

Date of meeting:	Thursday 23 January 2020
Title of report:	Minimum Funding Guarantee for Special Schools 2020-21
Type of report:	For information & views
Executive summary: Including reason for submission	This paper provides outcome of the recent technical consultation on the Minimum Funding Guarantee for special schools in the North Yorkshire Local Authority in 2020-21.
Budget / Risk implications:	Minimum Funding Guarantee (MFG) offers a level of protection for each special school against seeing a reduction in its funding assuming that the number and type of places in the school remain the same year to year. However, the protection is NOT cost neutral and a higher MFG will lead to an increase in overall High Needs Budget expenditure, contributing to the underlying funding gap of the High Needs Block. While the resulting overspend will be cashflowed in-year by the Local Authority, this will be carried forward and ultimately required to be repaid from High Needs Block funding in future years.
Recommendations:	The North Yorkshire Schools Forum is asked: <ul style="list-style-type: none"> To support the recommendation to implement option B (+4%) for setting the Minimum Funding Guarantee for special schools
Voting requirements:	
Appendices: To be attached	Appendix 1 – Technical Consultation Document on the Minimum Funding Guarantee for special schools Appendix 2 – (Anonymous) feedback from special schools
Report originator and contact details:	Qingzi Bu, Senior Accountant
Presenting officer: If not the originator	Howard Emmett, Assistant Director – Strategic Resources howard.emmett@northyorks.gov.uk 01609 532118

1.0 PURPOSE OF THE REPORT

1.1 This paper presents the outcome of the recent technical consultation held with special schools on options to apply the Minimum Funding Guarantee (MFG) for special schools in the North Yorkshire Local Authority in 2020-21. The Schools Forum is asked to support the recommendation to implement option B (+4%) for the MFG protection level.

2.0 BACKGROUND

2.1 Since 2015, the Local Authority has experienced a significant increase in demand for SEND services with a 68% increase in the number of children and young people assessed as requiring Education, Health and Care Plans (EHCPs). The funding from the Government for High Needs Block has not been sufficient to meet this increase in demand, and it is projected that the underlying funding gap in 2019-20 will be around £6.8m. The gap for 2020-21 is projected at £4-5m, after taking into account the extra High Needs funding allocation confirmed by Department for Education (DfE) in October 2019.

2.2 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 2020-21 DfE has set the MFG protection level for special schools at 0%. This is, however, in contrast with an MFG protection level of between +0.5% and +1.84% applicable for mainstream schools, and represents a funding cut in real terms due to the effect of annual inflation on costs. Following a separate consultation with mainstream schools, Schools Forum have preferenced for a mainstream school MFG of +1.37% (subject to finalisation of actual 2020/21 data)

3.0 CONSULTATION ON THE LEVEL OF MFG TO APPLY FOR SPECIAL SCHOOLS

3.1 The Local Authority proposed the following two options to the special schools and requested for them to indicate whether they supported either:

Option A - Apply MFG of 0% for special schools for 2020-21

Option B - Apply MFG of +4% for special schools for 2020-21

3.2. 7 out of the 10 special schools responded to the consultation. The feedback is unanimous as each indicated support for option B and lack of support for option A:

	Support (Y)	Does Not Support (N)
Option A	0	7
Option B	7	0

3.3 It is recommended that Option B is implemented. While this is more generous than the 0% recommended by DfE and will add to the High Needs funding gap in the short-run, the higher protection level will ensure that special schools see a real-terms increase in their funding for 2020-21. The Local Authority will continue to lobby the Central Government for additional High Needs Funding in future years, and at the same time continue to develop and implement the North Yorkshire Strategic Plan for SEND Education Provision in order to address the underlying funding gap. It should be however noted that, while the Local Authority will cashflow any deficit in the High

Needs Block, the accumulated deficits will need to be repaid at some point by surplus in the High Needs Funding in future years, due to the ringfenced nature of the Block.

4.0 RECOMMENDATIONS

4.1 The North Yorkshire Schools Forum is asked:

- To support the implementation of Option B (+4%) in respect of the consultation on setting the MFG for special schools in 2020-21.

STUART CARLTON

Corporate Director – Children and Young People's Service



NORTH YORKSHIRE COUNTY COUNCIL

SPECIAL SCHOOLS & ACADEMIES

MINIMUM FUNDING GUARANTEE 2020-21

A CONSULTATION PAPER

DECEMBER 2019

Deadline for responses: 6pm, 13th January 2020

1 Summary

- 1.1 This technical consultation paper sets out two proposed options to apply the minimum funding guarantee (MFG) for special schools in the North Yorkshire Local Authority in 2020-21. The technical consultation invites special schools to comment on the two options and make any additional suggestions or alternatives, in order to allow the Local Authority to make a final decision on the level of MFG protection to be applied to special schools funding in setting the High Needs Budget for 2020-21.
- 1.2 The views of special schools provided through this consultation will be fed back to the next Schools Forum prior to the local authority making the decision. The consultation will begin on Monday 9 December 2019 and close on Monday 13 January 2020.

2 Background

2.1 Financial Pressure in High Needs Block

Since 2015, the Local Authority has experienced a significant increase in demand for SEND services with a 68% increase in the number of children and young people assessed as requiring Education, Health and Care Plans (EHCPs). The funding from the Government for High Needs Block has not been sufficient to meet this increase in demand, and it is projected that the underlying funding gap in 2019-20 will be around £6.8m. The gap for 2020-21 is projected at £4-5m, after taking into account the extra High Needs funding allocation confirmed by Department for Education (DfE) in October 2019.

2.2 Minimum Funding Guarantee (MFG) for Special Schools

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 2020-21 DfE has set the MFG protection level for special schools at 0%. This is, however, in contrast with an MFG protection level of between +0.5% and +1.84% applicable for mainstream schools, and represents a funding cut in real terms due to the effect of annual inflation on costs. Following a consultation with mainstream schools, Schools Forum have preferred for a mainstream school MFG of +0.5%. The Local Authority is, therefore, considering the option of setting a higher MFG protection level of +4% to ensure that special schools see a real-terms increase in funding. This will be more generous than the 0% proposed by DfE and will add to the High Needs funding gap in the short-run which will need to be addressed as part of the Strategic Plan for SEND Education Provision. However, the local authority is interested in views from special schools in terms of balancing the cost of MFG (where the local authority will be more generous than the DfE position) with reducing the funding gap.

3 Proposed Options

- 3.1 Based on pupil data (population, needs) at each special school as at September 2019, we have calculated an indicative MFG for 2020-21 for the following two options. Please note however the final value of MFG may change significantly by the point that the actual budget determinations are made (due to changes in pupil numbers and/or changes in the assessed needs of the pupils).

3.2 Option A

Apply MFG of 0% for special schools as set by DfE for 2020-21. Each school will receive £nil MFG:

School	MFG
Brompton Hall	£0
Welburn Hall	£0
The Woodlands	£0
The Dales	£0
Springhead	£0
The Forest	£0
Springwater	£0
Brooklands	£0
Mowbray	£0
Forest Moor	£0

3.3 Option B

Apply MFG of +4% for special schools for 2020-21. The indicative MFG for each school are:

School	MFG
Brompton Hall	£10,904
Welburn Hall	£12,032
The Woodlands	£15,618
The Dales	£14,537
Springhead	£21,141
The Forest	£21,879
Springwater	£22,616
Brooklands	£11,345
Mowbray	£38,992
Forest Moor	£10,748

Under Option B, the total cost of a +4% MFG would be approximately £179,812.

4 **Next Steps**

- 4.1 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, 13 January 2020. Please send your responses to Deborah.wilbor@northyorks.gov.uk
- 4.2 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 23rd January 2020. Schools will be notified of the outcome of this discussion and subsequent decision by the local authority.

5 Consultation Questions

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

Q1. Please indicate whether you support the proposed option A (0%) for setting MFG for special schools in 2020-21:

Support (Y/N) :

Q2. Please indicate whether you support the proposed option B (+4%) for setting MFG for special schools in 2020-21:

Support (Y/N) :

Q3: Do you have any further comments or other suggestions relating to MFG?

Accompanying Appendices

Appendix 1: Consultation response form

Equality impact assessment (EIA) form: evidencing paying due regard to protected characteristics

(Form updated May 2015)

Special Schools Minimum Funding Guarantee 2020-21 (High Needs Block Funding)

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔



Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to County Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people to find completed EIAs we also publish them in the Equality and Diversity section of our website. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area	North Yorkshire County Council: Central Services
Lead Officer and contact details	Howard Emmett - Assistant Director – Strategic Services
Names and roles of other people involved in carrying out the EIA	Qingzi Bu – Senior Accountant
How will you pay due regard? e.g. working group, individual officer	<p>The proposal is subject to a special schools only consultation process from 9th December 2019 ending 13rd January 2020 and this EIA will be monitored during and following the consultation responses.</p> <p>A further discussion is to be held at the North Yorkshire School Forum meeting on 23rd January 2020.</p>
When did the due regard process start?	Initial discussions took place after the publication of the High Needs Funding Operational Guide 2020 to 2021 by DfE in early October 2019. Option appraisals have been undertaken and proposal developed in November 2019.

Section 1. Please describe briefly what this EIA is about. (e.g. are you starting a new service, changing how you do something, stopping doing something?)

Minimum Funding Guarantee (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 in the school remain the same. The Department for Education has proposed a protection level of 0% for 2020-21. The Local Authority is considering an alternative option of setting a higher MFG (+4%) and is seeking views of the special schools on this issue.

Section 2. Why is this being proposed? What are the aims? What does the authority hope to achieve by it? (e.g. to save money, meet increased demand, do things in a better way.)

MFG has a vital role to play in protecting special schools where either (a) the aggregate needs of pupils in their schools have changed substantially or (b) the level of funding provided to pupils has been systematically reduced. The Local Authority is concerned that applying a 0% MFG for special schools may:

- a) Disadvantage special schools compared to the MFG protection level of +0.5% for mainstream schools (as preferred by Schools Forum)
- b) Lead to a reduction in funding to schools in real terms, which may have an impact on their current pupils

Section 3. What will change? What will be different for customers and/or staff?

Customers

If the +4% MFG option is selected, it will result in additional funding to all of the special schools in North Yorkshire. This may have a positive impact on current pupils attending the schools.

If the 0% MFG option is selected, it may result in reduction in funding in real terms for a special school, which may mean changes will be made to the provision of current pupils attending that school.

Section 4. Involvement and consultation (What involvement and consultation has been done regarding the proposal and what are the results? What consultation will be needed and how will it be done?)

The consultation document is being sent to all special schools inviting responses to be returned to the LA by 13rd January 2020. The responses and results from the consultation exercise will be presented to the Schools Forum on 23rd January 2020. This EIA will be monitored during the consultation and will continue during the process of collating and analysing all consultation feedback.

Section 5. What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

Please explain briefly why this will be the result.

If the +4% MFG option is selected, it is expected to increase the High Needs Budget expenditure by around £180k, contributing to the underlying funding gap on the High Needs Block which, based on current information, is projected to be between £4m to £5m.

The resulting deficit will be cashflowed by the Local Authority and carried forward, with the expectation that it will be repaid by surpluses in High Needs Block funding in future years.

Section 6. How will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
Age		✓	✓	<p>There are around 780 children and young people aged 0-19 in North Yorkshire special schools who are affected by the proposal.</p> <p>If the 0% MFG option is selected, it may result in reduction in funding in real terms for a special school, which may mean changes will be made to the provision of current pupils attending that school.</p>
Disability		✓	✓	<p>If the 0% MFG option is selected, it may result in reduction in funding in real terms for a special school, which may mean changes will be made to the provision of current pupils attending that school.</p>
Sex (Gender)		✓	✓	<p>The population of young people attending special schools in North Yorkshire is higher</p>

Section 6. How will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
				among boys, , proportionally more boys may be negatively affected than girls.
Race	✓			No identifiable effect, as this characteristic is not a factor in determining young people attending special schools.
Gender reassignment	✓			No identifiable effect, as this characteristic is not a factor in determining young people attending special schools.
Sexual orientation	✓			No identifiable effect, as this characteristic is not a factor in determining young people attending special schools.
Religion or belief	✓			No identifiable effect, as this characteristic is not a factor in determining young people attending special schools.
Pregnancy or maternity	✓			No identifiable effect, as this characteristic is not a factor in determining young people attending special schools.
Marriage or civil partnership	✓			No identifiable effect, as this characteristic is not a factor in determining young people attending special schools.

Section 7. How will this proposal affect people who...	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
..live in a rural area?	✓			No identifiable effect, as this characteristic is not a factor in determining young people attending special schools.
...have a low income?	✓			No data available at time of writing to show there is a greater impact on those children with SEND and families with low incomes.

Section 8. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men) State what you think the effect may be and why, providing evidence from engagement, consultation and/or service user data or demographic information etc.

It is anticipated proposed changes to the current provision will impact more on the following:

Young people with special educational needs and disabilities

If the 0% MFG option is selected, it may result in the reduction in funding in real terms for pupils attending a special school, which may mean changes will be made to their current provision. The Local Authority is considering to introduce an uplift in the top-up funding rates as a possible mitigation. Further work will be undertaken, once proposal has been through the decision making process.

Section 9. Next steps to address the anticipated impact. Select one of the following options and explain why this has been chosen. (Remember: we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us)	Tick option chosen
1. No adverse impact - no major change needed to the proposal. There is no potential for discrimination or adverse impact identified.	
2. Adverse impact - adjust the proposal - The EIA identifies potential problems or missed opportunities. We will change our proposal to reduce or remove these adverse impacts, or we will achieve our aim in another way which will not make things worse for people.	
3. Adverse impact - continue the proposal - The EIA identifies potential problems or missed opportunities. We cannot change our proposal to reduce or remove these adverse impacts, nor can we achieve our aim in another way which will not make things worse for people. (There must be compelling reasons for continuing with proposals which will have the most adverse impacts. Get advice from Legal Services)	✓
4. Actual or potential unlawful discrimination - stop and remove the proposal – The EIA identifies actual or potential unlawful discrimination. It must be stopped.	
<p>Explanation of why option has been chosen. (Include any advice given by Legal Services.)</p> <p>The actual impact will not be known until the budget determinations are made.</p> <p>During the consultation and decision making process there will be ongoing consideration to any equality impacts that arise, and how these can be mitigated.</p>	

Section 10. If the proposal is to be implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)

In addition to the regular monitoring and reporting of finances to the School Forum, the Strategic SEND Plan sets out a comprehensive countywide North Yorkshire Inclusion Partnership model which will make sure there is a strategic vision across North Yorkshire.

The membership will include as well as LA senior officers both senior representatives from education providers across the 0-25 age range and parents/carers.

Section 11. Action plan. List any actions you need to take which have been identified in this EIA, including post implementation review to find out how the outcomes have been achieved in practice and what impacts there have actually been on people with protected characteristics.

Action	Lead	By when	Progress	Monitoring arrangements
1. To consider a formal consultation responses received from special schools	Howard Emmett – Asst. Director	Ongoing		
2. To present results for discussion at Schools Forum	Howard Emmett – Asst. Director	23 rd January 2020		
3. To take recommendation to the Director of CYPS for decision in setting the High Needs Budget for 2020-21	Howard Emmett – Asst. Director	tbc		
4. To monitor High Needs Budget expenditure	CYPLT	Ongoing		

Section 12. Summary Summarise the findings of your EIA, including impacts, recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.

The Equality Impact Assessment has assessed the impact of the proposal namely

- To apply MFG of 0% or +4% for special schools budget in 2020-21

- To consider consultation responses received from all special schools in North Yorkshire over this proposal

Although it has identified that certain groups with protected characteristics are likely to be adversely affected if the 0% MFG option is selected, further work on possible mitigation will be undertaken, once the proposal has been through the decision making process.

Section 13. Sign off section

This full EIA was completed by:

Name: Qingzi Bu

Job title: Senior Accountant

Directorate: Central Services

Signature: Qingzi Bu

Completion date: 09/12/19

Authorised by relevant Assistant Director (signature): Howard Emmett

Date: 09/12/19

School	Q1	Q2	Q3
1	N	Y	It is unclear how the indicative figures have been identified. On the basis of our calculations, the indicative figures are below half the figure we would expect on the basis of a 4% MFG. The figure quoted for (our) School suggests the total figure of £363,425. We are unable to identify from our own funding figures what this total figure relates to, and transparency around this aspect of the MFG calculation process would be appreciated.
2	N	Y	We have found this consultation difficult to respond to as the ramifications of an increased funding gap going forward have not been explored but hopefully the Strategic Plan for SEND will address this. We have chosen short term financial gain but, in times of such financial uncertainty and the implications of this for the future, we are not sure what we are actually choosing and how this will affect our funding in the future.
3	N	Y	
4	N	Y	Whilst any increase in funding is welcome, the +4% does not in real terms make a meaningful difference to the financial situation for any special school already in deficit.
5	N	Y	I would be very keen to gain a better understanding of NYCC long term strategic plan for SEND for the future as it was quite challenging for me to respond to this consult.
6	N	Y	Whilst this is appreciated, it does little to raise standards in our schools and doesn't help the LA's financial position.
7	N	Y	A 0% MFG for special schools in North Yorkshire will represent a significant cut in real-terms funding when set against increased staffing, and similar, costs. This would have a disproportionate negative impact on the school and ultimately the vulnerable young people we support here at (our) School.