



## NORTH YORKSHIRE SCHOOLS FORUM

<b>Date of meeting:</b>	Thursday 14 March 2019
<b>Title of report:</b>	<b>The High Needs Block 2019-20</b>
<b>Type of report:</b> Delete as required	For information
<b>Executive summary:</b> Including reason for submission	This report summarises the expected budget for the High Needs Block in 2019-20. It also highlights the significant financial pressure anticipated in 2019-20.
<b>Budget / Risk implications:</b>	The proposed High Needs Block (HNB) budget represents the best estimates of demand and cost pressures. The available funding position is outlined including considerable financial support provided by North Yorkshire County Council given the insufficient funding allocation from Department for Education. This cross-subsidisation position; if spending exceeds the available funding, it is likely that the council will be obliged to provide cash resources to avoid a position in which statutory obligations cannot be met.
<b>Recommendations:</b>	That the North Yorkshire Schools Forum notes the High Needs Block budget for 2019-20.
<b>Voting requirements:</b>	None
<b>Appendices:</b> To be attached	<p>Appendix 1 – Response to ESFA considering a 0% MFG</p> <p>Appendix 2 – Written confirmation from ESFA for a 1.0% transfer from Schools Block to High Needs Block</p> <p>Appendix 3 - Technical consultation document on proposed transitional arrangements</p> <p>Appendix 4 - Comments received from the Special Schools responding to the technical consultation</p>
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## 1.0 PURPOSE OF THE REPORT

- 1.1 This report summarises the expected budget for the High Needs Block in 2019-20 and outlines the extent of the anticipated financial pressure. It also provides a summary of a number of proposed changes to the budget.

## 2.0 HIGH NEEDS BLOCK FUNDING

- 2.1 The anticipated overall High Needs Block allocation available for North Yorkshire in 2019-20 is £50.729m which includes the £1.243m additional funding announced in December 2018. This figure is reduced by the Education and Skills Funding Agency (ESFA) in relation to funding provided directly to academies and for some post-16 provision. It also includes an anticipated import/ export adjustment (based on January 2019 census and February R06 ILR). The deduction amounts to £4.195m resulting in a net funding allocation to the local authority of £46.534m. This compares to a final cash allocation for 2019-20 of £45.574m – an increase of £0.960m. However, 0.968m of this change relates to new funding responsibilities transferred from the ESFA for post-16. There is, therefore, an anticipated overall cash decrease on a like-for-like basis of £0.008m. The final High Needs Block figure will not be known until June 2019 following confirmation of the import/export adjustment. Table 1 summarises the anticipated funding position.

Table 1: HNB Funding Position

	2018-19	2019-20	Variance
	£m	£m	£m
HNB allocation*	50.361	50.729	
Import/ export adjustment	-1.248	-1.254	
ESFA deductions	-3.539	-2.941	
North Yorkshire LA allocation*	45.574	46.534	0.960
New responsibilities		-0.968	
Like-for-like comparison	45.574	45.566	-0.008

\* includes £1.243m in both 2018-19 and 2019-20

- 2.2 In November, the Schools Forum considered the results of a consultation undertaken with all mainstream schools and academies on the proposal to transfer funding from the Schools Block to the High Needs Block. Schools Forum noted the local authority's intention to seek a disapplication request to transfer 1.0% of Schools Block funding. Although Schools Forum did not support this proposal, there were a number of considerations:

- Firstly, that Schools Forum expressed understanding that there is insufficient funding within the High Needs Block allocation to meet the funding responsibilities;
- Secondly, that in the event that a 1.0% transfer request for 2019-20 was unsuccessful (i.e. rejected by the Secretary of State), a 0.5% transfer for 2019-20 was agreed by the Schools Forum.
- Thirdly, that the Schools Forum would continue to support the national lobbying to seek fairer funding for High Needs.

- 2.3 As outlined in section 2.1, the Secretary of State announced additional funding for High Needs in December 2018 amounting to £350m nationally. Of this £250m related to revenue funding. The amount received by North Yorkshire County Council is £2.486m - £1.243m in 2018-19 and £1.243m in 2019-20.
- 2.4 The announcement included £100m nationally for additional capital allocations. The amount received by North Yorkshire was £232k which was the minimum amount received by any local authority.
- 2.5 As part of the announcement, the Secretary of State asked local authorities who had submitted requests to move funding between blocks of the DSG for 2019-20, to review those proposals with a view to either reducing or removing those requests. This request was considered but given the scale and pace of the financial pressures in the High Needs Block, the local authority rejected the option of reducing or removing the 1.0% block transfer request. The local authority's response was submitted to the Secretary of State prior to the 15<sup>th</sup> January 2019 deadline.
- 2.6 On 18<sup>th</sup> February 2019, the local authority was contacted by ESFA officials with a further request that North Yorkshire consider setting a 0% MFG and that the Secretary of State would consider the block transfer request following receipt of the local authority's response to this request. The response, attached at Appendix 1, outlines that a 0% MFG in the context of a 1% block transfer would produce some perverse outcomes leading to 151 schools being worse off than a -1.5% MFG. The local authority was also mindful of the consultation with schools and academies in North Yorkshire which indicated a preference for a -1.5% MFG. Therefore, the local authority declined the request to set a 0% MFG.
- 2.7 On 28<sup>th</sup> February 2019, the local authority received written confirmation from the ESFA that the 1% block transfer request has been approved. The letter is attached at Appendix 2. The letter recognises that the local authority "...submitted a clear strategic plan to control high needs spend" and that "[it] appears [we] are working towards completely re-shaping [our] high needs provision, which in turn will see the funding being spent more efficiently." The implication of the additional funding transfer is approximately an additional £1.600m. This will be used as the first call on the repayment of the £2.99m shortfall outlined in Table 2.
- 2.8 Given the significant financial pressure on the High Needs Budget, the lack of any significant available DSG reserves and the need to set a balanced budget, the County Council agreed to additional budget provision effectively funded from council tax payers and business rates. This is the first time that any such provision has been made and recognises the level of demand faced by the local authority. It also highlights that DfE funding is simply insufficient to meet the needs of children and young people in the county. The cross-subsidisation of funding meant for other purposes places additional savings pressure on the council.

- 2.9 The high-level funding position is summarised below:

	£m
- High Needs Block funding from DfE	46.534
- Additional NYCC growth funding	6.000
- Block transfer	1.600
- Additional funding announcement (Dec 2018)	(1.243)
- Savings Targets	(1.009)

Total funding available for High Needs 2019-20 51,882

\* NYCC base budget contribution offset by the planned 0.5% £1.600m temporary block transfer in 2019-20. The additional £1.600m temporary block transfer that makes up the full 1.0% block transfer will be used to repay the £2.99m shortfall outlined in Table 2.

### 3.0 HIGH NEEDS BUDGETS

3.1 The proposed budget for High Needs has been prepared building in provisional estimates for increased numbers of children and young people assessed as requiring Education, Health and Care Plans. This reflects recent trends, known planned movements and best estimates of future demand. The proposed High Needs Budget for 2019-20 is outlined in Table 2 below:

Table 2: High Needs Budget

Budget Line	2018-19	2019-20	Change
	£k	£k	£k
High Needs Commissioning	35,588	40,350	4,762
Alternative Provision	5,100	4,304	(796)
Education Psychology	322	256	(66)
EMS	3,312	3,322	(10)
SEN Support and Outreach	2,719	2,688	(31)
Higher Education for LAC	47	47	-
Virtual School	486	486	-
School Improvement	66	66	-
School Improvement Partnerships	326	0	(326)
Prevention	7	7	-
AD - Inclusion	21	21	-
AD - Children and Families	67	67	-
Financial Support	54	54	-
Post-16 PFA	166	166	-
DSG Overheads	420	420	-
Budget Shortfall	(4,369)	(372)	3,997
<b>TOTAL</b>	<b>44,331</b>	<b>51,882</b>	<b>7,551</b>
Projected Outturn	50,224		
Projected Overspend	5,893		
Funded By:			
Additional HN Dec 2018	(1,243)		
Block Transfer	(1,660)		
Remaining LA Shortfall	2,990		

3.2 In total, anticipated expenditure in 2019/20 amounts to £52.3m with a provisional projected shortfall of £0.4m. This reflects the refinement of some financial planning assumptions between local authority budget proposals taken to Executive in January

2019 and current estimates. It should be noted that 77% of anticipated spend is within High Needs Commissioning. This principally funds special school commissioned places and top-up funding, mainstream E3 top-up funding, independent and non-maintained special school commissioned places and special provision institution (SPI) commissioned places. The figures included in section 3.1 reflect the latest estimates and will be closely monitored throughout the year.

- 3.3 For financial planning purposes, the 2018-19 High Needs Commissioning budget supports approximately 2,600 FTE children and young people assessed as requiring Education, Health and Care Plans (EHCPs). In reality, the number of children currently supported is in excess of this. The financial planning assumptions indicate that there will be an increase of approximately 320 children and young people financially support through EHCPs in 2019-20 in different types of provision. This represents an expected increase in demand of 12.3% in the next year alone.
- 3.4 The High Needs Commissioning Budget of £40,350k represents the single largest area of spending; most of the financial pressure in the last three years has been in this area. The budget comprises:

*Table 3: High Needs Commissioning Budget 2019-20*

Budget Line	£k	%
North Yorkshire Special Schools	17,172	42.6
North Yorkshire Mainstream School E3 Top-up Funding	6,215	15.4
Independent and Non-maintained Special Schools	6,578	16.3
Special Provision Institutions	3,139	7.8
Other Local Authority provision	1,817	4.5
Pooled Budget	1,565	3.9
FE Colleges	1,309	3.2
Personalised Learning Pathways	1,260	3.1
Early Years	619	1.5
Other	676	1.7
Total	40,350	100.0

- 3.5 58% of the High Needs Commissioning is spent directly with schools and academies in North Yorkshire with over two-fifths targeted at supporting the ten special schools in North Yorkshire develop and deliver provision to meet the needs of children and young people locally. However, nearly £6.6m is spent on approximately 120 places in independent and non-maintained special schools. This represents over 16% of the High Needs Commissioning Budget and represents an increase in absolute cost and an increase in overall share of the total spend compared with 2018-19. This continues to represent a high per pupil cost to the overall budget.
- 3.6 Table 2 indicates that the latest projected position in 2018-19 is an underlying overspending position for the local authority of £5.893m. This has been offset by temporary funding of £1.660m transferred from schools block with the agreement of Schools Forum, and the additional £1.243m funding announced in December 2018. This leaves a net bottom-line projected overspend which will be cashflowed by the local authority of £2.990m.

- 3.7 There are a number of planned savings for 2019-20; the impact of these savings is reflected in the movements between 2019-20 and 2018-19 and include:
- PRS Transformation – planned savings of £796k. This is the net impact of the additional cost of commissioned places less a reduction in discretionary funding.
  - Inclusion Restructure – provisional anticipated saving of £146k from the Inclusion structure included within the Council's Medium Term Financial Strategy. There is a part-year effect in 2019-20 as proposals have yet to be considered by Children and Young People's Leadership Team and will be subject to consultation with staff affected which may affect the outcome. The total anticipated saving is £250k.
  - Post-16 600 Guided Learning Hours – saving of £52k from April 2019
  - Specialist Equipment – planned review seeking to achieve savings of £25k in total from September 2019.
- 3.8 The other main change relates to the cessation of funding for School Improvement Partnerships and reflects the final full-year impact of changes made from September 2018 to the Partnership arrangements. This reduces the pressure in the High Needs Block by £326k.

#### 4.0 SPECIAL SCHOOLS

- 4.1 North Yorkshire have previously operated a Minimum Funding Guarantee for special schools that has "locked in" previous year MFG calculations. This took into account the local authority's own funding guarantee before the national version was introduced. Changes to the system for allocating E3 top-up funding were approved by Executive on 15<sup>th</sup> January 2019 and come into effect from April 2019.
- 4.2 All special school pupils have been allocated to the appropriate bandings from 1<sup>st</sup> April 2019. At their annual review, if their needs have changed significantly such that the school believes the banding is incorrect, the school will need to evidence this in their annual review documentation and they need to propose the amendments in the EHCP. Schools will need to highlight on the new Annual Review paperwork that they believe a change in banding is required. The new paperwork will be circulated in March – there will be very little change in format but there will be a new section in which schools can confirm whether or not they believe the current banding is correct. Requests for banding changes will follow an internal moderation process and schools will be advised whether that request for a banding change is agreed or not and will be advised if there are any queries or further information required to make the decision.
- 4.3 Any pupils who have been identified at Band 10 will be allocated a specific amount in March after the first band 10 panel. At this stage, special schools have been advised which pupils have been allocated to band 10 and they have been given an indicative amount of £20k until the panel process has been completed.
- 4.4 Papers have previously been presented to Schools Forum regarding the Minimum Funding Guarantee (MFG) for special schools. A disapplication request was approved by the Secretary of State to reflect the change in system in allocating E3 top-up funding. The disapplication enables the MFG to be set aside for one year (2019-20) to enable special schools to receive the intended amount generated by the new banded system.

- 4.5 A paper on transitional funding protection was discussed at the Schools Forum on 24<sup>th</sup> January 2019 and a technical consultation exercise was undertaken with the ten special schools in North Yorkshire. The proposed transitional funding is less generous than the MFG but intentionally seeks to balance providing funding stability for special schools with reducing some pressure on the High Needs Block.
- 4.6 The technical consultation exercise was undertaken between 6<sup>th</sup> February 2019 and 4<sup>th</sup> March 2019 (the original deadline of 27<sup>th</sup> February 2019 was extended by one week at the request of Special School head teachers). 3 responses were received to the consultation. The consultation responses are summarised below:

Response	Response Received From	No. schools supporting the proposed transitional arrangements	No. schools not supporting the proposed transitional arrangements
1	Joint response sent on behalf of nine special schools		9 schools
2	Response received from individual special school (also named in response 1 above)		(1 school – already included in response 1 above)
3	Response sent representing two special schools (one of the schools is named in response 1 above)	2 schools (one school is included in response 1 above)	

The joint response (response 1) indicates that nine special schools do not support the proposed transitional arrangements. However, one of the schools named in this response has indicated in a separate response (response 3) that the proposed arrangements are supported. Appendix 3 to this report provides a copy of the technical consultation document related to the proposed transitional arrangements Appendix 4 to this report provides the comments received from the Special Schools who responded to the consultation.

- 4.7 The responses to the consultation indicate that the majority of special schools reject the offer of transitional funding protection. However, in the absence of any clear alternative proposals, the view of the local authority is that the transitional funding protection should be implemented to provide funding sufficient to help secure both the continuing financial viability of the schools affected and the special provision necessary to meet the needs of the children placed with EHC plans and other high needs pupils.
- 4.8 Draft special school budget statements have been prepared and shared with North Yorkshire special schools on the basis of the disapplication and proposed transitional funding arrangements.
- 4.9 The local authority continues to work closely with special schools to increase provision and ensure that special schools remain viable. In total, there are an additional 27 planned, commissioned places from September 2019 across the ten

special schools in North Yorkshire. Expanded sixth form provision in Scarborough, satellite provision in Ripon and targeted work through the Special Provision Capital Fund to increase places in several special schools are consistent with the aims of the Strategic Plan for SEND. Further close working will continue throughout 2019-20.

## 5 PUPIL REFERRAL SERVICE

- 5.1 As per section 3.7, the number of places allocated to individual establishments will increase from September 2019 to 130 plus 28 medical places (144 FTE in the financial year). There has been an increase in commissioned places in 2019-20 offset by a planned reduction in discretionary funding from April 2019. These proposals have been subject to detailed consultation and were approved by Executive on 15<sup>th</sup> January 2019. Contingency funding will continue to be provided for those PRUs that have exceeded their commissioned places with a minimum guarantee of £8,000 pro rata (top-up) for places above those set out in the original commission. Additional base funding will be subject to negotiation.

## 6.0 FURTHER WORK DURING 2019

- 6.1 Despite the transfer of £1.66m in 2018-19 and again in 2019-20, and the additional funding announcement of £1.243m in 2018-19 and 2019-20, financial pressures have not been contained within the funding allocation provided by Department for Education. All of those amounts represent temporary funding and the local authority has had to commit significant additional underlying and recurring budget to meet the shortfall. Further work is necessary and the work programme will, therefore, focus on:
- The practical implementation of the PRS transformation;
  - Development of locality steering groups for inclusion;
  - The practical implementation of the revised banding system for allocating E3 top-up funding;
  - continuing with contractual reviews of high cost external placements;
  - review Enhanced Mainstream Provision funding arrangements with development of a targeted provision model;
  - progress the development of SEND Hubs and structure changes in Inclusion;
  - development of medical tuition models;
  - review of contextual funding;
  - other reviews and developments consistent with the Strategic Plan for SEND;
  - development of a free special school in Selby, if approved by Department for Education.

## 7.0 RECOMMENDATIONS

- 7.1 Schools Forum is asked to:
- note the contents of this report;
  - note the significant financial pressure and that further proposals will need to be brought forward to address the in-year budget shortfall and medium-term financial position;
  - to note the proposed high need block budget;
  - to note the application of transitional funding protection for special schools outlined in section 4.0.

STUART CARLTON

Corporate Director – Children and Young People’s Service

*Report Prepared by Howard Emmett, Assistant Director, Strategic Resources*

## NORTH YORKSHIRE COUNTY COUNCIL

### DISAPPLICATION REQUEST TO TRANSFER 1% FROM SCHOOLS BLOCK TO HIGH NEEDS BLOCK

- 1.0 Following a telephone conversation with DfE on 18 February 2018, we have given consideration to the application of a 0% Minimum Funding Guarantee (MFG).
- 2.0 A 0% MFG was considered and modelled (in the context of a 1% and 0.5% block transfer) prior to the consultation with all schools and academies in North Yorkshire. However, a 0% MFG was discounted due to the perverse impact on school budgets.
- 3.0 The following table illustrates the impact on school budgets indicating the number of schools that will gain or lose compared to their 2018/19 funding levels under each set of funding arrangements:

Funding Context	Number of Schools that Gain	Number of Schools that Lose	Number of Schools that see no change	Total
1% transfer, -1.5% MFG	236	113	0	349
1% transfer, 0% MFG	85	259	5	349
Difference	151	146	5	0

- 4.0 As can be seen from the table above, 151 more schools gain under the current proposal compared to the application of a 0% MFG. 146 more schools would actually lose funding compared to their 2018/19 levels under a 0% MFG than under the current proposal.
- 5.0 A -1.5% MFG provides more protection for schools (than a 0% MFG) in a North Yorkshire context. The minimum per pupil level of funding, in line with the NFF principles, has been applied in the North Yorkshire proposal which ensures that every school receives at least this minimum level of funding.
- 6.0 North Yorkshire schools are, on average, funded lower than the national average. At secondary level, an average school in North Yorkshire is funded nearly £3,000 less than the highest funded authority meaning that it has nearly £4.4m less in funding allocation. Applying a 0% MFG means that schools that would expect to gain through the move towards the NFF would be perversely impacted (i.e. schools that would expect to gain, actually lose) in order to pay for the protection.
- 7.0 In contrast, the application of a -1.5% MFG enables schools that would expect to gain, to move towards the NFF (funded by a smaller number of schools already above the minimum per pupil level of funding).
- 8.0 The local consultation also concluded that schools in North Yorkshire preferred a -1.5% MFG.
- 9.0 Whilst NYCC recognises the financial challenges that schools in North Yorkshire face, the scale and pace of financial pressure in the High Needs Block is significant. The local authority has taken robust action in the context of our Strategic Plan for SEND to address some of the

financial pressure including a proposed transformation of the Pupil Referral Service. However, despite this action to suppress future costs, the local authority is having to find budget provision – from local council taxpayers – to meet the underlying financial pressure of **£7.7m** in 2019-20. The transfer of 1% in 2019-20 (approx. £3.3m) will alleviate some of this budget pressure and provide time for further proposals to be brought forward.

- 10.0 Under the current school funding arrangements and NFF principles, we are unable to apply a 0% MFG as it would perversely impact on school budgets with 151 schools – many small and rural – that would be worse off compared to their 2018/19 funding levels (and indeed further away from the national funding formula), under a 0% MFG proposal. Schools have been consulted on, and provided with, financial modelling of a 1% transfer with a -1.5% MFG. A subsequent change to impose a 0% MFG which sees 151 schools lose funding would be difficult to justify.
- 11.0 The local authority is seeking a 1% block transfer, given the significant financial pressure on the High Needs Block (£7.7m in 2019-20) and we have concluded that the most appropriate MFG within the parameters available (+0.5% through to -1.5%) is -1.5%.



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[www.education.gov.uk/efa-enquiry-form](http://www.education.gov.uk/efa-enquiry-form)

27 February 2019

By email: [sally.dunn@northyorks.gov.uk](mailto:sally.dunn@northyorks.gov.uk)

Dear Colleagues

**Request to disapply the dedicated schools grant, conditions of grant.**

Thank you for your disapplication request to move 1.00% from your schools block to your high needs block.

After consideration of your application and supporting evidence, the Secretary of State has approved your request.

You submitted a clear strategic plan to control high needs spend. It appears you are working towards completely re-shaping your high needs provision, which in turn will see the funding being spent more efficiently.

If you, or other interested parties in your area, require further information or clarification on this decision, please contact us at [LA.Disapplications@education.gov.uk](mailto:LA.Disapplications@education.gov.uk).

Yours sincerely

**Keith Howkins**  
Head of the Funding Policy Implementation Unit

### **Consultation into Transitional Funding arrangements for Special Schools 2019-20**

Topic of this consultation:	This consultation covers proposals for transitional funding protection for special schools for 2019-20
Scope of this consultation:	This consultation seeks views from Special School Headteachers and Special School Governing Bodies on proposals for transitional funding protection for special schools in 2019-20
Duration:	This consultation will last for 3 weeks from 6 February 2019 to 27 February 2019
Enquiries:	For any enquiries about the consultation please contact Howard Emmett: <a href="mailto:Howard.Emmett@northyorks.gov.uk">Howard.Emmett@northyorks.gov.uk</a>
How to respond:	You can respond to the questions in this consultation using the pro-forma detailed in section 3 by emailing <a href="mailto:Deborah.Wilbor@northyorks.gov.uk">Deborah.Wilbor@northyorks.gov.uk</a>

#### **1. About this Consultation**

- 1.1 Representative groups are asked to give a summary of the people and organisations they represent, and where relevant, who else they have consulted in reaching their conclusions when they respond.
- 1.2 Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes including, the Freedom of Information Act 2000, the Data Protection Act 2018, and the EU General Data Protection Regulation.
- 1.3 If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the local authority is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances.
- 1.4 The local authority will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Appendix A.
- 1.5 Individual responses will not be acknowledged unless specifically requested.
- 1.6 Your opinions are valuable to us. Thank you for taking the time to read this document and to respond.

#### **2. Summary of Proposals**

- 2.1 Discussion took place in 2018 about the specific funding implications for Special Schools as part of the proposed replacement of the CAN-Do Resource Allocation System with a new banded system to allocate E3 Top-up Funding.

- 2.2 Following approval by the Executive on 15<sup>th</sup> January 2019, the local authority is committed to implementing the new banded system as a more updated, robust and transparent resource allocation methodology.
- 2.3 The initial estimates detailed that six special schools would see a reduction in their resource allocation funding quantum, and that four schools would see an increase. There was an overall estimated increase of £16k in the allocations to schools in the sector. However, it should be noted that:-
- (a) It was stipulated at the time that in the case of three schools, the indicative allocations were based upon a general prediction of the likely distribution of the pupil population across the bandings in the new resource allocation system – whereas the indicative allocations for other schools were predicated upon assessments of the likely resource allocation bandings of individual pupils
- (b) The resource allocation system drives the level of top-up funding and this is only one component of the overall budget allocations for Special schools
- 2.4 The predicted top-up allocations have been updated for all special schools – to reflect the assessment of need of the current pupil population. This has generated an overall position where the resource allocations would increase by £125k (compared to the forecast increase of £16k from the indicative allocations in October).
- 2.5 It should be noted that :-
- (a) The only schools where there has been a significant deterioration are the three schools where general population estimates were deployed in October – the biggest reduction between October and January in the other seven schools is £8k.
- (b) The only area still to be finalised in terms of the new resource allocation process is the individualised assessments / allocations for pupils in the new Band 10.
- 2.6 Following approval from the Secretary of State to set aside the Minimum Funding Guarantee for the calculation of budgets for 2019-20, the local authority is keen to provide transitional protection arrangements for those schools that are predicted to see a loss in E3 top-up funding. It is the intention of the local authority that this approach will assist with addressing the financial pressure in the High Needs Block and ensure that each special school will move quickly to the allocations derived from the new funding allocation system. However, to assist special schools in reasonably planning for the next financial year, the local authority intends to provide one-off transitional funding protection in 2019-20.

*Table 1: Analysis of individual special schools gains and losses*

	Resource Allocations only
Schools gaining in excess of 10%	1
Schools gaining between 5% to 10%	2
Schools gaining between 2.5% and 5%	2
Schools gaining between 0 and 2,5%	0
Schools losing between 0 and 2,5%	2

Schools losing between 2.5% and 5%	1
Schools losing between 5% and 10%	0
Schools losing in excess of 10%	2

- 2.7 Given the anticipated reduction for some special schools, specific protection arrangements have been explored for 2019-20 (as set out in the paper to Schools Forum – 24/01/2019). Whilst the changes in the resource allocation system will also generate changes in funding levels for pupils in mainstream schools, specific transitional funding arrangements have been considered for Special schools only because the proportion of their funding dependent on these arrangements is so much higher.
- 2.8 The figure computed would be paid as a lump sum and would not be recalibrated during the year as individual pupils assessments are subject to review. It is proposed to only pay transitional funding protection for one financial year; the arrangement would not continue into 2020-21.
- 2.9 This additional allocation would result in four of the Special schools receiving supplementary allocations totalling £74k.
- 2.10 The transitional funding protection mechanism is proposed as follows:-
- (a) Schools are only protected when they incur losses (\*1) as a result of the change in resource allocations in excess of £10,000, and
- (b) Schools are protected to the amount of 60% of the losses in excess of £10,000 (\*1) where the gains or losses are computed by applying the current and proposed resource allocations mechanisms to the same (current) pupil population.
- 2.11 In the above proposal, the local authority has been mindful of striking an appropriate balance between avoiding short-term turbulence in Special School financial planning arrangements versus considering the aggregate impact upon the High Needs budget.
- 2.12 This generates the following changes in funding (the schools are anonymised in the table below and ordered based on the scale of financial shift generated by the revised resource allocation system).

Table 2: Analysis of impact on E3 Top-up funding allocated through the banded system (pre- and post- protection)

	Change in top up allocation (pre-protection) expressed as a % of top-up funding through the banded system	Change in top-up allocation (post-protection) expressed as a % of top-up funding through the banded system
School A	-15.0	-7.3
School B	-10.9	-5.4
School C	-2.7	-2.7
School D	-1.5	-1.4
School E	-1.5	-1.1
School F	+4.1	+4.1
School G	+4.1	+4.1

School H	+8.6	+8.6
School I	+9.2	+9.2
School J	+59.9	+59.9
Total for Special School sector	2.1	3.4

2.13 In summary terms, the impact upon the special school sector of the above proposals is as follows:

*Table 3: Summary of financial impact on High Needs Block 2019-20*

	Financial Impact 2019-20 £000s
Implications for top up funding of changes to resource allocation system	+124.6
Implications of protection arrangements	+73.9
Overall implications for 2019-20	+198.5
Aggregate Gains in Special Schools (pre-protection)	+297.0
Aggregate Losses in Special Schools (pre-protection)	-172.4
Net Gains in Special Schools (pre-protection)	+124.6

Note:- all figures in Table 3 are solely analysing the impact on top-up allocations – the overall budget position will depend on the determination of all other factors within the formula. The figures relate only to top-up funding allocated through the banded system and does not include contextual funding, or place funding.

2.14 Had the local authority applied the minimum funding guarantee of -1.5%, the net impact on the High Needs Block would have been an increase of £466k (£297k arising from aggregate gains in five special schools and approximately £164k arising from MFG protection n to aggregate losses in five special schools)

**3.0 Consultation Questions**

Q1:- Do you support the proposed Special School transitional funding arrangements for 2019-20 of funding 60% of any losses over and above £10,000	YES / NO
Q2. If you disagree with the local authority's preferred approach to special school transitional protection funding, please express your preference for an alternative option.	

## Appendix A: Privacy Notice

### Personal data

The following is to explain your rights and give you the information you are be entitled to under the UK Data Protection Act 2018 and the EU General Data Protection Legislation (GDPR).

Note that this section only refers to your personal data (your name, address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### 1. The identity of the data controller and contact details of our Data Protection Officer

North Yorkshire County Council is a 'Data Controller' as defined by Article 4(7) of the General Data Protection Regulation (GDPR).

The Council has appointed **Veritau Ltd** to be its Data Protection Officer. Their contact details are:

Information Governance Office  
Veritau Ltd  
County Hall  
Racecourse Lane  
Northallerton  
DL7 8AL

Email: [infogov@northyorks.gov.uk](mailto:infogov@northyorks.gov.uk)  
Tel: 01609 532526

#### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

The personal data we need to collect includes:

- Name
- Work telephone number
- Work email address

#### 3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a local authority, NYCC may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

#### 4. With whom we will be sharing your personal data

- Other Council Departments including:
  - Integrated Finance
  - Inclusion
  - Legal and Democratic Services
  - Business Support
- Schools Forum
- Education, Skills and Funding Agency

**5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for six years from the closure of the consultation.

**6. Your rights, e.g. access, rectification, erasure**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

If you wish to exercise any of your individual rights, you can do so by contacting our Data Protection Officer using the contact details above.

**7. Your personal data will not be sent overseas.**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure local authority IT system.**

For more information on how the Council processes your personal data please refer to <https://www.northyorks.gov.uk/privacy-notice>

## **Appendix B: Glossary of Technical Terms**

### **E3 Top-up Funding**

Agreed per-pupil funding paid by the commissioning local authority. Top-up funding is the funding required over and above the core or place funding an institution receives, to enable a pupil or student with high needs to participate in education and learning.

### **High Needs Block**

High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant and School and Early Years Finance (England) Regulations. High Needs funding is also provided directly to some institutions by the Education and Skills Funding Agency.

### **Minimum Funding Guarantee**

The minimum funding guarantee (MFG) is a mechanism directed by government to ensure that no school loses a disproportionate amount of funding due to pupil-led changes which are beyond its control.

### **Place Funding**

Place or base funding of £10,000 for SEN and AP placements. This is roughly equivalent to the level up to which a mainstream provider would have contributed to the additional support provision of a high needs pupil. Place funding is provided on the basis of planned, commissioned places.

### Responses Received To The Technical Consultation On Special School Transitional Funding Arrangements

#### Response 1

##### Transitional Funding Consultation

The Head Teachers of the North Yorkshire Special Schools (*9 Special Schools named*), do not support the proposed Special School transitional funding arrangements for 2019-20 of funding 60 % of any losses over and above £10,000. Moreover, we are unable to express a preference for alternative arrangements for the following reasons.

The head teachers feel strongly that the implementation of the new banding systems has lacked transparency in terms of modelling and consultation with individual schools. This has led to a lack of trust in the system and processes. The indicative figures presented at Schools Forum (Oct 18) have changed radically as schools have received their indicative budgets. This has led to a confused approach which erodes trust in the process and points to a lack of adequate change management controls. The lack of stability and fluidity in indicative budgets has led to volatility over time, and we strongly feel that a period of stability for this year is essential.

There have been mixed messages and mixed approaches as to how the bandings have been arrived at. We are disconcerted to learn that meetings with PAROs have sometimes taken place following paper exercises to go through EHCPs (without any knowledge or understanding of individual children's' needs), sometimes meetings have taken place with no preparation at all, and some meetings have not yet taken place. This does not seem to be a sound foundation on which to base schools' indicative budgets.

We urgently seek to engage more fully with the Local Authority in order to re-gain confidence and a 'part' in the process. This is not yet thorough enough and does not engage with the right people – classroom practitioners, Assessment and Reviewing Officers, Educational Psychologists – with a multi-disciplinary approach and regular engagement on the banding approach we are confident that you will gain a clear understanding of all pupils needs and can go forward with correct bandings.

Our proposal is therefore based on the principle of stabilising the current situation and we reject implementation of the Bandings until further in-depth work has been done with each school (within the Special School Group), or shared, in order to understand and communicate the descriptors against actual pupils, with staff who know those children well. The schools who have contributed to this response all agree to non-anonymised information being provided and we urge you to consider this as a way forward – towards rebuilding trust and providing relevant information.

We suggest that next week's Special Heads Meeting scheduled to take place on March 13<sup>th</sup> is prioritised with the sole agenda being devoted to this issue. We want to understand:

- the basis for the banding decisions made by PAROs, and how they were then modelled and moderated.

We want to agree:

- the point at which the bands can be re-visited and how in - year application for change of bands can be made (what is the mechanism?).
- how you intend revisiting the issue of trust and credibility and engagement with the Head Teacher group. Please come ready to talk to us about how the Band Ten review group will work, who will be present on the group and how frequently the group will meet. We think this is a critical mechanism for engaging with the head teachers once again.

Finally it would be helpful for you to be prepared to talk through how the weighting against each band have been worked out against the descriptors. We are concerned to understand how the Bradford amounts have been cut across the board and how this has been worked through by NYCC. The Bradford bandings have been described as a 'successful' banding scheme however if such a significant amount of money has been removed from the bandings we are not sure that this can still be asserted.

We look forward to hearing from you following receipt of this response.

## **Response 2**

Please accept this as my response to the consultation.

Question 1

I do not support the proposed transitional funding arrangements, this is insufficient

Question 2

Alternative option- Now we have received the individual pupil RAS banding allocations and they are hugely flawed- need to know how appeals will be undertaken.

Need opportunity to discuss how RAS bandings for pupils arrived at.

Clarity on each schools RAS allocations- impact on each school.

*Special School Head Teacher*

## **Response 3**

On behalf of both *X Special School* and *X Special School* I can confirm that in respect of question 1 we do support the proposed Special School transitional funding arrangements for 2019-20 of funding 60% of any losses over and above £10,000.

*Special School Executive Head Teacher*