	34	£6.344m	£2.550m
Total	106	(£0.450m)	103	£2.533m	£2.982m

6.2 During 2024/25 one school has closed, 2 schools have joined academy trusts and this is reflected in the above figures. A further 3 schools are provisionally expected to join an academy trust on 1 March 2025 and this will have a further negative impact on the net school balances.

7.0 Deficit Budget Submissions 2024/25

7.1 Thirty-four schools have proposed deficit budgets for 2024/25. The LA Scheme requires schools that propose a deficit budget to apply for a licenced deficit and where deficits are above 5% of a school's budget share they are required to submit a deficit recovery plan for review by the finance team. Of the 34 schools that have proposed deficits only 14 schools have applied for a licenced deficit and only 11 schools have received budget approval on the basis that their deficit is either below 2% of budget share; they have a plan to recover the deficit within 3 years or less; or the deficit is reducing year-on-year. Nineteen schools were requested to submit a budget deficit recovery plan for review in October. Four schools failed to submit a May budget plan and these have been rigorously chased.

7.2 Schools have delegated responsibility for setting a balanced budget. Those schools that are having difficulty in setting a balance budget and planning a deficit recovery plan have received an offer of assistance from the finance team in their budget letter. This has resulted in a number of schools having budget meetings with the LA finance team and being signposted to the available support such as financial benchmarking tools and the free School Resource Management Advisor (SRMA) financial health check available through the ESFA. The expectation is that schools will review the findings of the SRMA exercise, draw up action plans with their governors and reflect the savings identified in their deficit recovery plans for review by the LA finance team.

7.3 However, despite this additional support there is an issue with some schools not complying with the requirements of the LA Scheme and continuing to propose deficit budgets which cannot be approved. The non-complaint schools that persistently overspend their budgets year-on-year place a serious risk to the Council's cashflow and depleting reserves.

7.4 Those schools that propose deficit budgets with no plan for recovery will be required to attend a finance review meeting. These meetings will be held early in the Spring term. Following this, any school that does not take the necessary action to return the school to a balanced position will be issued with a financial notice of concern setting out the action the LA requires the school to take to bring the budget back to a balanced position. The school will have one month in which to respond as set out in the policy at Annex J of the LA Scheme appended to this paper at Appendix 1. A summary of the main policy requirements for deficit schools are set out below:

- Schools that propose deficit budgets must:
 - apply for a licensed deficit (application form in the policy);
 - must recover the deficit by the end of the following year or if that is not possible within a 2 to 3 year period with the approval of the Director of Children Services;
 - submit a forecast year end outturn position as at 30 September and 31 December

and

- If deficit is more than 5% of school budget share school must submit a recovery plan for review by the school finance team (example in policy).
- The LA will intervene if a school is unable to prepare a recovery plan. The levels of intervention are:
 - Finance review meeting with senior LA officers, Headteacher and school governors
 - Issue of Financial Notice of Concern
 - Suspension of financial delegation

7.5 A review is currently being undertaken on the effectiveness of the current policy and proposed changes will be brought to the next Schools Forum meeting for consideration. Financial training for school staff, headteachers and governors will also be taking place during the Summer term.

8.0 Monitoring and Review of Deficit Budgets

8.1 Forecast year end outturn positions as at the 30 September 2024 have been received from 29 out of 34 schools that set deficit budgets for 2024/25 in their May Budget submissions. The returns have been reviewed to identify any significant variances from the agreed licensed deficit, where applicable.

Budget monitoring based on the 29 returns forecasted that the net deficit will be £5.203m, a decrease of (£0.380m) compared to the schools' submitted May budget plans of £5.583m. Seventeen schools predicted an improved position totalling (£0.743m) and 12 schools predicted a worsening position totalling £0.363m.

- 8.2 Forecast year end outturn returns have also been requested from 6 schools that ended the 2023/24 financial year in deficit but were projecting a surplus balance for 2024/25, to ensure these schools are on track against budget. These schools budgeted for a net surplus of (£0.146m) but the forecast returns indicated that the net surplus will be (£0.077m) with 2 schools predicting that their deficits will not be recovered by 2024/25.
- 8.3 Deficit schools will be requested to submit a forecast outturn as at 31 December 2024 together with explanations for any significant variances against budgets and actions taken to control overspends for review by the LA finance team.

9.0 Options

- 9.1 There are no options. The Schools Forum is asked to note the report and the action the LA is taking manage and support schools with deficit budgets.

10.0 Resource and Value for Money Implications

- 10.1 Resource and value for money implications are considered throughout this paper. If a maintained school with a deficit becomes a sponsored academy, the deficit remains with the LA. School deficits are not an allowable charge on the LA's schools budget. However, regulations allow, with the approval of Schools Forum, for closing school balances including those that close as a maintained school and become a new sponsored academy to be funded from a de-delegated contingency budget. This year to date, one of the 2 academy conversions has been an enforced sponsored academy conversion.

8 January 2025

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Appendices:

1. Challenge and Support Process for Schools with Deficit Budgets policy

ANNEX J – CHALLENGE AND SUPPORT PROCESS FOR SCHOOLS AND PRUs WITH A DEFICIT BUDGET

CHALLENGE AND SUPPORT PROCESS FOR SCHOOLS/PRUs WITH A DEFICIT BUDGET

Introduction

The Westmorland & Furness Scheme for Financing Schools prohibits schools/PRUs from planning for a deficit when preparing their budget plans, however it recognises that from time to time there are circumstances in which, despite best efforts, a school/PRU ends the financial year in deficit. To support the Authority's monitoring role the Scheme requires:

- Schools/PRUs to return a governor/ Management Committee approved annual budget to the Local Authority (LA) by the 31st May each year.
- Schools/PRUs unable to set a balanced budget to notify the LA and apply for a licensed deficit arrangement.

The Local Authority has no power to write off the deficit balance of any school/PRU.

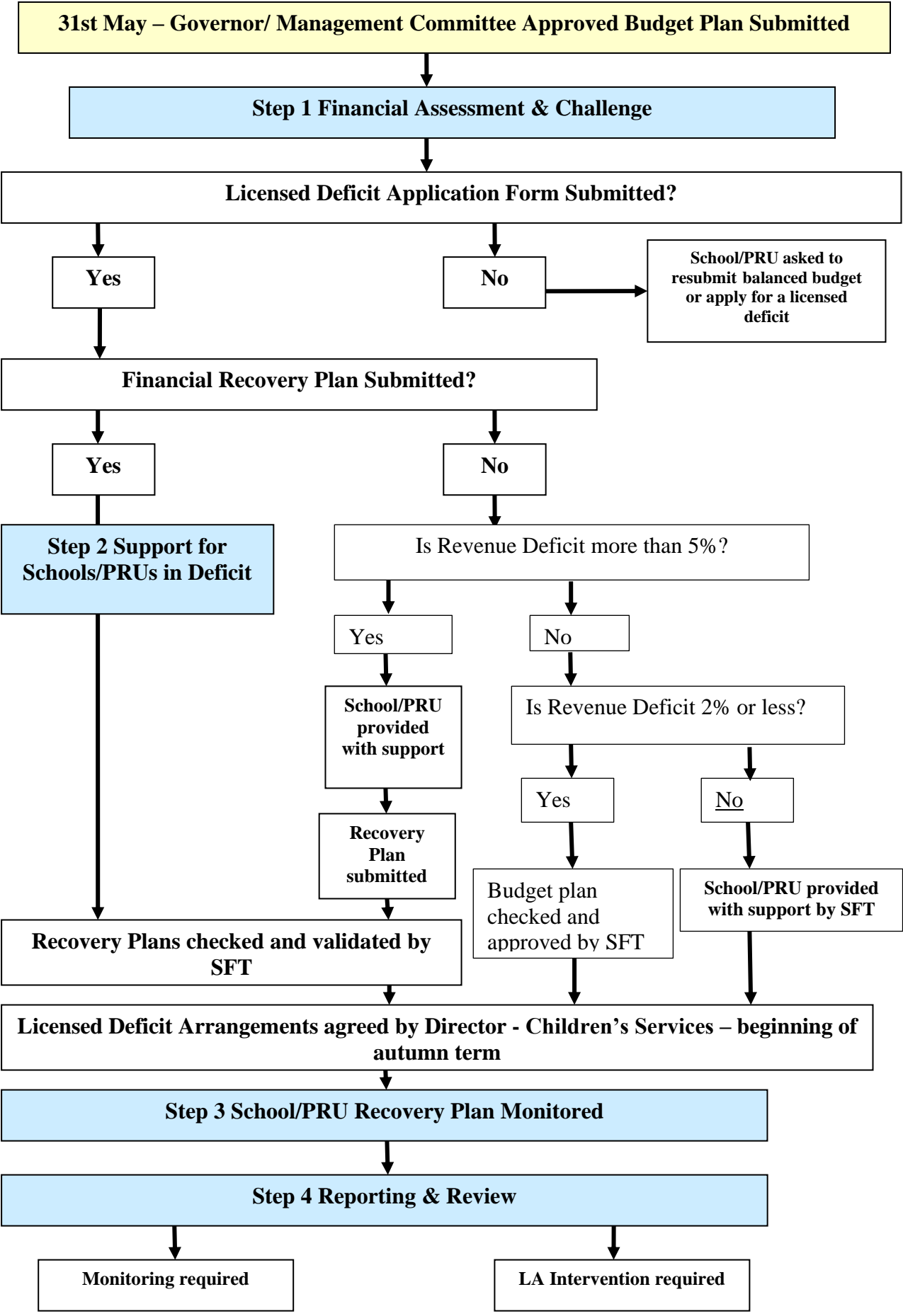
Schools/PRUs with a revenue deficit of more than 5% must, in addition to completing an application for a licensed deficit, submit a recovery plan to the LA Schools Finance Team. A licensed deficit plan in excess of either £5000 or 2% of the schools/PRUs annual budget (including expected additional income) must be approved by the Director - Children's Services. Licensed deficit plans below this level will be approved by the LA's Schools Finance Team. The LA is unlikely to approve a deficit in excess of 20% of the individual school/PRU's annual budget. However, in some exceptional cases, this may be possible.

The licensed deficit process is used by the Authority to provide schools/PRUs with an appropriate level of challenge and support to help them set a balanced budget or if this is not achievable to prepare a recovery plan that sets out the action the school/PRU will take to achieve a sustainable balanced financial position over an agreed period of time. The licensed deficit arrangement within the Westmorland & Furness Scheme for Financing Schools states:

- In cases where a school/PRU finishes the financial year in deficit the situation should be corrected by the end of the following financial year.
- In exceptional circumstances a deficit proposed by the governing body may be agreed by the Director - Children's Services to phase the restoration of a fully balanced budget normally over a two or three year period.
- In both cases the schools/PRUs must complete the Application for a Licensed Deficit (see Appendix 1) and, if a schools/PRUs revenue deficit at the end of 31st March of each year is more than 5%, submit a recovery plan to the LA Schools Finance Team.

Deficit Schools/PRUs – Challenge and Support Process

The process for challenging and supporting schools/PRUs with deficit balances is defined in the diagram below:



Challenge and Support Process

Each of the steps in the diagram is explained below.

➤ **Step 1: Financial Assessment and Challenge**

If a school/PRU submits a 'Governor/ Management Committee Approved Budget Plan' that shows a deficit position, they have to submit an application for a licensed deficit and if the revenue deficit is more than 5% it must be accompanied by a recovery plan which indicates how they intend to bring the school's/PRU's financial position back into balance. This may be through a combination of income generation and/or a reduction in expenditure.

Schools/PRUs that submit a Governor/Management Committee Approved Budget Plan showing a deficit position without applying for a licensed deficit will be asked to re-submit a balanced budget or apply for a licensed deficit.

Schools/PRUs are required to apply for a licensed deficit on an annual basis, even where a recovery plan has been agreed previously.

Step 2: Support for Schools/PRUs in Deficit

Where schools/PRUs are unable to complete a recovery plan, the Local Authority will determine the appropriate type of challenge or support required by the school/PRU to enable it to complete a plan based on -

- Significance of the deficit both in year and cumulative
- Length of time the school/PRU has been in deficit
- Level of financial competency based on audit checks
- Benchmarking data
- Contextual data

Financial advice, information and training will be available to support schools/PRUs in recovering from a deficit financial position by experienced LA Officers.

Following the submission of a 'Governor/Management Committee Approved Budget Plan' and recovery plan a number of validation checks will be completed by the Local Authority to ensure that the plans are reasonable. This will be done by: -

- Comparing the current year's income and expenditure budgets with previous years' trends to identify any significant differences.
- Checking that the correct balances have been brought forward into the current year and all funding delegated by the LA has been taken in to account.
- Actions included in the recovery plan are realistic and that by implementing them the required level of savings can be achieved.
- Any areas that are unclear or simply not achievable will be queried with the school/PRU and clarification sought.

Where the plans are deemed to be suitable, they will be passed to the Director - Children's Services for approval (where the deficit being recovered is in excess of either £5000 or 2% of the schools/PRUs annual budget). Otherwise, the plan is approved by the Schools Finance Team.

Written confirmation will be sent to the school/PRU by the beginning of the autumn term once the licensed deficit has been approved.

Step 3: School/PRU Recovery Plan Monitored

The purpose of a recovery plan is to identify the actions that can be taken to bring a school/PRU's budget back to a balanced position within an agreed period of time. Schools/PRUs with a revenue deficit of more than 5% must produce a recovery plan that demonstrates they are able to achieve a balanced budget over the agreed licensed deficit period.

The plan can be a simple statement showing:

- What actions will be taken
- When the actions will happen
- How much will be saved by taking the action

An example of a simple recovery plan is shown on the next page.

The income and expenditure identified in the recovery plan should be built into the school/ PRU's three year budget plan

The school/PRU must have robust internal budget monitoring arrangements in place to ensure that performance against the school/PRU budget and recovery plan is sufficiently monitored and tracked on a monthly basis. The projected outturn position should be reported to the Governing Body/ Management Committee on a monthly basis.(NB – there does not necessarily need to be a meeting of the Governing Body/ Management Committee each month, but a monthly monitoring report should be communicated to them for their review).

School/PRU Budget Deficit Recovery Plan

Example School/PRU

Estimated savings to be achieved over two years £ 345,000

Year 1

Budget Deficit (£ 185,000)

Deficit Recovery Plan

- End 2 temporary teaching contracts at x date £ 20,000
 - Non replacement of teacher leaving on x date £ 11,000
 - Embargo on expenditure (computer Hardware) £ 10,000
 - Private Sector Sponsorship £ 60,000
- £ 101,000
- (£ 84,000)

Year 2

Deficit Budget B/F (£ 84,000)

Planned Increases in Expenditure

- Sickness cover costs (£ 44,000)
 - Necessary expenditure on resources (£180,000)
 - Reduction in Yr 2 Budget (decreasing AWPU) (£ 37,000)
- (£345,000)

Deficit Recovery Plan

- Reduce teaching establishment (3 FTE) £ 80,000
 - Reduce 2 members of SMT with post Replacement £ 40,000
 - End temporary contracts 5.8 teachers from x date £140,000
 - Reduce expenditure on building improvements £ 40,000
 - Full Yr saving 2 temporary contracts from Yr1 £ 34,000
 - Reduce non teaching staff by 30 Hrs £ 15,000
- £349,000
- £4,000

Step 4: Reporting and Review

The Local Authority will consider the financial position of schools/PRUs with a licensed deficit agreement at September, December and March. Schools/PRUs with deficit budgets are required to return a forecast year end outturn position as at 30 September and as at 31 December to the Local Authority. These returns are required by the 20th day of the following month. These returns will be reviewed by the Local Authority to identify any significant variances from the agreed licensed deficit and where variances are identified, the school/PRU will be asked to provide an explanation and provide details of the management action they are taking to address them. A summary report will be provided to the Schools Forum each term. The Local Authority will report to elected members where it is felt that intervention is required.

Monitoring the School Recovery Plan

As stated above, schools/PRUs with deficit budgets are required to return a forecast year end outturn position as at 30 September and as at 31 December to the Local Authority. These returns are required by the 20th day of the following month. The Local Authority will check these returns for accuracy and reasonableness and will compare them against previous financial forecasts and the school/PRU's recovery plan. Chequebook Schools/PRUs with a deficit budget are also required to monitor their cash flow position on a regular basis to ensure they do not overdraw their bank account.

Schools/PRUs will be contacted by telephone and in writing if there are any queries about the financial information or projected financial position. Where a school/PRU's financial position deteriorates they will be referred to the Principal Finance Officer - Schools and the Senior Manager Learning & Improvement for more intensive support. Schools/PRUs refusing to engage in the process or who are persistently in breach of the Scheme of Finance will be required to attend a financial review meeting with the LA to discuss their financial position.

Local Authority Intervention

Local Authority intervention will apply where:

- The school/PRU is persistently in breach of the Scheme for Financing Schools
- The school/PRU will not set a balanced budget
- The school/PRU will not engage in the licensed deficit process
- The deficit is worsening and no action is being taken by the school/PRU
- There is evidence of financial mismanagement by the school/PRU

Intervention is proposed to escalate at three levels. It is envisaged that deficit schools/PRUs will engage with the LA well before the need for intervention as these arrangements are the last resort, for the protection of public monies and to protect the overall resource for all schools/PRUs in Westmorland & Furness. The levels of intervention are:

1. Financial Review Meeting
2. Notice of Concern

3. Suspension of delegated financial powers

Level 1 - Financial Review Meeting

Schools/PRUs that do not return a balanced budget or apply for a licensed deficit will be required to attend a Financial Review Meeting with the LA. A similar requirement will apply to schools/PRUs with a worsening deficit and also for those schools/PRUs who persistently breach the Scheme for Financing Schools.

The review meeting will include Senior Officers from People the Headteacher and Chair of Governors/ Management Committee or representative Governor/ Management Committee member

The meeting will:

- Review the financial position of the school/PRU
- Seek an explanation from the school/PRU about the action being taken to safeguard the school's/ PRU's financial position
- Assess what support and challenge the school/PRU may require
- Agree an action plan

Level 2 - Notice of Concern

A school/PRU that continues to refuse to take the necessary action will be required to attend a Notice of Concern meeting with Senior LA Officers. They will be given a formal notice of the action the LA recommends they should take to bring the budget back in to balance. The school/PRU will be given a month to respond. See 2.15 within the Westmorland & Furness LA Scheme for Financing Schools.

Level 3 - Suspension of Delegation

Where a school/PRU still refuses to take the action identified by the LA the ultimate sanction will be to suspend delegation following a meeting with the Director - Children's Services. Under suspension the authority would take control of the budget and take the necessary action before returning control to the Governing Body/ Management Committee. During the suspension, school/PRU staff would be responsible to the authority for the day-to-day financial administration in the school/PRU. See Annex F of the Westmorland & Furness LA Scheme for Financing Schools.

Applying for a Licensed Deficit Agreement

A licensed deficit will only be approved in circumstances, where the school/PRU cannot balance its budget in year without a significant impact on the provision of education.

Applying for a licensed deficit gives schools/PRUs access to support from experienced officers in the Schools Finance team and the People Directorate. Experience shows that schools/PRUs who receive appropriate support recover their financial position quicker than other schools/PRUs.

It also enables them to:

- Identify and acknowledge the problem and take positive action
- Take strategic action to improve the long term financial situation of the school/PRU
- Balance their budget over an extended period of time – usually two years but in exceptional circumstances this may be extended up to five years.

To apply for a licensed deficit a school/PRU must complete a licensed deficit application form, a 3 year Governor/ Management Committee approved budget plan and provide a recovery plan detailing how they will balance their budget if their revenue deficit is more than 5%.

Completed application forms and recovery plans should be submitted by 31st May.

Application for Licensed Deficit

The governing body/ management committee (delete as appropriate) of
..... School/PRU (delete as appropriate)
wish to apply for a licensed deficit for financial year We:

(Please tick the appropriate box)

Enclose a recovery plan that details what actions we will take to manage our deficit and balance within 3 years.

Enclose a 3 year Governor/ Management Committee Approved Budget Plan

Require help in completing a recovery plan

We understand that we will:

- Consult with Schools Finance prior to advertising any new posts.
- Not commit the school/PRU to any further expenditure other than that included in our recovery plan without Schools Finance approval.
- Implement the savings within the timescale agreed.
- Notify Schools Finance of any deviation from the recovery plan (once completed) for example long term sickness, disputes.
- Provide Year End outturn forecasts as at the end of September and December by the 20th of the subsequent month
- Provide any other information as and when required by the Local Authority
- Be liable for interest charges on the deficit
- Arrange for our Chair of Governors/ Management Committee to attend one of the Local Authority's Deficit Recovery training courses.

Value of Licensed Deficit Sought

£ _____

Head Teacher's Signature

Please Print

Chair of Governors/ Management Committee Signature

Please Print

Date

Date Approved by Governing Body/ Management Committee



WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: Dedicated Schools Grant Final Outturn 2023/24
Meeting date: 15 January 2025
Report of: Isobel Booter, Assistant Director Education & Inclusion

1.0 Executive Summary

- 1.1 A provisional DSG outturn position for 2023/24 was reported to Schools Forum on 9 October 2024. This report confirms the final Dedicated Schools Grant (DSG) earmarked reserves position for financial year 2023/24.
- 1.2 The overall DSG earmarked reserves stand at a net deficit of £13.927m of which there is a net surplus of (£4.433m) relating to the Early Years and Central Services Blocks offset by a net deficit of £18.360m relating to the High Needs (HN) Block. The overall net deficit has increased by £5.185m during 2023/24.

2.0 Link to Council Plan Priorities

- 2.1 The value of the reserves is supportive of the Council Plan priorities that “People in Westmorland and Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

- 3.1 The Schools Forum are recommended to note the final 2023/24 DSG outturn position.

4.0 Rationale and Evidence for the Recommendation

- 4.1 A provisional DSG outturn position for 2023/24 was reported to Schools Forum on 9 October 2024. The overall provisional DSG earmarked reserves position as at 31 March 2024 was reported as a deficit of £13.893m. Following the finalisation of the Council’s DSG year-end accounts for 2023/24 the final DSG earmarked reserves position is confirmed as £13.927m, movement of (£0.056m).

4.2 The table below shows a comparison between the provisional and final DSG outturn for 2023/24:

	Central DSG	High Needs Block	Total
DSG Balance as at 31 March 2023	(£3.276m)	£12.017m	£8.741m
Actual over/(under) spends on DSG in 2023-24	(£1.157m)	£6.343m	£5.185m
Final DSG Balance as at 31 March 2024	(£4.433m)	£18.360m	£13.927m
Provisional DSG Balance as at 31 March 2024	(£4.440m)	£18.423m	£13.983m
Movement	£0.007m	(£0.063m)	(£0.056m)

4.3 Detailed key variance explanations on the Central DSG and High Needs Block in-year under and overspends have been previously provided at the 9 October 2024 Schools Forum meeting.

4.4 Central DSG underspend of (£1.157m) is a reduction of £0.007m compared to the provisional DSG outturn and relates to an increase in teacher absence maternity costs.

4.5 The High Needs overspend of £6.343m is a reduction of (£0.063m) compared to the provisional outturn and relates to reduced expenditure against ISPs of (£0.051m) and SEN equipment costs of (£0.012m).

5.0 Options

5.1 The Schools Forum is recommended to note the final outturn on the DSG earmarked reserves.

6.0 Financial and Other Relevant Implications

6.1 Resource and value for money implications are considered throughout this report. No equality/legal/ implications have been identified.

15 January 2025

REPORT AUTHOR

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WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: High Needs Budget Monitoring Q2 2024-25
Meeting date: 15 January 2025
Report of: Isobel Booler, Assistant Director Education & Inclusion

1.0 Executive Summary

- 1.1 This report presents the High Needs (HN) Block deficit position as at 30 September 2024 which is forecast to be £26.772m as at 31 March 2025, an increase of £8.348m compared to the provisional closing deficit at the end of financial year 2023/24 of £18.424m.

2.0 Link to Council Plan Priorities

- 2.1 The utilisation of the HN Block within the Dedicated Schools Grant (DSG) is supportive of the Council Plan priorities that “People in Westmorland and Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

- 3.1 The Schools Forum is recommended to note the current projection on the HN budget as at 30 September 2024 and asked to consider what options are available to help manage the forecast rising deficit through the High Needs Working Group.

4.0 Rationale and Evidence for the Recommendation

- 4.1 A balanced High Needs budget has been set for 2024/25 with no planned transfer to or from reserves. The initial budget available for the HN Block, after academy recoupage, was £26.932m of which £26.899m was based on the provisional HN Block allocation from central government as confirmed in December 2023 and £0.033m was transferred in from the Schools Block.

Budget Revisions

- 4.2 Since the initial budget was set the HN block allocation has been updated by the ESFA to reflect recoupment for HN places and additional funding through the import/export adjustment which reflects the difference between high needs pupils and students living in one local authority and attending school or college in another. The current budget as at Q2 is £26.977m an increase of £0.48m compared to the Q1 position as shown in the table below:

	2024/25
	£m
High Needs allocation before recoupment for place funding in academies and FE institutions	28.747
Less recoupment for high needs places in academies and FE institutions	(1.848)
Transfer from Schools Block	0.033
Initial Budget	26.932
DfE Recoupment adjustment for HN places AY 2024/25	(0.003)
Total High Needs Budget Q1	26.929
Import/Export Adjustment	0.048
Total High Needs Budget Q2	26.977

Projected Outturn

- 4.3 Performance against the High Needs Block budget is monitored monthly with reports presented to senior management and to Cabinet on a quarterly basis, as well as to each Schools Forum meeting.
- 4.4 The table below presents the projection against the budget as at Q2. This shows that the budget is projected to overspend by £8.348m at 31 March 2025, an increase of £0.858m compared to Q1. The key variances are highlighted in the following paragraphs.

Description	Budget	Forecast	Variance	Previous Qtr	Change in
	£m	£m	£m	Variance	Variance
				£m	£m
Special Schools - High Needs	7.776	8.241	0.465	0.260	0.205
Schools -Resourced Provision	0.388	0.388	0.000	0.000	0.000
Independent & Other Placements	4.812	7.450	2.639	2.312	0.326
Central SEN (Equipment, BVI, Audio etc)	0.032	0.016	(0.016)	(0.027)	0.011
SEND Residential Placements	1.819	1.535	(0.284)	(0.306)	0.022
High Needs - Invest to Save	0.000	0.369	0.369	0.369	0.000
High Needs - Post 16 ISPs	1.034	2.696	1.662	1.442	0.220
High Needs - Post 16 FE	0.710	0.876	0.166	0.230	(0.065)
High Needs - Top Up	7.065	10.422	3.357	3.211	0.146
Inclusion Teams	1.212	1.212	0.000	0.000	0.000
PRU Budget	2.083	2.083	0.000	0.000	0.000
Mobility and Independence Contract	0.018	0.011	(0.008)	0.000	(0.008)
Share of de-delegated (special schools)	0.028	0.028	0.000	0.000	0.000
Total DSG to transfer to DSG HNB reserve	26.977	35.326	8.348	7.490	0.858

- 4.5 Special Schools £0.465m. The pressure which represents an increase of £0.205m compared to Q1 relates to new and amendments to EHCP top-ups

since the start of the year and costs associated with the expansion of special school places.

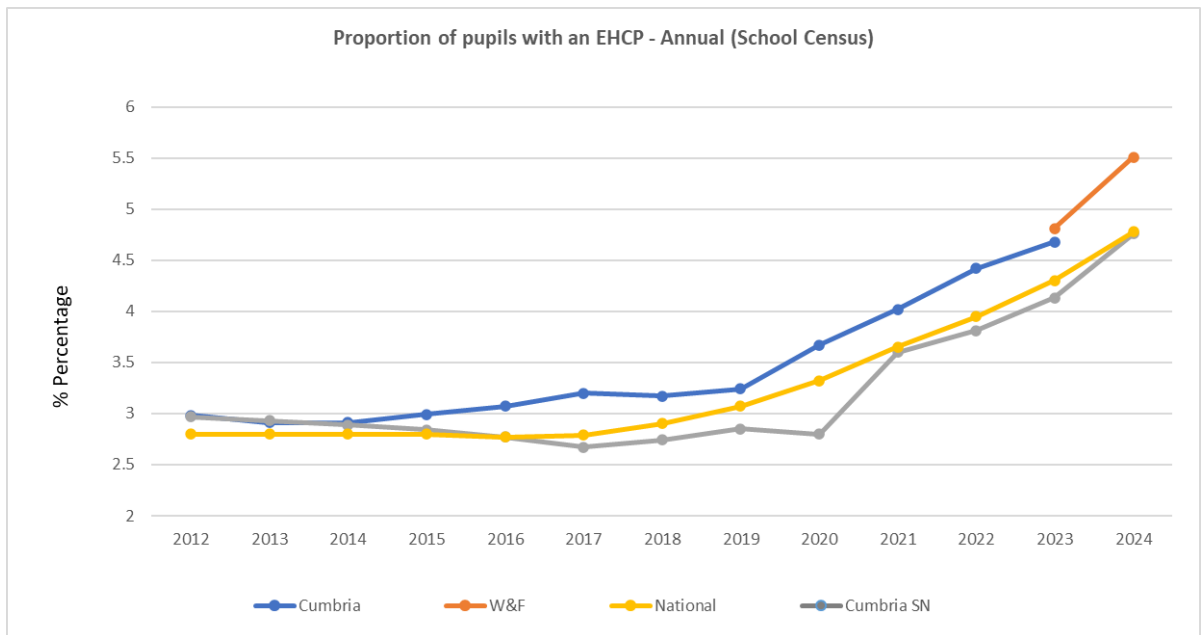
- 4.6 Independent Specialist Placements (ISPs) & Other Placements £2.639m. The forecast, which is an increase of £0.326m compared to Q1, is based on current and known new day ISPs coming through the system. The forecast expenditure for day ISPs is predicted to be £6.045m. As at Q2 there were 90 pupils in ISP day placements. Also included within this budget line is forecast EHCP top-ups for children placed in Cumberland schools of £0.515m, children placed in other local authorities of £0.169m and forecast costs associated with children being educated other than at a school (EOTAS) of £0.721m.
- 4.7 Residential placements (£0.284m). The forecast is based on current and known new placements. As at Q2 there were 18 pupils in residential placements, an increase of 1 compared to Q1.
- 4.8 Post 16 ISPs £1.662m. The forecast, which is an increase of £0.220m, is based on current and known new placements.
- 4.9 The below table summarises the number of pupils in ISPs by provider type:

Number of Children and Young People (CYP) with EHCPs in Independent Special Placements 2024/25

Placement Type	Number of Children & Young People (CYP)											Average Annual Cost of Placements	
	2023/24 Outturn	2024/25 Q1	2024/25 P5	New	Ended	Placement Changes		Total Change	2024/25 Q2	2024/25 Forecast Spend £m Q2	2023/24 Estimated Outturn 2023/24	2024/25	2023/24
						In	Out					£	£
ISP - Day	93	88	90					0	90	6.045	5.679	65,874	61,469
ISP - Residential	21	17	18					0	18	1.535	1.703	78,249	73,798
ISP - FE Colleges	47	53	61	9			1	10	71	2.696	1.887	39,976	41,542
Total	161	158	169	9	0		1	10	179	10.276	9.269		

- 4.10 Post-16 Further Education £0.166m. The forecast expenditure, a reduction of (£0.065m) since Q1, reflects estimated top-up payments to FE Colleges totalling £0.653m, other FE education providers of £0.223m and EHCP top-up payments to sixth form schools of £0.039m.
- 4.11 High Needs Invest to Save Initiatives £0.369m. The forecast expenditure here relates to the Sandgate School Early Intervention and Greengate Junior School Alternative Provision programmes.
- 4.12 EHCP top-ups for pupils in mainstream schools and Early Years Providers £3.357m, an increase of £0.146m since Q1. The forecast is based on current EHCP costs and predicted number of new and amended ECHPs in-year.
- 4.13 The remaining balance relates to individually non-material variances totalling a net underspend of (£0.026m).
- 4.14 The pressure against the High Needs Block continues to be due to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for children and young people with SEN. The number of children with EHCPs as at September 2024 is 2,318.

4.15 The benchmarking chart below shows that Westmorland & Furness' percentage of pupils with EHCPs is higher compared to the national and Cumbria statistical neighbours rates although the rate of increase for Westmorland & Furness is largely matched by the rate of increase both nationally and against our statistical neighbours:



4.16 Figures in the above table are as at the January census date for each year.

4.17 In 2024/25 local authorities have seen an increase in their High Needs Block funding of at least 3% per head of population compared to their 2023/24 baseline resulting in total funding of £26.977m as at Q2 after deductions for directed funding of high needs places by the ESFA. However, 28% of the total allocation is still based on historic 2017/18 actual spend. There has been a transfer of £0.033m of funding from the Schools Block to High Needs Block in 2024/25. Cumbria took part in the Department for Education's Delivering Better Value for SEND programme and successfully applied and received approval for a £1m grant for each new authority to support their improvement plans the impact of which have been incorporated into Westmorland & Furness' DSG management plan which forecasts mitigations totalling £43.866m however despite these mitigations, the DSG deficit is forecast to increase by £37.314m by 2029/30.

5.0 Options

5.1 There are no options. The Schools Forum is recommended to note the current projection against the High Needs Block budget and to consider options for managing down the forecast rising deficit through the High Needs Working Group.

6.0 Financial and Other Relevant Implications

- 6.1 Resource and value for money implications are considered throughout this report. No equality/legal/ implications have been identified.

8 January 2025

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Westmorland
& Furness
Council

Working for **Cumberland Council** and
Westmorland & Furness Council



WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: De-delegated Contingency Budget Monitoring Q2 2024-25
Meeting date: 15 January 2025
Report of: Isobel Booter, Assistant Director - Education & Inclusion

1.0 Executive Summary

- 1.1 This report presents the forecast outturn position on the de-delegated contingency budget for the 2024/25 financial year as at 30 September 2024. The budget is projected to underspend by £0.038m.
- 1.2 In accordance with the Dedicated Schools Grant (DSG) conditions, the underspend will be carried forward into the Central DSG earmarked reserve.

2.0 Link to Council Plan Priorities

- 2.1 Ensuring that schools are funded appropriately is supportive of the Council Plan priorities that “People in Westmorland & Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

- 3.1 The maintained schools’ Schools Forum members are asked to note the forecast outturn position as at Q2 for the contingency budget.

4.0 Rationale & Evidence for the Recommendation

- 4.1 The de-delegated contingency budget for 2024/25 is £0.287m. The Department for Education (DfE) guidance states that the contingency budget can be used for three purposes:
 - Circumstances which were unforeseen when the school’s budget share was initially determined;
 - Schools in financial difficulty;
 - Additional costs relating to new, reorganised or closing schools.

- 4.2 In line with the School and Early years Finance Regulations 2024 de-delegation only applies to maintained schools and not academies.

Forecast Outturn

- 4.3 The below table shows the forecast outturn as at Q2 for 2024/25:

	Forecast Outturn 2024/25 as at Q2
	£
Budget 2024/25	287,022
Net Expenditure 2024/25:	
Ill health retirements	-
Settlement Agreements and Staff Termination costs	15,000
Administration costs Teachers Annual Pension Return	30,983
Other miscellaneous costs	-
Total - Unforeseen Circumstances	45,983
	-
Total - Schools in Financial Difficulty	-
Closed Schools	202,577
Total - Additional Costs relating to New, Closing or Amalgamated Schools	202,577
Total Net Expenditure 2024/25	248,560
Forecast Over / (Under) spend 2024/25	(38,462)

The expenditure against closed schools totalling £0.203m relates to North Walney Primary School which closed on 31 August 2024 with an estimated deficit of £0.130m and Kirkby Thore Primary School which joined an academy trust on 1 April 2024 with an estimated deficit of £0.066m. There are also other costs associated with the closure of the North Walney Primary School site of £0.007m year to date.

5.0 Options

- 5.1 The Schools Forum is asked to note the forecast outturn position as at Q2 on the contingencies budget for 2024/25.

6.0 Financial & Other Relevant Implications

- 6.1 Financial implications are considered throughout this report. Any under or over spend on the de-delegated contingency budget at the financial year end is transferred into the DSG earmarked central reserve, as required by the School and Early Years Finance Regulations.

8 January 2025

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