



## NORTH YORKSHIRE SCHOOLS FORUM

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| <b>Date of meeting:</b>                                      | Thursday, 21 January, 2021  |
| <b>Title of report:</b>                                      | <b>Summary of Special School Funding Consultation</b>   |
| <b>Type of report:</b><br>Delete as required                 | For discussion only   |
| <b>Executive summary:</b><br>Including reason for submission | The report outlines the responses to the consultation document for Special School funding arrangements 2021-22, including the Minimum Funding Guarantee applicable in the Special School sector and the operation of the Contextual funding formula component |
| <b>Budget / Risk implications:</b>                           | Special School funding, reform of contextual funding and/or MFG decisions will impact on the overall High Needs Block of the Dedicated Schools Grant.   |
| <b>Recommendations:</b>                                      | The Schools Forum is invited to comment upon the proposed next steps in relation to the setting of the Minimum Funding Guarantee and the operation of the Contextual Funding formula component within the Special School funding arrangements.                |
| <b>Voting requirements:</b>                                  | None  |
| <b>Appendices:</b><br>To be attached                         | Appendix 1 :- Consultation Document<br>Appendix 2 :- Report on Special School Funding arrangements (Sept 2020)<br>Appendix 3 :- listing of school respondees<br>Appendix 4 :- Detailed responses to consultation exercise                                     |
| <b>Report originator and contact details:</b>                | Martin Surtees (martin.surtees@northyorks.gov.uk)   |
| <b>Presenting officer:</b><br>If not the originator          |   |

**(Summary of Special School Funding Consultation)****1.0 PURPOSE OF THE REPORT**

- 1.1 This report sets out the responses to the consultation exercise undertaken by the local authority in relation to Special School funding arrangements for the 2021-22 financial year.
- 1.2 Specifically the consultation exercise undertaken was seeking the views of the special school community in relation to (a) the level of Minimum Funding Guarantee to be applied in the Special school sector for the financial year 2021-22, and (b) the arrangements for the contextual funding component of the funding formula.
- 1.3 The report details the planned next steps on the part of the local authority and invites comments on that approach from the Schools Forum.

**2.0 BACKGROUND**

- 2.1 The authority undertook a consultation exercise during the course of November and December in relation to Special school funding arrangements for the 2021-22 financial year.

**Process and Engagement**

- 2.2 The consultation process itself was launched on 10<sup>th</sup> November 2020 and concluded on 17<sup>th</sup> December 2020.
- 2.3 The consultation was limited to state special schools. Of the 10 schools eligible to respond, seven schools responded within the timescale and one further submission, which was received late, has also been taken into account, achieving a response rate of 80% to the consultation. Responses were received from both academies and from six of the eight local authority maintained schools. In addition, communication was received from Wellspring Academy Trust in relation to the implications of the consultation subject matter for alternative provisions – these issues were considered relevant and are discussed in this report.
- 2.4 In order to support schools in developing their understanding of the consultation issues and responding to specific queries, mini-clinic sessions were offered to all schools in December. Five schools took up the opportunity to be involved in such a session.

**Discussion Areas within the Consultation Document**

- 2.5 The consultation document is attached as Appendix 1. Within the document it sets out that:
- the cost analysis determining the rate of growth in the top-up funding allocations for all pupils with EHCPs regardless of their setting
  - proposal to set a Minimum Funding Guarantee of 0% (specifically covered in questions 1a, 1b and 2 of the consultation document)

**(Summary of Special School Funding Consultation)**

- proposal to reform the computation of the contextual funding element of the Special School funding formula (specifically covered in questions 3a, 3b and 4 of the consultation document)

2.6 In terms of the ordering of considering the responses, the issue of contextual funding is discussed first in this report, because in some instances the responses from schools to the contextual funding proposition is then intertwined with their response in relation to the Minimum Funding Guarantee.

**Contextual funding**

2.7 The consultation document sets out a proposal to revamp the determination of the contextual funding factor. If adopted, the factor would in future be determined by a combination of:-

- per pupil allocation
- floor area
- lump sum
- allocations for specific split site operations
- allocations to compensate for the operation of Hydrotherapy pools

2.8 During the course of the consultation process and the engagement discussions, it was recognised that one school operates on a third site, which had not been factored into the floor area calculations because the space is leased through a third party. The floor area data will be incorporated into the floor area allocation but it is not proposed to modify the split site calculation. In addition, one school highlighted an omission that their hydrotherapy pool had not been factored into the allocations and this has been remedied.

2.9 Of the eight schools responding to this particular consultation question, six schools were supportive of the proposal and two did not support.

2.10 Furthermore, the two schools that did not support the proposal both agreed in their response to question 3b that the current arrangements should not continue, with one maintained school challenging the validity of the existing arrangements. The basis of this challenge was the current contextual factor always “rebasings itself” each year so that the sum determined at budget allocation time each year does not change despite changing circumstances in the school – the move away from this position was specifically stated as a positive by one of the schools supporting the change.

2.11 One of the schools not supportive of the proposal provided a more detailed articulation of their concerns. This is provided in detail in Appendix 4 – analysis of this raises two key concerns that:

- (a) the reduction in the allocation of contextual funding would be sufficiently substantial that the school would be dependent upon the Minimum Funding Guarantee for a significant number of years;
- (b) that the contextual funding allocation for the school does not reflect the “additional needs and hence costs associated with the delivery of SEMH provision”

**(Summary of Special School Funding Consultation)**

- 2.12 On the former issue, there is the potential that this individual school could be dependent upon the Minimum Funding Guarantee for a number of years (dependent on the rates agreed for future years). However, in the light of no alternative proposals being suggested, the only means to avoid this being the case would be to leave the contextual funding factor in its current form – which all consultation respondents felt should not be the case.
- 2.13 In terms of the view about the factor, not reflecting the needs of SEMH pupils, our view would be that is more a consideration for the overall special school funding arrangements. The local authority would contend that the banded allocations methodology for top-up funding does permit appropriate differentiation of the needs of pupils, and that the solution to addressing concerns does not reside in the contextual funding factor.
- 2.14 **In the light of the above issues and the consultation responses as set out in paragraph 2.9 above, the local authority is minded to proceed with the proposed reform of the contextual funding factor.**

**Minimum Funding Guarantee**

- 2.15 The consultation document set out that, given the challenges faced by the local authority in relation to the High Needs funding block, and the position whereby Special schools were protected in 2020-21 by a higher rate of minimum funding guarantee than maintained schools (+4% as opposed to +1.84% for mainstream schools), that the two options under discussion for 2021-22 were protection factors of 0% or +2.0%. Furthermore, the initial preferred option on the part of the local authority was 0%.
- 2.16 In terms of headline response rates, there was a mixed response – with 3 schools supporting the 0% proposal, and 5 schools supporting the +2% proposal (one school supported both proposals but for the purposes of this report, their support has been assigned to the 2% factor).
- 2.17 Specifically schools articulated that:
- they were concerned about the equivalence of Minimum Funding Guarantee rates between mainstream and special schools
  - they were concerned that the proposed Minimum Funding Guarantee of 0% represented a precedent for future years' settlements for the sector
- 2.18 In terms of the precedent issue, the local authority position is that the requirements will be reassessed each year in the light of the challenges being faced within the sector, the overall financial challenge being experienced on the high needs budget, and the issue appropriately raised of achieving at least equivalence with the mainstream sector to protect the education of some of our most vulnerable learners.
- 2.19 In terms of the equivalence issue, as set out in the consultation document and previous discussions, the proposal of 0% for the Minimum Funding Guarantee for 2021-22 was linked to the significantly higher rate of +4% applied in 2020-21. We discussed with the Forum last year that this arrangement was despite the DfE only prescribing an MFG rate of 0% for the Special school sector. The equivalent rates for mainstream schools were +1.84% and +2%. So our conclusion is that a school in relatively stable circumstances (recognising that there are nuances to how the MFG

**(Summary of Special School Funding Consultation)**

calculation protects individual schools) in the Special school sector has been protected at a slightly higher rate than schools in the mainstream sector across those two years.

- 2.20 **Therefore, the local authority proposal is minded to implement the 0% MFG.** There is also the commitment that the rate applicable in 2022-23 will be discussed with the Schools Forum in the Autumn term 2022.

**Specialist Provisions**

- 2.21 Linked to the consultation process, we received communication from the Wellspring Trust regarding concerns that alternative provisions should receive the same treatment in terms of inflationary uplift and minimum funding guarantee treatment that special schools receive.
- 2.22 Certainly the local authority accepts the principle that learners in alternative provision settings should not be disadvantaged in comparison to learners in special schools. In terms of the inflationary uplift, we will apply the same calculation methodology to uplifting the top-up funding allocations of £8,000 as is being applied to the banded funding assessments for 2021-22. Consequently, the percentage uplift applied will be 3.4% (increasing the top-up allocation value to £8,270 per pupil) which very closely reflects the percentage uplift applied to Band 7 pupils (3.43%).
- 2.23 On the issue of Minimum Funding Guarantee, there is no specific provision within the High Needs guidance to provide a Minimum Funding Guarantee for alternative provisions. The guidance explicitly provides information about the methodology and principles that should be applied to calculating the MFG for Special schools (indeed the relevant Annex is headed “Special Schools minimum funding guarantee”), but there is no equivalent section for Alternative Provisions / Pupil Referral Units. One potential explanation is that the operation of standard top-up allocation sums for alternative provisions would result in a Minimum Funding Guarantee being of limited relevance / utility.
- 2.24 Consequently, there is no proposal to introduce a Minimum Funding Guarantee for alternative provisions, although the local authority will continue to review that funding equivalence with other specialist provisions is maintained.

**3.0 RECOMMENDATIONS**

- 3.1 The Schools Forum is invited to comment upon the proposed next steps (as set out in paragraphs 2.14 and 2.20)

STUART CARLTON

Corporate Director – Children and Young People’s Service



## **NORTH YORKSHIRE COUNTY COUNCIL**

### **SPECIAL SCHOOLS & ACADEMIES**

# **FUNDING ARRANGEMENTS 2021-22 (INCLUDING MINIMUM FUNDING GUARANTEE)A CONSULTATION PAPER**

**October 2020**

Deadline for responses: Monday, 14<sup>th</sup> December, 2020, 6pm

## 1. SUMMARY

- 1.1. This paper sets out the background to the consultation paper on Special School funding arrangements 2021/22. Specifically the consultation paper seeks the views of Special schools on the level of the Minimum Funding Guarantee for Special schools in 2021-22, and in relation to a potential change in the operation of the Contextual funding component of the Special school funding formula.

## 2 BACKGROUND

- 2.1. We discussed at the Schools Forum meeting in September that Special school funding arrangements for 2021/22 will be impacted by a combination of :-
- uplift factors applied to Banding allocations (for top-up funding)
  - the specific operation of the Minimum Funding Guarantee in the Special school sector at a national level, and local level.
  - any review of the Contextual funding arrangements, which were acknowledged to have reached a stage where it was challenging to evidence that the allocations to individual schools were appropriate reflections of their specific circumstances and relative level of need.
  - any implications to emerge from the High Needs funding operational guidance (which at that stage had not been issued by the DfE)
- 2.2. All discussion of Special school funding arrangements sits in the context of the position on the High Needs budget remaining extremely pressured. As at 31<sup>st</sup> March 2020, the local authority had an accumulated High Needs deficit of circa £6.1m with a projected in-year deficit of circa £3.8m. Although DfE announcements in July 2020 indicate that there will be an increase in High needs funding for 2021/22, it is unlikely that this will be sufficient to address fully the in-year deficit. In the absence of future funding certainty and with growing demand pressures, the local authority have developed and implemented an ambitious Strategic Plan for SEND 0-25. An evaluation and progress update of Year 1 of the plan was published in Summer 2020. As part of the strategic plan, the local authority has taken forward a number of initiatives to improve support for SEND in the county as well as reducing the overall cost. Careful and prudent consideration of formula costs through top-up funding for EHCPs has been part of that strategy. The local authority is aware and acknowledges the financial pressure facing special schools and has sought to ensure protection and investment for the sector, balanced against the very challenging High Needs funding settlement for North Yorkshire as a whole.

## 3. SUMMARY OF PROPOSALS

- 3.1. It is proposed that **Banded funding allocations** will increase in line with an assumed rate of inflation of 2%, which is the same percentage uplift in baseline pupil-led funding for mainstream schools in 2021-22 (as per Schools block national funding formula: technical note July 2020).. Since the banded funding allocation is reflecting costs incurred beyond the Element 2 funding allocation of £6,000, and because this figure has remained constant for the eighth year in a row, the allocations for each banding will actually increase by greater than 2% with the highest percentage increases applying to the lower banding allocations. The new



rates of funding are detailed in **Appendix 1**. These rates will apply across all settings in receipt of top-up funding.

- 3.2. The proposal is that the **Minimum Funding Guarantee** should be set at 0% for Special schools – although this is the subject of questions 1 and 2 in the Consultation paper. Further discussion is included in Section 4 below.
- 3.3. The proposal is to modify the **Contextual funding allocation**, so that it becomes a hybrid methodology. This is the subject of Questions 3 and 4 in the Consultation document. The rationale for this approach and alternative options are discussed in Section 5 below, as are the alternative options for this formula factor.
- 3.4. Teachers' pay and pensions funding :- The teachers' pay grant (TPG), the teachers' pension employer contribution grant (TPECG) and the pensions supplementary fund for special schools have all been incorporated into the high needs funding in 2021-22. These will be additional to any place funding or top-up funding and will be guaranteed at no less than the amounts per place paid in 2020-21. We will provide the TPG, TPECG and supplementary funding allocation figures for each school following any further DfE guidance on methodology and DSG condition of grant 2021-22.

#### 4. **MINIMUM FUNDING GUARANTEE FOR SPECIAL SCHOOLS 2021-22**

- 4.1 MFG is a protection for special schools against seeing a reduction in funding from year to year assuming that the number and type of places remain the same. For 2021-22 DfE has set the MFG protection level for special schools at 0% (as was the case in 2020-21) This is, however, in contrast with an MFG protection level of between +0.5% and +2% applicable for mainstream schools, and represents a funding cut in real terms due to the effect of annual inflation on costs. In the discussion paper presented to the High Needs funding sub-group in September, the Authority's aspiration to set a higher MFG for Special schools was discussed – following on from the setting of a rate of 4% and offering additional protection to Special schools in 2020-21 (despite the DfE requirement only being to deploy 0%)
- 4.2 However, after careful consideration, we have assessed that it is very challenging to move beyond the 0% in 2021-22 and this is the local authority's preferred position for next year. This evaluation has taken into account :-
  - As outlined at section 2.2, the position remains very challenging in managing the High Needs DSG Budget deficit – and the challenge has to some extent intensified with revised DfE School Funding regulations and the requirement from the DfE to produce a DSG deficit recovery plan
  - A concern that continuing to increase the dependency on Minimum Funding Guarantee allocations will dilute the relationship between pupils being supported and funding allocations
  - Understanding that seven special schools will stand to gain from the changes to contextual funding and consequently would receive no or limited support from increased MFG percentages; noting that seven special schools will receive an increase in the rate per pupil as a result of the contextual funding reform and no school will receive a reduction in the rate per pupil
- 4.3. In terms of our methodology, the minimum funding determination is only actioned in February each year (for the following financial year) when we use the pupil population in



place at that particular point in time and compare funding allocations in the baseline funding allocation period and the future allocation period. This approach is adopted to ensure that the MFG calculation is not distorted by fluctuations in the band mix of pupils from one year to the next - in accordance with the DfE High Needs operational guidance.

- 4.4. Within the MFG determination, the comparison looks at place funding and top-up funding. It also incorporates the contextual funding component and previous year's minimum funding guarantee sum.
- 4.5. Questions 1 and 2 in the consultation document seek the views of Special schools on the rate of MFG for the 2021-22 financial year. The two specific options detailed are setting the MFG at 0% or 2%. With the very large caveat that we have modelled potential MFG top-up funding for 2021-22 on the basis of the current pupil populations (as opposed to the populations who will be in school in February 2021) – and taking into account the proposed changes to contextual funding discussed in the next section – the estimate is that setting MFG at 0% would result in three schools receiving protection and top-up allocations totalling £181,710 whereas setting the MFG at 2% would result in nine schools receiving top-up allocations totalling £350,681

## 5 REFORM OF CONTEXTUAL FUNDING

- 5.1. The contextual funding formula factor has operated since 2014 when it was introduced as part of the local authority response to the changes in high needs funding regulations.
- 5.2. In-year allocations are expressed on a per-pupil sum (based upon pupil fte numbers) and the allocation is adjusted in-year to reflect movements in pupil fte numbers . The factor is then recalibrated for the following financial year, if estimated pupil numbers change between financial years.
- 5.3. The first option available to the local authority is to retain the existing methodology and the funding allocations deploying this methodology are detailed in **Appendix 2**.
- 5.4. Our consideration is that there is a need for an additional funding allocation – specifically earmarked for the Special school sector – to reflect the challenges of effectively supporting the cohorts of pupils within those environments.
- 5.5. However, we also feel that the rationale for the allocations has been lost in time and is difficult to explain – particularly given some of the significant changes that have taken place within the Special school community since 2014. Therefore, we are proposing a revised Contextual funding component – discussed further in this section. The proposal is that the contextual funding allocation would include elements of School Level Allocation, Per Pupil Allocation, Floor Area Factor and Specific Allocations.
- 5.6. **School level Allocation** :- It is proposed to incorporate an allocation of £45,000 for each Special school to appropriately reflect the whole school activity / costs associated with supporting pupils with EHCPs, particularly managing admissions and the transitional arrangements at the outset of placements, and managing safe access to the site and school environment
- 5.7. **Per pupil allocation** : It is proposed to incorporate a factor that allocates £500 per pupil. It is acknowledged that there can be fluctuations in Special school pupil populations. However, it is proposed that current arrangements to convert the contextual sum into a per pupil allocation are continued. This involves an estimate of fte pupil numbers for the following year being

used to convert the contextual sum into a per pupil allocation, with schools potentially receiving higher or lower actual allocations in-year dependent on the fte pupils on roll.

- 5.8. Floor Area factor** :- The floor area component is an attempt to reflect some of the particular challenges of operating small schools - reflecting that a significant number of North Yorkshire special schools are below the national average.
- 5.9. Our analysis of premises costs indicates a significant relationship between the floor area at each school building and premises related expenditure - with some of our smaller schools having significantly higher floor areas per pupil.
- 5.10. Consequently we have incorporated a factor of £31 per square metres of floor area. This is not intended to fully fund schools for their premises related expenditure (because these costs will to some extent be met from Element 1 and Element 2 funding) but to target resources at those schools with the greatest need to spend.
- 5.11. The floor area figured used are the floor areas held on the corporate property database, Concerto for each school and it has been assumed that these figures are accurate because all maintained schools have the opportunity to update. The only adjustment, which has been actioned is to exclude the floor areas for residential provision at Welburn Hall and Brompton Hall as the additional costs are part of the funding assessment within the residential funding allocation
- 5.12. Specific allocations** to reflect the higher costs incurred by schools operating on split sites and those schools who have hydrotherapy pool facilities. The extra cost factor for hydrotherapy pools has been assessed at £5,000 per unit, whereas the proposed additional funding for schools operating on a split site has been allocated at £20,000 reflecting that the organisation of the split site arrangements does not require significant amounts of pupil and staff movement between the two sites (apart from management oversight). It is recognised that the schools concerned may face additional premises costs – but it was considered that this would impact upon their floor areas and consequently would have already been taken into account.
- 5.13. Consideration was given to introducing a **transitional protection factor** specifically to support those schools experiencing a reduction in their transitional funding - possibly operating on a sliding reducing scale over 2 or 3 years. However, we feel there is appropriate protection provided by the minimum funding guarantee - and that it is preferable to have a mechanism that assessed the overall funding position/requirement at schools. Therefore, that particular option has been discounted.
- 5.14. The component elements of the contextual funding proposals are detailed for each individual school in Appendix 3 and the implications for individual schools of amending the contextual funding allocation are detailed in appendix 4**
- 5.15. In terms of the total allocation figures, it is important to emphasise that whereas the initial allocations for 2020-21 were £1.523 million, we have utilised the projected 2020-21 allocations as the baseline for the analysis ( which is a more significant issue for certain schools)
- 5.16. Furthermore, because our determination is that £31 is the appropriate value for the floor area factor, computing the revised contextual allocations actually generates initial allocations of £1.819 million (a net increase of £64.5k)
- 5.17. The outcomes detailed in **Appendix 4** indicate 7 schools receiving a higher allocation than their baseline figure - and three schools seeing a reduction. The table in **Appendix 4** has set

these reductions as a percentage of the contextual funding allocation and a percentage of the overall budget.

- 5.18. Our provisional modelling is that all of these three schools would receive support in the form of minimum funding guarantee support - although as described above the actual determination will depend upon the pupil population in place in February at the point of the budget determination

**6. Next Steps**

- a. Accompanying this consultation paper is a response form (please see Appendix 1). We would be grateful if you could return this by email, or otherwise respond by email to the questions, by 6pm on Monday, 14<sup>th</sup> December, 2020. Please send your responses to [Deborah.wilbor@northyorks.gov.uk](mailto:Deborah.wilbor@northyorks.gov.uk)
- b. The results of this consultation, with associated recommendations, will be presented to members of the North Yorkshire Schools Forum for discussion at its meeting on **Thursday 21st January 2021**. Schools will be notified of the outcome of this discussion and subsequent decision by the local authority.

7. **Consultation Questions**

a. The questions set out in the accompanying response form are as follows:

Q1a. Please indicate whether you support the proposed option A (0%) for setting MFG for special schools in 2020-21:

Support (Y/N) :

Q1b. Please indicate whether you support the proposed option B (+2%) for setting MFG for special schools in 2020-21:

Support (Y/N) :

Q2: Do you have any further comments or other suggestions relating to MFG?

Q3a. Please indicate whether you support the overall proposal to amend the Contextual Funding Allocation component of the formula – as discussed in Section 5 and generating the revised contextual funding values detailed in Appendix 3.

Support (Y/N) :

Q3b. If you have responded No to Question 3a, please indicate whether you support retaining the existing values for Contextual Funding (as detailed in Appendix 2)

Support (Y/N) :

Q4: Do you have any further comments in relation to the operation of Contextual Funding (as set out in section 5 of the attached discussion paper)

## Appendix 1 :- Funding Rates for Top-Up Allocations

|         | Funding Rates 2020-21 | Funding Rates 2021-22 |
|---------|-----------------------|-----------------------|
| Band 3  | £0                    | £0                    |
| Band 4  | £1,290                | £1,430                |
| Band 5  | £3,320                | £3,500                |
| Band 6  | £4,970                | £5,190                |
| Band 7  | £7,820                | £8,090                |
| Band 8  | £9,420                | £9,720                |
| Band 9  | £13,220               | £13,610               |
| Band 10 | £20,000 (*1)          | £20,000 (*1)          |
|         |                       |                       |

### Notes

(\*1) actual allocations dependent on Band 10 panel evaluation

## Appendix 2 :- Baseline Contextual Funding Allocations

| School        | 2020-21 Initial Contextual Budget Allocation |
|---------------|--|
| Brompton Hall | £139,749                                     |
| Welburn Hall  | £181,727                                     |
| Woodlands     | £122,988                                     |
| The Dales     | £122,929                                     |
| Springhead    | £137,855                                     |
| The Forest    | £129,124                                     |
| Springwater   | £107,264                                     |
| Brooklands    | £101,092                                     |
| Mowbray       | £190,608                                     |
| Forest Moor   | £289,300                                     |
| TOTAL         | £1,522,636                                   |

### Notes

(\*1) The current practice is that the allocation is based on the estimated number of fte pupils (which is input at the point of determining budget allocations). This figure is used to convert the contextual sum into a per pupil allocation – and schools receive actual contextual allocations based upon the actual fte number. This would continue to be the practice for the “per pupil” sum within the proposed new arrangements.

**Appendix 3 :- Proposed Contextual Funding Allocations 2021-22**

| School        | 1. £500 Per Pupil (*1) | 2. Hydro-Therapy Pool | 3. Split Site | 4. Lump Sum    | 5. Total Floor Area x £31 per sqm | 6. TOTAL Proposed Contextual |
|---------------|------------------------|-----------------------|---------------|----------------|-----------------------------------|------------------------------|
|               | £                      | £                     | £             | £              | £                                 | £                            |
| Brompton Hall | 32,000                 |                       |               | 45,000         | 98,327                            | 175,327                      |
| Welburn Hall  | 34,500                 |                       |               | 45,000         | 89,252                            | 168,752                      |
| Woodlands     | 42,500                 |                       |               | 45,000         | 82,423                            | 169,923                      |
| The Dales     | 26,500                 | 5,000                 |               | 45,000         | 42,780                            | 119,280                      |
| Springhead    | 41,500                 | 5,000                 | 20,000        | 45,000         | 61,944                            | 173,444                      |
| The Forest    | 67,000                 |                       |               | 45,000         | 60,531                            | 172,531                      |
| Springwater   | 42,500                 | 5,000                 | 20,000        | 45,000         | 49,284                            | 161,784                      |
| Brooklands    | 26,500                 |                       |               | 45,000         | 43,251                            | 114,751                      |
| Mowbray       | 117,000                |                       | 20,000        | 45,000         | 114,776                           | 296,776                      |
| Forest Moor   | 37,500                 |                       |               | 45,000         | 183,749                           | 266,249                      |
| <b>TOTAL</b>  | <b>467,500</b>         | <b>15,000</b>         | <b>60,000</b> | <b>450,000</b> | <b>826,317</b>                    | <b>1,818,817</b>             |

(\*1) these figures are illustrative at this point – and will be updated in February 2020 to reflect the most upto date information about forecast FTE pupils for the 2021-22 financial year.



**Appendix 4 :- implications of proposed amendment to contextual funding allocations**

| School        | 1. 2020/21 Academic Year Commissioned Places (NY pupils) | 2. Current Estimated Contextual Allocation | 3. TOTAL Proposed Contextual | 4. Difference as result of Proposal | 5. % change in contextual funding | 6. % change expressed as % of overall funding |
|---------------|--|--|------------------------------|-------------------------------------|-----------------------------------|---|
| Brompton Hall | 64   | 136214                                     | 175327                       | 39113                               | 28.71                             | 2.96%   |
| Welburn Hall  | 69   | 198246                                     | 168752                       | -29494                              | -14.88                            | -2.05%  |
| Woodlands     | 85   | 146179                                     | 169923                       | 23744                               | 16.24                             | 1.10%   |
| The Dales     | 53   | 128142                                     | 119280                       | -8862                               | -6.92                             | -0.68%  |
| Springhead    | 83   | 151206                                     | 173444                       | 22238                               | 14.71                             | 1.11%   |
| The Forest    | 134  | 143850                                     | 172531                       | 28681                               | 19.94                             | 1.17%   |
| Springwater   | 85   | 114666                                     | 161784                       | 47118                               | 41.09                             | 2.27%   |
| Brooklands    | 53   | 112520                                     | 114751                       | 2231                                | 1.98                              | 0.17%   |
| Mowbray       | 234  | 237600                                     | 296776                       | 59176                               | 24.91                             | 1.29%   |
| Forest Moor   | 75   | 385704                                     | 266249                       | -119455                             | -30.97                            | -6.95%  |
| <b>TOTAL</b>  | <b>935</b>   | <b>1754327</b>                             | <b>1818817</b>               | <b>64490</b>                        | <b>3.68</b>                       |   |



## NORTH YORKSHIRE SCHOOLS FORUM

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| <b>Date of meeting:</b>                                      | Thursday, 17 September 2020  |
| <b>Title of report:</b>                                      | <b>Special School Funding Arrangements 2021-22</b>   |
| <b>Type of report:</b><br>Delete as required                 | For discussion / information only  |
| <b>Executive summary:</b><br>Including reason for submission | Report discusses arrangements for Special school funding for 2021-22, and specifically is seeking to provide stability in these arrangements to enable schools to develop their own three year budgets |
| <b>Budget / Risk implications:</b>                           | Proposals need to be considered in the context of affordability within the High Needs Budget overall and within the context of the impact on individual special school funding arrangements.           |
| <b>Recommendations:</b>                                      | To note the content of the report and the proposed developments in section 3   |
| <b>Voting requirements:</b>                                  | None   |
| <b>Appendices:</b><br>To be attached                         | Not applicable   |
| <b>Report originator and contact details:</b>                | Martin Surtees ( <a href="mailto:martin.surtees@northyorks.gov.uk">martin.surtees@northyorks.gov.uk</a> )  |
| <b>Presenting officer:</b><br>If not the originator          |  |

## 1.0 PURPOSE OF THE REPORT

- 1.1 This report discusses the factors that are pertinent to the determination of Special School funding for the 2021-22 financial year and outlines the plan to consult on those funding arrangements later in the Autumn term, when we have greater clarity on the High Needs operational guidance

## 2.0 BACKGROUND

- 2.1 In determining Special school funding arrangements for 2021-22, the LA is keen to (a) provide an appropriate degree of protection to special schools to facilitate medium term financial planning on the part of individual schools. This has included being prepared to go further than DFE guidance in relation to the Minimum Funding Guarantee (MFG) (as evidenced in last year's determination of the Guarantee), whilst being mindful of the overall affordability to the high needs budget, and (b) to ensure that there is appropriate funding recompense for schools to admit additional pupils where that is feasible so that we can collectively achieve the best possible set of opportunities and outcomes for young people with EHCPs
- 2.2. In line with High Needs funding guidance, the local authority allocates Special school budgets on the basis of place funding (linked to discussions regarding planned Commissioned Places) and top-up funding, computed on the basis of individual pupil allocations, in line with the revised funding allocation methodology introduced in April 2019.
- 2.3 One complicating factor in providing certainty in relation to funding allocations is the 'contextual funding' component of the funding arrangements. This element of funding has been in place since the revised High needs funding arrangements were introduced; the value of allocations to individual Special schools have remained unchanged over that period despite some significant changes in pupil populations supported within the individual schools. It is also potentially a source of confusion in predicting future resource levels for Special schools. Potentially, if significant protection is to be put in place for Special schools, it is important that the formula allocations falling within the scope of that protection are appropriate to the needs of individual schools
- 2.4 One complicating factor in developing any proposals is that the DFE have not yet issued the High Needs Operational Funding guidance – but have committed to do so during Autumn 2020. The picture is more complex this year, because the guidance will describe the treatment being applied to the teacher's pay grant (TPG) and the teacher's pension employer contribution grant (TPECG).

## 3.0 DETAILED IMPLICATIONS

- 3.1 The challenge for all Special schools in predicting their funding allocations for subsequent years, is that these are a combination of :-
- Planned commissioned places (Place funding);
  - Top-up funding: banding rates applicable to the pupil population at the outset of the financial year
  - Top-up funding: uplifts applied to banding rates
  - Contextual funding levels

**(Special School Funding Arrangements)**

- Whether MFG support applies and, if so, the level of local protection
- 3.2 Moreover – and in contrast to the mainstream sector – there is a greater degree of fluidity, in-year, in funding allocations, so that the initial allocations issued by the local authority in March each year are only indicative based upon the pupil population in place at that point in time.
- 3.3 In order that Special schools can begin to construct budget scenarios for future years, we can share that:
- (a) The local authority is exploring the deployment of a minimum funding guarantee factor specifically for Special schools in excess of the Government's minimum requirement of 0%. Currently, we are assessing the implications of working with +2.0% or +4.0% as the level of the guarantee – but the final assessment will be dependent on further announcements from the DfE and an assessment of affordability within the context of the High Needs budget.
  - (b) The local authority is committed to increasing top-up funding allocations – applicable to Special schools and Mainstream settings – in line with inflation. These will be refreshed during the Autumn term and we will report the outcome of that updating process to the Schools Forum in January.
- 3.4 In terms of the contextual funding component of the formula, our assessment is that the allocations
- Potentially drive an appropriate amount of funding into the Special school sector to appropriately reflect the whole school activity / costs associated with supporting pupils with EHCPs, particularly managing admissions and the transitional arrangements at the outset of placements, and managing safe access to the site and school environment
  - Potentially are inequitable between Special schools, with the sum per pupil ranging from £500 per pupil through to nearly £6,000 per pupil.
- 3.5 In terms of developing any alternative arrangements, it is worth emphasising that the High Needs funding guidance does not permit the use of a lump sum for Special schools. Any reworking of the contextual funding allocations would be set in the context of not reducing the overall quantum of funding available to Special schools. A figure of £1,500 per pupil across all Special schools would allocate virtually the same sum as the existing arrangements (0.009% divergence). However, this change, if implemented would create winners and losers in the sector (initial analysis suggests three or four schools would lose funding) – and we are exploring whether some additional form of transitional arrangements could ensure those losses are not too disruptive to any individual school.
- 3.6 The suggested route forward is that following the publication of the DfE High Needs funding guidance (due to be published by the end of September), that
- The local authority will consider proposed changes to banding levels, and the level of the minimum funding guarantee for Special schools
  - More substantive analysis on alternatives to the existing Contextual funding arrangements to be developed, discussed with the High Needs Funding Sub Group and the subject of consultation with the Special School sector in North Yorkshire.

4.0 RECOMMENDATIONS

- 4.1 The Schools Forum is invited to comment upon the approach proposed in paragraph 3.6 above.

STUART CARLTON

Corporate Director – Children and Young People’s Service

**Appendix 3 :- Responses received to Special School Funding Consultation**

Brooklands School

Mowbray School

Springhead School

Springwater School

The Dales School

The Forest School

Woodlands Special Academy

Forest Moor School (received late but still considered)

| School            | Q1a. Please indicate whether you support the proposed option A (0%) for setting MFG for special schools in 2020-21: | Q1b. Please indicate whether you support the proposed option B (+2%) for setting MFG for special schools in 2020-21: | Q2: Do you have any further comments or other suggestions relating to MFG?  | Q3a. Please indicate whether you support the overall proposal to amend the Contextual Funding Allocation component of the formula – as discussed in Section 5 and generating the revised contextual funding values detailed in Appendix 3.   | Q3b. If you have responded No to Question 3a, please indicate whether you support retaining the existing values for Contextual Funding (as detailed in Appendix 2) | Q4: Do you have any further comments in relation to the operation of Contextual Funding (as set out in section 5 of the attached discussion paper)   |   |
|-------------------|---|--|---|--|--|--|---|
|                   | Support (Y/N) :   | Support (Y/N)  |   | Support (Y/N)  | Support (Y/N)  |  |   |
| Brooklands        | N   | Y  | As a school who has historically maintained a positive budget we need to ensure that we can continue to run school efficiently and cost effectively hence the choice for Option B +2% which would offer some protection going forward.  | Y  |  |  |   |
| The Forest School | N   | Y  | <p>We would wish to seek a MFG that at a minimum is consistent with the position for mainstream pupils through the NFF. The Government have set out that the pupil led factors within the NFF would be increased by 3%, and would expect most schools to see an increase of 2% per pupil or over for 2021/22.</p> <p>Given the increase in High Needs funding for North Yorkshire of 10%, appreciating the pressure that this spend area is under, we feel it should be reasonable for an overall funding increase consistent and equitable with increases for mainstream pupils.</p> <p>As set out above, given that special schools are supporting the most vulnerable children across the County, we would as an absolute minimum want equity in any funding increases with mainstream pupils.</p> | <p>Y</p> <p>We support the principal of having a fair and more transparent funding model that provides clarity and certainty for schools moving forward, that is linked to pupil numbers.</p> <p>We also support the change as set out in that it results in a more equitable distribution of funding, increasing the funding for The Forest to a more consistent and equitable level with the other schools.</p> <p>However we feel any review of funding should consider the overall funding being delivered to a school relative to the specific needs it is required to meet, ensuring it can do so in a safe and effective manner within the overall available resources.</p> | N  | <p>The contextual funding as it currently operates always reverts back to the starting lump sum from the previously financial year and hence takes no account of actual pupil numbers and hence actual cost of delivery.</p> <p>There is also clearly an inequity in the current funding model that suggests The Forest have been underfunded in previous years and hence we could not support maintaining the current values and inherent inequity.</p> | We have covered this within our response under question 3a. |
| Mowbray School    | Y   | N  | N   | Y  |  | N  |   |
| Springwater       | Y   | N  | N   | Y  |  | This is a huge improvement on the previous calculation. It is easy to understand and recognises tangible issues faced by a number of school and puts them in plain sight for all to see.   |   |



|                   |   |  |   |  |  |   |
|-------------------|---|--|---|--|--|---|
| Springhead        | N<br>MFG for 21/22, we feel that the special schools should be afforded at least the same level of protection as the mainstream schools (0.5 – 2%). If reducing the MFG for all schools, then it should be decreased gradually over time. | Y<br>We feel a drop from 4% to 0% in one year is too great. A gradual decrease over time in percentage of MFG would be more appropriate.<br><br>We feel that special schools should at least have the same protection level as mainstream schools.   | If the MFG is set at 0% this doesn't allow for any inflation should budgets need supporting at 0%. This would have an on-going effect should a 0% MFG continue to be agreed in the following years.                               | Y<br>We need to highlight the fact we lease Falsgrave Community Centre which would affect the floor area we are being funded for (floor area 155 square metres). It would also affect the split site calculations (we have 3 sites). This information is not held on Concerto as the property is leased.   | N  |   |
| The Dales School  | Y (please see email dated 16/12/20)   | Y<br>As a school in financial difficulty any additional funding is a plus  | On assumption only 3 schools would qualify for MFG in 21/22, cumulative figure (4.5) have been provided for both 0% and 2% MFG, however individual figures on the estimated MFG would have been helpful. Could these be provided? | N  | N<br>School is in agreement that this needs to be reviewed and transparency over funding applied   | Y (please see email dated 16/12/20)                         |
| Woodlands Academy | Y   | N  | N   | Y  | N  |   |
| Forest Moor       | N   | Y<br>We would wish to seek a MFG that at a minimum is consistent with the position for mainstream pupils through the NFF. The Government have set out that the pupil led factors within the NFF would be increased by 3%, and would expect most schools to see an increase of 2% per pupil or over for 2021/22.<br><br>Given the increase in High Needs funding for North Yorkshire of 10%, and whilst appreciating the pressure that this spend area is under, we feel it should be reasonable for an overall funding increase consistent and equitable with increases for mainstream pupils. | As set out above, given that special schools are supporting the most vulnerable children across the County, we would as an absolute minimum want equity in any funding increases with mainstream pupils.                          | N<br>We support the principle of having a fair and more transparent funding model that provides clarity and certainty for schools moving forward, that is linked to pupil numbers.<br>However, we cannot support a funding proposal that seeks to significantly reduce overall school funding, as this does for Forest Moor by £119,455, with no broader analysis and consideration of the additional needs and hence costs associated with the delivery of SEMH provision. Were this to have been implemented with no MFG protection, it would have seriously undermined the school's ability to deliver safe and effective provision to some of the most vulnerable children across the County. Indeed, it is clear that Forest Moor will be reliant on the MFG for years to come to offset the cut in funding arising from the model. This fact, of itself, undermines the intent of the new model as it will, over time, mean a disconnect inevitably develops between the model and actual funding received.<br>Any funding model should be considered in full against the realistic cost of delivering safe and effective provision to meet the collective individual pupil needs. | N<br>The contextual funding as it currently operates always reverts back to the starting lump sum from the previously financial year and hence takes no account of actual pupil numbers and hence actual cost of delivery.<br><br>On this basis we would question whether it is in breach on the Minimum Funding Guarantee requirements as specified within the High Needs Funding Regulations.<br><br>The reality is for schools with increasing pupil numbers, the current formula results in a potential year on year reduction in funding per pupil. | We have covered this within our response under question 3a. |