

Date of meeting:	Monday, 19 th November 2018
Title of report:	School Funding 2019-20, including outcome of the local consultation.
Type of report: Delete as required	For decision
Executive summary: Including reason for submission	<p>This report provides the results of the recent local consultation held on school funding for 2019/20 and recommendations are provided in relation (i) the transfer of funding from schools block to high needs block in 2019-20 (ii) the level of the Minimum Funding Guarantee in 2019-20 for primary and secondary schools (iii) the arrangements for E2 Exceptional Funding (iv) LA proposals for de-delegation in 2019-20. The paper also provides an update of forthcoming teachers' pay costs and associated funding grants.</p> <p>The recommendations associated with the consultation questions are detailed in section 9</p>
Budget / Risk implications:	Potential risk to services and resources for schools funded by the DSG from April 2019
Recommendations:	As set out in section 6, regarding the transfer of funding to the High Needs budget, the MFG level and the allocation of Exceptional Element 2 SEND funding.
Voting requirements:	<p>MFG, High Needs Transfer, E2 Exceptional Funding: all Schools Forum members</p> <p>De-delegation: LA maintained schools only by phase (i.e. primary and secondary separately)</p>
Appendices: To be attached	<ol style="list-style-type: none"> 1: Consultation Paper – for information 2: Detailed responses to Q4 of the consultation 3: 2019/20 De-delegation extract report (presented at the meeting of the Forum on 27th September 2018) 4. Letter from Chair of Schools Forum to Government Ministers and Local MPs 5. North Yorkshire Schools Budget Determinations 6. Equality Impact Assessment 7. Exceptional E2 Allocations



**NORTH YORKSHIRE
EDUCATION PARTNERSHIP**

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School Funding 2019-20, including outcome of the local consultation.**1.0 Purpose of the Report**

- 1.1 This paper sets out the results of the recent local consultation on school funding for 2019-20.
- 1.2 In that consultation, schools were asked for their views on transferring funding from the Schools Block to support pressures in the High Needs budget for 2019/20. Schools were also asked for their views on the level of the Minimum Funding Guarantee (MFG). This is one of the mechanisms which determine the change in per pupil funding levels which a school can experience from year-to-year and thus provides a mechanism for controlling the impact on schools of moving to the National Funding Formula. Schools were also asked for their views on a number of proposals related to the allocation of Exceptional Element 2 SEND funding. Section 9 provides the recommendations associated with these items.
- 1.3 The relevant phases of LA-maintained schools are also asked to vote on recommendations around de-delegation.

2.0 Background

- 2.1 At its meeting in September, the Forum considered the updates provided by the DfE in summer 2018 related to school funding and National Funding Formula (NFF) developments for 2019/20.
- 2.2 The DfE has not yet stated when the NFF will be fully implemented and the transitional arrangements which guarantee a minimum level of funding for schools but also cap the level of funding gain which a school can experience, will cease. The DfE have stated:
- “We are pleased to see the significant progress across the system in moving towards the national funding formula in its first year. In light of this progress, we are confirming now that local authorities will continue to determine local formulas in 2020 to 2021.”*
- 2.3 The DfE indicate that at least a 1.0% per pupil increase for each school will be provided in 2019-20 through the NFF compared to their 2017-18 funding baseline. The minimum per pupil funding levels will increase from £3,300 to £3,500 for all primary schools and from £4,600 to £4,800 for secondary schools that have pupils in years 10 and 11.
- 2.4 Local authorities are able to continue to set the MFG between minus 1.5% and plus 0.5% per pupil and are required to consult on the level set.
- 2.5 Whilst the Schools Block is ring-fenced in 2019-20, it is possible to transfer up to 0.5% of schools block funding out with the agreement of the Schools Forum. Transfers of more than 0.5% of the schools block require the local authority to make a Disapplication Request to the Secretary of State as does the position where the Schools Forum has turned down a proposal from the authority to move funding out of the Schools Block, but the authority wishes to proceed with the transfer. The DfE acknowledge that most requests to transfer funding from the Schools Block will arise as a result of pressures on their High Needs Budgets.

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- 2.6 The NFF for High Needs will not go far in helping to meet the additional needs and costs set out elsewhere in the agenda. For 2018-19, following consultation with schools and subsequent approval by Schools Forum, 0.5% of Schools Block funding was transferred to the High Needs Block. This equated to £1.66m. This was effectively one-off funding covering the financial year 2018-19. Given the increasing financial pressure resulting from an unprecedented rise in demand for funded Education, Health and Care Plans, the local authority will again seek to transfer funding in 2019-20. After that, this funding would revert back to the Schools Block.
- 2.7 The Forum noted the projected underlying overspend of £5.7m on the High Needs budget in North Yorkshire which in 2018-19 is partially offset by the £1.6m Schools Block transfer. This leaves a £4.0m financial pressure in 2018-19. The view of the local authority is that there is insufficient High Needs funding and we continue to lobby DfE and MPs for a fairer funding deal for children and young people in North Yorkshire. **Appendix 4** is a copy of the letter sent by the Chair of the North Yorkshire Schools Forum to Government ministers and local MPs. However, in the absence of additional funding being provided by central government, the local authority must, and will, take necessary action to reduce costs and to live within the funding envelope available. A number of proposed measures were considered by Forum to address the High Needs overspending in 2019-20. The Forum also noted that given the significantly increasing costs, the local authority will again seek to transfer funding in 2019-20. After that, this funding would revert back to the Schools Block.
- 2.8 The Forum also considered a number of proposals for the allocation of Exceptional Element 2 funding from September 2018. Historically, and prior to the implementation of the NFF, North Yorkshire has provided exceptional funding to support those schools where it would be unreasonable for them to fund the full cost of the first £6,000 of additional support for all of the pupils with High Needs in the school. With the implementation of the NFF in 2018/19, this exceptional funding has been under review and transitional funding was distributed to schools for the Summer Term 2018-19 pending the outcome of a consultation undertaken with schools in the Summer Term 2018 and discussions with the High Needs Funding Sub Group. Taking into account the responses received from the Summer 2018 consultation and the feedback from the High Needs Funding sub-group, the local authority considered the merits of making an allocation of Exceptional Element 2 budget funding (approx. £250k) to support small schools where it would be unreasonable for them to fund the full £6,000 for all of the pupils with High Needs in the school. If this allocation were not made, the funding would be used to contribute towards reducing the £5.5 million overspend on the High Needs budget.
- 2.9 At its meeting in September, the Forum agreed:
- To consult schools on the proposed transfer of funding from the Schools Block to the High Needs budget and the level of the MFG for 2019/20. Three options were agreed for the consultation:

Option 1	0.5% High Needs transfer	-0.5% MFG
Option 2	0.5% High Needs transfer	-1.5% MFG
Option 3	1.0% High Needs transfer	-1.5% MFG
 - To consult schools on options for the allocation of Exceptional Element 2 funding from September 2018.

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2.10 These items were included in a school funding consultation which lasted from Wednesday 3rd October until Monday 29th October. A copy of the consultation paper is attached at **Appendix 1** for information. Section 3 below sets out the results of this and section 6 provides details of the recommendations for consideration by the Schools Forum.

3.0 Results of the Local Consultation

3.1 There were 28 school responses, as shown below.

LA Maintained Primary	13
LA Maintained Secondary	4
LA Maintained Special	0
LA Federations - cross-phase	1
Primary Academy	7
Secondary Academy	3
	<u>28</u>

(Response rate: 9% – 31 schools / academies responded to the consultation. 316 schools / academies did not respond to the consultation)

3.2 There were three questions in the consultation. The first dealt with the proposed options for the transfer of funds from the Schools Block to the High Needs budget and the level of the MFG. The consultation feedback is indicated in the table below:

Options supported in respect of the transfer of funding to High Needs in 2019/20 and the level of Minimum Funding Guarantee protection applied in the calculation of school budgets for 2019/20 (support could be indicated for more than one option):		
Option 1	Option 2	Option 3
0.5% High Needs transfer -0.5% MFG	0.5% High Needs transfer -1.5% MFG	1% High Needs transfer -1.5%
15	16	3

3.3 Majority support has been indicated through the responses received to the Consultation for an MFG of -1.5%. In 2018-19 the decision was made by the North Yorkshire Education Partnership to implement a funding formula which reflects the NFF principles and the associated transitional arrangements. The implementation of a lower level of MFG protection facilitates a quicker transition for schools to the NFF funding values within the constraints of the overall NFF transitional funding levels received by North Yorkshire LA from the DfE.

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4.0 High Needs

4.1 Previously, Schools Forum have agreed to transfer 0.5% of Schools Block funding into the High Needs Block for 2018-19. This amount represented £1.66m and was consulted with schools and agreed with Schools Forum. The transfer was agreed following recognition of an unprecedented increase in the numbers of requests for Education, Health and Care Plans (EHCPs) and the level of financial pressure in the High Needs system. The transfer occurred on the basis that plans would be developed to address the financial pressure as any transfer is a temporary measure. The transfer has not been adequate to counter the new cost pressures for a number of reasons:

- High Needs Block funding provided by the Department of Education is simply insufficient. Although there was a notional uplift to the North Yorkshire area allocation, the actual cash amount for the local authority has actually decreased when compared with 2017/18.
- There has been an unprecedented increase in Education, Health and Care Plans (EHCPs). Since 2014, there has been a 46% rise in EHCPs and this trend has continued throughout 2018 and currently stands at 50%+. This is an unfunded burden on schools and the local authority.
- Tackling the financial pressure requires a system-wide approach to the development of plans and will not provide immediate relief in sustainable savings.

4.2 A breakdown of the specific budget pressures in High Needs Commissioning that have led to the requirement for a transfer is listed in the table below. High Needs Commissioning makes up over 80% of the overall High Needs Block in budget terms.

	Budget £k	Spend £k	Var £k
Special Schools	16,718	17,376	658
Mainstream Schools	6,476	6,739	263
E3 Support	200	161	-39
Early Years E2 & E3 Funding	548	627	79
Independent Schools	4,128	4,624	496
Non Maintained Schools	916	987	71
SEN Legal Services	25	25	0
OLA Expenditure	1,697	1,695	-2
ISP'S	2,917	2,537	-380
Personalised Learning (E3 Top up)	773	862	89
FE Colleges	1,298	1,326	29
HN Budget Shortfall	-4,266		4,266
PRU Funding / Post 16 Medical / ISP for Hospital Schools	5,100	5,283	183
Total before Transfer	36,531	42,244	5,713
Transfer from School Block	1,660		-1,660
Total after Transfer	38,191	42,244	4,053

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- 4.3 The number of EHCPs is a major driver of the financial pressure above, which has seen a 46% rise since 2014. The resulting projected £5.7m overspend is offset, in part, by the contribution of £1.7m topsliced from the Schools Budget in 2018-19. This leaves a £4.1m projected deficit at the end of 2018-19 which will, effectively, be the first call on DSG in 2019-20.
- 4.4 Demand for special school places has risen significantly - locally and nationally - since 2014. In North Yorkshire, this means an increase of 24% more young people requiring special school provision. In response to this, an additional 147 places have been commissioned in maintained special schools or special academies at a cost of £1.5m in base funding alone.
- 4.5 Commissioning of maintained special school places has not been able to keep pace with demand due to the physical constraints of some schools and this has contributed to increased demand, and therefore spend, in the non-maintained and independent sector. Since 2014 there has been an increase from £1.39m to £4.1m per annum for providing specialist provision through non-maintained and independent sector schools.
- 4.6 As the Code of Practice has extended the duty on the LA to maintain Education, Health and Care plans up to 25, this has increased the requirement to commission more post-16 and post-19 provision. This currently stands at 170 places in FE and 6th Form colleges from 55 places in 2014. In terms of financial pressure, this accounts for an increase from £330k to £1m.
- 4.7 Commissioning of places in Alternative Provision (AP) has consistently been at 88 places per year in North Yorkshire. However, this was increased to 110 during 2018/19 and it is proposed to be increased further under a different funding arrangement, subject to the outcome of the consultation. Funding for AP places accounts for over 10% of the High Needs Block spend (currently at £5.2m when including provision for young people who are not able to attend school due to medical needs).
- 4.8 Despite this increase in commissioning activity, we are aware that demand is continuing to rise and must be met through the High Needs Budget. To assist in meeting continued demand and to reduce spend in the independent sector, NYCC has submitted a bid for a Free School and are currently consulting on plans for a satellite of Mowbray School. There are also actions to be taken forward in the strategic plan to strengthen the targeted mainstream offer for those young people that need an enhanced offer of support in a mainstream environment.
- 4.9 Executive Members approved the Strategic Plan for SEND in early September 2018. This sets out areas of detailed review to reshape provision in both mainstream and special school settings, the core and additional offer to schools around inclusion support services, the bid for a free special school and ways of working, collaboration and governance. This is a comprehensive strategy aimed at improving the offer for children and young people within the budget available. The projected rate of increase of EHCPs shows that there is a medium-term financial pressure of £10-13M if left unchecked. At this point in time, the LA does not have costed plans to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels. The funding gap represents a significant unfunded pressure from DfE. A financially sustainable, inclusive and effective system is a high priority for

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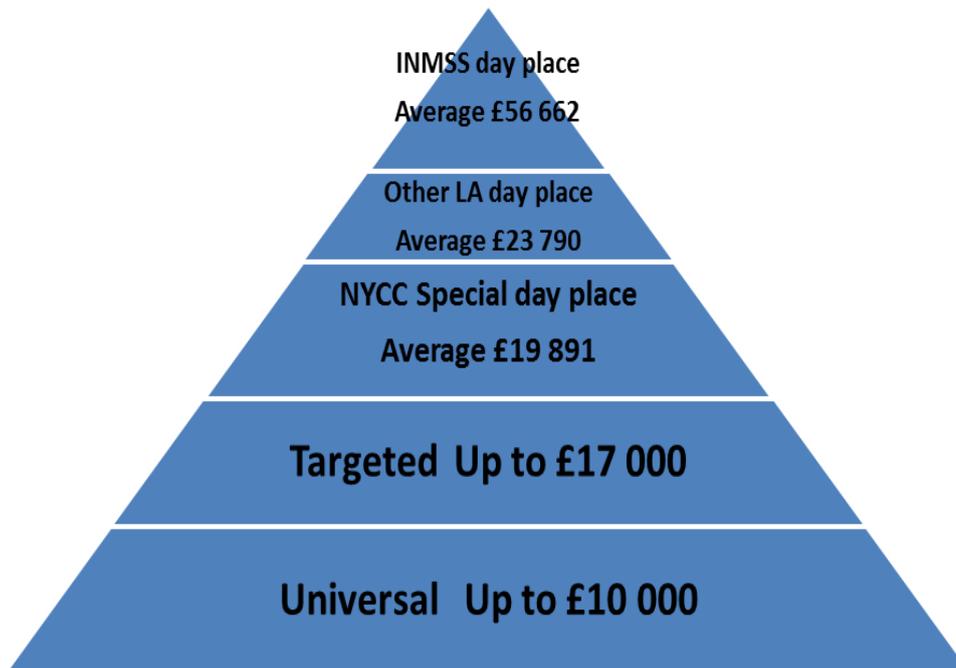
the local authority and we will continue to work to address the gap. Further plans will be brought to the Schools Forum for consideration and there will be further consultations with schools, parents, carers and young people.

- 4.10 North Yorkshire has developed its Strategic Plan for SEND Education Provision 0-25. This was agreed by the Council's Executive on 4th September 2018, and subsequently published. The plan can be found at www.northyorks.gov.uk/sendplan.
- 4.11 The Plan is very clear about the available High Needs budget of £44.8 million. At the point of publishing the plan, the predicted overspend on the budget was £5.5 million and this was stated in the plan. The development and writing of the plan helped the LA to begin to review how the High Needs Budget is spent to make sure it has the best impact on outcomes for children and young people with SEND. The plan also states clearly that 'We have no plans to reduce the High Needs Budget but we do need to work within the funding we have.'
- 4.12 The plan has 3 key areas:
- Ensuring a continuum of SEND education provision across the County
 - Robust and local governance, accountability, decision making and support
 - Re-shaping the High Needs Budget
- 4.13 The following are also key to the plan:
- Early identification of the needs of children and young people, and appropriate interventions to meet their needs delivered by a highly skilled and confident workforce.
 - Our continuum of provision – universal, targeted and specialist must meet the needs of children and young people
 - Enough places in targeted and specialist provision in the County
 - Local provision – so that children and young people can attend school as close as possible to their homes
 - A clear offer of support for families, schools and other providers from the Council SEND services
 - Everyone understands their responsibilities for children and young people with SEND.
- 4.14 Phase 1 of the Plan covers the majority of the actions in the plan, which will be delivered through existing resources across staffing, High Needs Budget and capital funding (including the Special Provision Capital Funding.) The intention is also that progress will be made to reduce the overspend on the High Needs Budget.
- 4.15 Key to the delivery of phase 1 is the strengthening of early identification of the needs of children and young people, and appropriate interventions to meet their needs. Actions in respect of universal and targeted provision in the Strategic Plan aim to achieve this by:
- Increasing the capacity of schools to support children and young people with a range of SEND
 - Developing the post 16/19 offer for young people
 - Developing targeted provision linked to mainstream schools to meet the needs of children and young people requiring a high level of specialist staffing support but not requiring special school provision. This type of provision is not currently available in North Yorkshire.

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- Revising the alternative provision offer across the county, including the offer from pupil referral services/alternative provision commissioned by the LA.
 - Developing SEND locality based multi-disciplinary teams to support early identification and intervention.
- 4.16 The anticipated impact of meeting the needs of children and young people through universal and targeted provision is that there should be reduced pressure on the special school places in the county. Our forecasting indicates, however, that this will not be enough to meet need in the longer term; therefore there are also actions in the Plan to increase special school capacity. These include:
- Work at the Dales School, Springhead School and Springwater School to increase capacity, funded by the Special Provision Capital Funding from DfE. This will increase places by 18 overall.
 - Work at the Forest School to increase capacity by 25 places, funded by Schools Condition Grant.
 - The development of a satellite site for Mowbray School in Ripon. This would be at the Moorside Infants School site and would be dependent on the successful amalgamation of the infant and junior schools. Consultation is currently underway on the development of the satellite provision, which would be primary provision for up to 60 pupils.
 - The submission of an expression of interest for a free special school in the Selby area. This was submitted to the DfE on 12th October 2018 and the outcome is expected early in 2019. The expression of interest was for a 100 place special school.
- 4.17 The impact of this approach to the continuum of need in the Strategic Plan, with the aim to meet need as much as possible through lower cost universal and targeted provision, and with more local specialist provision, will be to over time reduce the overall costs of provision for children and young people with SEND. There should be less need for more expensive other local authority and independent and non-maintained special schools as well as a reduction in transport costs. The diagram below shows indicative costs for the continuum of provision in the context of the Strategic Plan which support this approach:

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4.18 It is recognised that whilst the Strategic Plan will deliver budget efficiencies over time, the significant pressure on the High Needs Budget requires earlier action to reshape the budget and reduce the overspend. Within phase 1 of the plan, work is currently underway in the following areas to remodel the budget and achieve savings where identified:

- Developing a place based model for pupil referral service provision/alternative provision (PRS/AP).
- Budget modelling for the new targeted mainstream provision approach to replace the current Enhanced Mainstream Schools. This will be on a place basis. Engagement on the new model and commissioning has begun with existing EMS Headteachers.
- Revising the model for home medical tuition.
- Developing proposals for locality based teams which will also involve a restructure of the Inclusion Service.

4.19 Costs within the High Needs Block have continued to exceed the funding allocation for the following reasons:

- the increase in High Needs funding has not kept pace with inflation.
- The funding formula for High Needs operated by the Department for Education puts North Yorkshire on the “funding floor”. Effectively, this means that the Department for Education consider North Yorkshire to have too much money and an increase in funding is only achieved after a “top-up” is applied to avoid any authority receiving less than 0.5% increase in funding.
- A significant element of the funding formula is based on historic spending. This bears no reflection to the actual cost drivers creating financial pressure and penalises the local authority (and schools) for past efficiencies.
- There has been an unprecedented increase in demand as a direct consequence of the 2014 SEND legislative reforms. The number of Education, Health and Care Plans (EHCPs) have risen by approximately 50%

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since 2014 from c.1,700 to c.2,650 plans and is expected to continue to rise by c.250-300 plans each financial year.

- 4.20 The Strategic Plan for SEND sets out how the local authority aims to achieve a continuum of universal, targeted and specialist provision across the county for children and young people aged 0-25. A locality approach has been used to identify how to reshape provision to meet the needs of young people including:
- Development of satellite special school provision
 - Bid for a free special school
 - Transformation of Pupil Referral Services
 - Enhanced mainstream schools
 - Development of local SEMH provision
 - Use of capital funding to target investment
- 4.21 At this stage, the local authority can only seek Schools Forum approval for a transfer from 2019-20 budgets. Based on current information, the local authority will have a c.£4m accumulated deficit on High Needs by 31st March 2019 with a provisional projected shortfall in 2019-20 of a further £4m. The projection of a £4m in-year shortfall in 2019-20 is based on assumptions of further increases in demand and the delivery of all savings plans outlined in the recent consultation – there is, therefore, some risk attached to these assumptions and figures will be further refined as part of the budget setting process and outcome of the recent consultations. Using these assumptions, there would be an £8m accumulated deficit by 31st March 2020 if no further plans are brought forward. A transfer of 1.0% would reduce the £8m by c. £3.3m leaving an accumulated deficit of £4.7m. As demand is expected to continue to rise beyond 2019-20 and given the scale of the financial pressure, it is likely that the local authority would seek Schools Forum approval for subsequent transfers. It should be noted, however, that the view of the local authority is that there needs to be additional funding into the North Yorkshire system rather than recycling funding within the county. We will continue to lobby DfE and MPs on this point.
- 4.22 Specific pieces of collaborative working to secure suitable, cost effective, local high needs places includes:
- Working with special schools to identify and deliver work funded through the DfE Special Provision Capital Funding (SPCF) to increase places in North Yorkshire special schools. Year 1 of the SPCF will deliver at least an additional 18 places overall (Springhead School, Springwater School, The Dales School.)
 - Following a feasibility study funded through the SPCF, Schools Condition Grant has been secured for work with The Forest School which will result in an increase of 25 places.
 - Working with the Woodlands Academy to create 8 additional places for pupils who presented with challenging SEMH needs in mainstream, and where special provision has been able to identify and address communication and interaction needs impacting on presenting behaviour.
 - Working with Mowbray School on the consultation for development of a 60 place satellite provision on the site of Moorside Infant School.
 - Commencing work with Headteachers of current EMS provision to recommission targeted mainstream provision.
- 4.23 Collaborative working also includes:

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- A High Needs Funding sub group of the Schools Forum which provides a further opportunity for discussing and exploring high needs funding proposals and actions, including those deriving from the Strategic Plan.
- Regular meetings with Special School Headteachers including discussions about commissioning and SPCF.
- Working with FE networks and providers to develop the post 16/19 offer for children and young people
- In phase 2 of the Strategic Plan, exploring and developing opportunities for working jointly across education, health and social care to joint commission services and provision

4.24 Details of contributions from health and social care budgets towards the cost of specialist places are detailed in the table below:

	HAS Expected contribution 2018-19	CSC Expected contribution 2018-19	Health Expected contribution 2018-19
	£	£	£
Pooled Budget - Residential placements	224,848	1,473,866	319,057
Non Maintained Special - Day placements	0	0	14,151
Specialist Post 16 Institutions*	435,668	0	0
Total	660,515	1,473,866	333,208

4.25 The development of the continuum of provision across the county will include the following:

- Our proposals for strengthening universal provision, including through the support of locality based teams, will ensure as many children and young people with SEND as possible are educated in mainstream provision.
- Our proposals and actions in relation to targeted mainstream provision will establish in reach places for pupils with EHCPs across the county, to address the gap currently identified in targeted provision due to the current EMS model (Strategic Plan page 12). This will mean some mainstream schools will provide for more children and young people with SEND in an inclusive environment. Additional high needs funding will support this.
- Our proposals and actions in respect of the SPCF will increase provision in good/outstanding special schools so that high needs funding for places in these school will be targeted to local provision rather than more expensive other local authority or independent/non maintained provision.

4.26 Details of the impact of proposed transfers (both 0.5% and 1.0%) on individual schools budgets were modelled and outlined in the consultation document.

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5.0 High Needs Transfer

5.1 The Local Authority recognises through the responses to the Consultation that the majority of the support is indicated by schools for a 0.5% transfer of funding from the Schools Block to the High Needs budget. However, the Local Authority has a corporate duty to address the forecast budget overspend of £5.7m on the High Needs budget. Whilst a number of proposals are being progressed to address this overspend (as presented to the Forum at the September meeting and taken forward to public consultation), it is unlikely that these proposals will fully address this overspend and further actions will be required over the next 12-24 months. Any accumulated overspend on the High Needs budget will be required to be repaid from future High Needs funding allocations. The current projections indicate a continued increasing demand for High Needs support and services. Against this background, and in order to mitigate the impact of current forecast overspends on the future funding position, the LA is of the view that it is necessary to submit a disapplication request to the Secretary of State to transfer 1% from the Schools Block to the High Needs budget. The Schools Forum is asked to indicate their support for the decision to submit a disapplication request to the Secretary of State to request a transfer of 1% from the Schools Block funding to the High Needs budget.

5.2 In the event that the disapplication request to the Secretary of State is unsuccessful, it is recommended that 0.5% of the Schools Block funding is transferred to the High Needs budget. The Schools Forum is asked to approve this recommendation in the event of the disapplication being unsuccessful.

6.0 Exceptional E2 Funding

6.1 The second question is related to the proposed options for the allocation of Exceptional Element 2 Funding (see Appendix 7) and responses are as below:

Options supported in respect of future Exceptional Element 2 funding allocations (support could be indicated for more than one option):		
		Support
Option 1a	To apply the new set of criteria for Exceptional Element 2 funding as the new method of fixed allocation, starting from Autumn Term 2018. This option would provide an annual allocation of funding within the High Needs Block.	10
Option 1b	To apply the new set of criteria for Exceptional Element 2 funding as the methodology for the allocation of funding for a transitional period of 1st September 2018 to 31st March 2019. The funding would cease from 1st April 2019.	5
Option 2	To continue with the transitional funding method used for the Summer 2018 term until 31st March 2019. The funding would cease from 1st April 2019	9
Option 3	Allocate no further funding from 1st September 2018 (i.e. effectively cease funding at the end-	3

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	Summer Term 2018).	
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6.2 A mixed response has been received from schools with regard to question 2 of the Consultation in terms of the levels of support for the various options. The majority of support has been received for the options which cease the provision of Exceptional Element 2 funding. Of the 3 options where this was proposed, Option 2 (to continue the transitional funding method used in the summer 2018 term until 31st March 2019 with the funding ceasing from 1st April 2019) received the highest level of support. Any unused funding provision related to Exceptional Element 2 will be used to support the pressures on the High Needs budget in 2019-20. The Forum is asked to support the implementation of Option 2 in relation to ceasing the allocation of Exceptional Element 2 funding from April 2019.

6.3 The third question in the consultation provided the opportunity for schools to provide comments on the proposals for school funding in 2019/20. Appendix 2 provides details of the comments provided.

7.0 De-Delegation

7.1 The Forum was unable to make a decision on the de-delegated items at its meeting on the 27th September 2018 as the members were not quorate for decision making purposes. The recommendations, as previously presented, for de-delegation are re-presented at this next meeting of the Forum (please see appendix 3 for details of the de-delegated items)

7.2 In addition to the de-delegated items previously presented, a proposal has been developed to extend the Schools in Financial Difficulty de-delegated contingency to provide a contribution to the school compulsory redundancy costs budget. The school redundancy costs budget has been identified as an item where a different approach could be adopted, as follows:

- An alternative source of funding is available through the de-delegation of funding from school budgets. The DfE Scheme for Financing Schools states:

A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where “a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share”.

- Other local authorities have indicated that they use de-delegated funds to provide support for the redundancy costs.
- A more rigorous application of the redundancy funding criteria could be implemented which would deliver budget savings.
- Consideration as to whether redundancy support is available for schools where the local authority is not the employer.

7.3 Consideration has been given as to how to address the competing pressures of continuing to support all LA maintained schools in managing forecast budget deficits through the mechanism of supporting redundancy costs, and recognising that this pressure is likely to increase, whilst delivering the savings required by the County

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Council. A proposal has been developed to provide a shared approach to the funding of LA maintained school compulsory redundancy costs (which meet the redundancy support criteria) i.e. a 50% contribution from the local authority and 50% funded from an increase in the Schools in Financial Difficulty de-delegated contingency. In order to achieve a de-delegated funding contribution of £250k to the school redundancy costs budget, the current indicative position is that an amount of £5.25 per pupil would need to be de-delegated (the final amount per pupil required to deliver the funding contribution will be dependent on the level of academy conversions before 1st April 2019). The cessation of the de-delegated items as recommended in 4.1 will return approx. £840k to school budgets and whilst it is acknowledged that a number of these items will need to be purchased on a traded basis there is the potential for a balance of funding to be available to support the school compulsory redundancy costs budget. The maintained school members of the Forum are asked to support this proposal to increase the Schools in Financial Difficulty de-delegated contingency in order to provide a funding contribution to the corporate budget school redundancy costs budget.

8.0 Teachers Pay Related Grants

- 8.1 At the September meeting of the Forum, information was provided on the 2018/19 teachers pay award and the associated pay grant which is being provided by the DfE to fund the pay increase above the 1% which schools would have been expected to fund had the public sector pay cap not been lifted. The pay grant funding has now been received by the local authority and will be distributed to schools in November.
- 8.2 The DfE have provided notification that the employers contribution in relation to teachers pensions will rise from 16.48% to approx. 23.6% from September 2019. They have also indicated that they will provide funding to help schools in meeting the additional costs of the pension increase in the 2019/20 financial year and a consultation will be undertaken related to the allocation of these funds. At this stage no further information is available.

9.0 Recommendations

- 9.1 Following the consultation with all schools and academies in North Yorkshire, the Forum is asked to agree the following:
- a) The recommendation that a Minimum Funding Guarantee of -1.5% is used as the basis for funding schools in 2019/20 which will enable a quicker transition for schools to the NFF funding values within the constraints of the overall NFF transitional funding levels received by North Yorkshire LA from the DfE.
 - b) In recognition of the significant pressure on the High Needs budget, to support the request for a transfer of 1% of the Schools Block to the High Needs budget and that a disapplication request will be submitted to the Secretary of State to this effect.
 - c) In the event that the disapplication request to the Secretary of State is unsuccessful, to agree a transfer of 0.5% funding from the Schools Block to the High Needs budget.

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- d) To support the implementation of Option 2 in relation to ceasing the allocation of Exceptional Element 2 funding from April 2019.
- 9.2 The recommendation at (a) above will then be put forward to the Council's Executive in January for formal approval.
- 9.3 LA-maintained primary phase Schools Forum members are asked to vote on the de-delegation of:
- Schools in Financial Difficulty and the proposed extension to provide a funding contribution to the corporate School Redundancy Costs budget.
 - Unreasonable School Expenditure
- 9.4 LA-maintained secondary phase Schools Forum members are asked to vote on the de-delegation of:
- Schools in Financial Difficulty and the proposed extension to provide a funding contribution to the corporate School Redundancy Costs budget.
 - Unreasonable School Expenditure
- 9.5 To note the position with regard to teachers pay related costs and associated grant funding.

STUART CARLTON
Corporate Director – Children and Young People's Service



NORTH YORKSHIRE COUNTY COUNCIL

SCHOOL FUNDING FROM 2019-20

A CONSULTATION PAPER

October 2018

Deadline for responses: 6pm, 29th October 2018

School Funding 2019-20, including outcome of the local consultation.

- 1.1 This consultation paper sets out the latest position from the DfE and the North Yorkshire Local Authority with regard to school funding for 2019/2020. The consultation seeks the views of schools in order to inform the following key decisions:
- The use of funding from the schools budget in 2019/20 to support pressures relating to children and young people with High Needs
 - The level at which the minimum funding guarantee (MFG) protection is set. This is one of the mechanisms which determine the change in per pupil funding levels which a school can experience from year to year.
- 1.2 This consultation paper also asks schools to consider proposals related to the allocation of Exceptional Element 2 SEND funding. This is covered in more detail in section 4.
- 1.3 A public consultation will be undertaken in relation to a number of proposed changes related to High Needs. Further detail on these proposals is provided in section 4 of this document. It is suggested this funding consultation is read in conjunction with the public consultation which will be able to be found on the North Yorkshire County Council website and will run from 5th October to 11th November 2018.
- 1.4 In addition, a further separate consultation will be undertaken specifically with special schools establishments (LA maintained schools and academies) in relation to the MFG protection level associated with the formula used to calculate their funding allocations. This specific consultation will also consider the interaction of the MFG with the proposed implementation of the new Banded System for these establishments.
- 1.5 The local authority continues to lobby DfE and MPs on the issue of the overall quantum of funding and sparsity and we will continue to advocate for a better funding deal for children and young people in all North Yorkshire education settings (including maintained schools and academies).
- 1.6 The views of schools and academies provided through this consultation will be fed back to the Schools Forum. A further discussion on funding formula change proposals will be held at the Schools Forum meeting on 19th November 2018. This consultation will begin on 3rd October 2018 and close on 29th October 2018

2 Background

- 2.1 In Autumn 2017, the Department for Education (DfE) announced national changes to the school funding formula which will eventually see all school budgets set using a new national funding formula (NFF). However, for the 2018-19 and 2019-20 financial years a 'soft' approach is being undertaken where the funding which local authorities receive is based on the new formula but with transitional arrangements with local authorities being able to continue to operate a local formula. In North Yorkshire, the Schools Forum (previously the North Yorkshire Education Partnership), after consultation with schools in Autumn 2017, adopted an approach of calculating school budgets using NFF principles with associated transitional arrangements for the 2018-19 and 2019-20 financial years.

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2.2 The Secretary of State also announced that the Government would provide an additional £1.3bn nationally for school funding in 2018-19 and 2019-20. The formula in 2019-20 will provide at least £4,800 per pupil for every secondary school and £3,500 per pupil for every primary school.

2.3 At this stage, the DfE has not yet indicated when the national funding formula will be fully implemented and the transitional arrangements will cease. However, in recent guidance, they have stated:

“We are pleased to see the significant progress across the system in moving towards the national funding formula in its first year. In light of this progress, we are confirming now that local authorities will continue to determine local formulas in 2020 to 2021”

This means that the transitional funding arrangements which guarantee a minimum level of funding for schools but also cap the level of funding gain for those schools which will benefit from the implementation of the NFF will continue for the 2020/21 financial year.

2.4 The DfE have recently released information relating to the school funding calculations for 2019-20 (based on 2018-19 pupil data). Schools are able to see their individual NFF notional allocation for 2019-20 with the associated transitional arrangements. They are also able to view the position if the NFF was fully implemented. This information can be found at: <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2019-to-2020> and looking at the spreadsheet called “Impact of the schools NFF, 2019 to 2020”. It needs to be noted that this information is indicative and based on the October 2017 pupil census data. The actual 2019/20 funding allocations will be based on the October 2018 pupil census data.

2.5 In 2018/19 the DfE acknowledged the increasing pressures related to High Needs budgets being faced nationally and allowed LAs, with the permission of their School Forums, to use up to 0.5% of the Schools Block funding to support High Needs. This was a temporary measure to enable Local Authorities to work with schools and others to try and manage the High Needs financial issues. In North Yorkshire 0.5% (£1.6m) was transferred from the Schools Block to High Needs in 2018/19 to help support the increasing budget pressures in this area.

3. 2019/2020 Schools Funding

3.1 The indicative 2019-20 Schools Block funding for North Yorkshire (calculated using the NFF) provides a 1.16% increase compared to the 2018-19 funding level. Our analysis indicates that the majority of this additional funding will be required to fund the increase in the minimum per pupil funding level from £3,300 in 2018/19 to £3,500 per pupil in 2019/20 for primary schools and from £4,600 in 2018/19 to £4,800 per pupil in 2019/20 for secondary schools with year 10 and year 11.

3.2 For 2019-20 the DfE are continuing to allow the transfer of up to 0.5% of the Schools Block funding to the High Needs Block. The approval of the Schools Forum is required for this

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transfer and the views of local schools and academies will need to be considered in determining this decision. Any proposal to transfer more than 0.5% will require the approval of the Secretary of State. Any agreed transfer of funding is only for the 2019/20 financial year. Within North Yorkshire there continues to be significant budget pressures related to High Needs and these are discussed more fully in section 4 below. **In this regard it is again necessary to propose that funding is transferred from the Schools Block to High Needs in 2019/20. The views of schools are requested on transfer options of 0.5% and 1%.**

- 3.3 The DfE are continuing to allow local authorities to be able to set the Minimum Funding Guarantee (MFG) between minus 1.5% and plus 0.5% per pupil. This is one of the mechanisms which determine the change in per pupil funding levels which a school can experience from year to year. The level of the MFG controls the level of gain and loss in per pupil funding levels at individual school level when compared to the previous financial year. In this respect, the MFG provides a mechanism for controlling the impact of schools moving to the NFF i.e. a lower MFG allows those schools which gain from the NFF implementation to start to receive some funding benefit, however those schools which will lose funding under the NFF will start to see a reduction in their funding levels. In 2018-19 the decision was made by the North Yorkshire Education Partnership to implement a funding formula which reflects the NFF principles and the associated transitional arrangements. In this respect, it is proposed to implement a MFG of less than 0% in order to enable funding to start to transfer from those schools that will see a reduction in funding as a result of the NFF to those that will gain under the NFF. **Schools are requested to provide their views on the MFG protection level options of -0.5% or -1.5% for 2019/20.**
- 3.4 The level of any transfer of funding from the Schools Block to High Needs has a direct impact on the level of MFG which can be implemented as a result of the level of funding required to fund the MFG protection i.e. the higher the MFG protection, the greater the funding requirement. In this regard, if a decision was made to undertake a transfer of 1% then the MFG would need to be -1.5%; it would not be possible to fund a higher percentage of MFG protection. MFG protection of either -0.5% or -1.5% can be afforded in the scenario of a 0.5% transfer.
- 3.5 Appendix 1 of this document provides a schedule of the indicative implications at individual school level of the High Needs transfer and MFG protection level options. It needs to be noted that the modelling is based on the 2018/19 pupil numbers and data and the actual 2019/20 funding allocations will be based on the October 2018 pupil census information.

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The options which schools are asked to consider are:

	High Needs Transfer	Minimum Funding Guarantee
Option 1	0.5%	- 0.5%
Option 2	0.5%	- 1.5%
Option 3	1.0%	- 1.5%

3.6 The minimum per pupil funding level amounts of £3,500 for primary schools and £4,800 for secondary schools take precedence over the MFG calculation so irrespective of the MFG level, schools will receive at least the minimum per pupil funding amount.

3.7 Funding associated with the mobility formula factor was allocated based on the historic 2017-18 funding level for 2018-19 and the DfE indicated that they intended to consider implementing a formulaic approach for 2019-20. The DfE have now confirmed that mobility funding will continue to be allocated on a historic basis for 2019-20 and it will be formularised for 2020-21.

3.8 The DfE have confirmed that the de-delegation of services will continue to be allowed for 2019-20. However, it is expected that the direction of travel will require all funding to be delegated at a future point – probably when the full NFF is implemented at some point after 2020-21. In this regard it is planned not to de-delegate the following items in 2019/20 (subject to approval from the Schools Forum in November 2018).

Behaviour Support Services
Ethnic Minority
Free School Meals Eligibility

3.9 The de-delegated funding related to behaviour support has previously been contributed to the School Improvement Partnerships. The funding has enabled the commissioning of support for schools requiring assistance. From September 2019, the School Improvement Partnerships have reduced funding and will be subject to a strategic review taking into account the implementation of a Learning Trust. Therefore, this funding is not considered to be required in the future.

3.10 The Ethnic Minority de-delegated funding has been used for English as an Additional Language (EAL) and Gypsy Roma Traveller (GRT) service provision. In 2018-19 this funding has been used to provide a core offer in a transitional year as the service developed a traded

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offer which has been implemented from September 2018. In this regard, this funding is no longer required to be de-delegated.

- 3.11 It is proposed to develop the traded service which already provides the checking process for free school meal eligibility for academies to cover maintained schools. Subject to approval from the Schools Forum in November 2018, this service will be available from 1st April 2019 and further information will be provided via NYES when this service is available to purchase.
- 3.12 At the meeting of the Schools Forum in November 2018 consideration will be given to the proposal to continue to de-delegate the contingencies related to Schools in Financial Difficulty and Unreasonable School Expenditure. The Forum will also consider whether or not it is appropriate to continue to de-delegate the funding associated with the work undertaken through the Trade Unions (Professional Associations Facilities Agreement - PAFA) or whether this work should be delivered through a traded service.

4. High Needs Funding

- 4.1 The indicative position with regard to the High Needs block funding received by North Yorkshire from the DfE is that the area-level funding will increase from £47.7m in 2018/19 to £48.1m in 2019/20. The addition of £400k in funding represents an increase of 0.76% compared to the 2018/19 funding level. This is clearly a very disappointing and concerning position as this increase does not cover inflationary pressures; nor does it address the significant increase in demands and pressure on High Needs services (further detail provided below). The High Needs funding allocation for North Yorkshire is at the DfE “funding floor” level. The actual amount retained by the local authority is lower than the £48.1m due to deductions from the Education, Skills and Funding Agency (ESFA).
- 4.2 Within North Yorkshire there continues to be very significant pressure on High Needs funding. It is anticipated that the estimated financial pressure in 2018-19 will be in the order of £5.5m. This is reduced, in part, by the £1.6m (0.5%) transfer of funding from the Schools Block into the High Needs Block in 2018/19. **The overall result is an expected overspend of £3.9m on the High Needs budget in 2018/19. Future demand predictions indicate that, based on current trends, the underlying financial pressure of £5.5m will grow by approximately £1.5m - £2.5m in each of the next few years and that, if left unchecked, by March 2022 there will be a recurring overspend of between £10m - £13m per annum.** Key factors which are contributing to this overspend position are:
- The impact of the new SEND practices which were introduced as part of the Children and Families Act 2014
 - A significant increase in the number of children receiving SEN Support with an increase of 1,014 children (717 primary and 297 secondary) between January 2016 and January 2018
 - The total number of children with Education Health & Care Plans (EHCP) has increased by 46% between 2014/15 and 2017/18 (financial years)

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- The total number of pupils in independent and non-maintained day out-of-authority placements has shown a year on year increase since 2014-15 with an associated increase in expenditure. In 2017-18 the average cost per pupil was £54k.
 - Whilst the total pupils in independent and non-maintained residential out-of-authority placements has decreased year on year since 2014-15, a trend of increasing expenditure has been seen between 2016-17 and 2017-18 despite fewer pupils. In 2017-18 the average cost per pupil was £135k.
- 4.3 The Dedicated Schools Grant reserve within the North Yorkshire Local Authority is fully depleted which means that any overspend will be carried forward and will need to be met from future years funding allocations. This is clearly a very challenging and concerning position with regard to the High Needs budget as we are in a position where future funding levels are estimated to be, at best, static and there is a forecast trend of continued increase in demand for High Needs services / support and a continued increasing budget overspend.
- 4.4 The context for the proposal to transfer funds from the Schools Block to High Needs (0.5% (£1.6m) or 1% (£3.3m)) is for this funding to provide interim support towards the financial pressures whilst the proposals detailed below are progressed.
- 4.5 A number of proposals have been developed to address the unsustainable overspend position on the High Needs budget. These proposals relate to:
- The replacement of the CAN-DO Resource Allocation System with a Banded System (there is no saving attached to this proposal)
 - Moving to study programmes of 600 planned hours per academic year for post-16 study for young people with EHCPs.
 - Transformation of Pupil Referral Services (PRS) and Alternative Provision establishments with a reduced funding allocation.
 - Reviewing the funding allocation, criteria and distribution of the Exceptional Element 2 funding.
- 4.6 These proposals potentially provide savings of up to £2.96m. Clearly, this is not sufficient to address the underlying projected overspend and further measures will need to be considered in order for future financial sustainability to be achieved for the High Needs budget.
- 4.7 A public consultation is being undertaken in relation to the proposed introduction a Banded System for the determination of Element 3 “Top Up” allocations, the proposed move to study programmes of 600 planned hours per academic year for post 16 young people with EHCPs and the transformation of the PRS and AP service delivery model. It is suggested this funding consultation is read in conjunction with the public consultation which will be able to be found on the North Yorkshire County Council website from 5th October to 11th November 2018. The proposal related to the review of the Exceptional Element 2 funding is considered in this funding consultation below.
- 4.8 A further consultation will be undertaken specifically with special schools establishments (LA maintained schools and academies) in relation to the MFG protection level associated with the formula used to calculate their funding allocations. This specific consultation will also

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consider the interaction of the MFG with the proposed implementation of the new Banded System for these establishments.

Exceptional Element 2 Funding

- 4.9 The notional SEN budget (Element 2) is a proportion of a school's base funding which is "notionally" allocated for meeting the needs of children and young people with SEN attending the school. This is the same for all schools and academies. Schools and academies are expected to provide a core offer of teaching and learning for all pupils, and up to the first £6,000 of the costs of providing additional and different support to pupils with SEN. This should be aligned with the identification of children at SEN support with details of the additional support required specified in an SEN Support Plan in accordance with the SEN Code of Practice.
- 4.10 Following the introduction of the National Funding Formula in 2018-19, the calculation of the notional SEN percentage allocation within school and academy delegated budgets increased to 8.68% from 3.89%. In effect, this means that schools are required to provide support for more children with SEN in their establishments before they are able to access any additional contingency funding from the LA. It should be noted, however, that 8.68% is broadly in line with the national average; previously North Yorkshire were a significant outlier, compared with other local authorities, with a very low threshold before Exceptional Element 2 funding was triggered. With a notional SEN percentage allocation more in line with other local authorities, fewer schools will receive Element 2 Exceptional funding although this is more representative of the position of schools in other local authority areas. School and academy leaders, governors and SENCos need to be aware of the notional SEN budget allocations for their schools and how resources are being deployed.
- 4.11 The Education and Skills Funding Agency (ESFA) requires that local authorities have regard to the provision of additional funding outside the main funding formula for mainstream schools and academies on a consistent and fair basis where the number of their high needs pupils cannot be reflected adequately in their formula funding and where it would be unreasonable to expect them to pay for the costs of the first £6,000 of additional support for all high needs pupils. Local authorities may also provide additional funding from their high needs block to schools that have a higher proportion of pupils with SEN, for example, for schools that have developed a particular specialism or have a strong local reputation for inclusion that means that they attract higher than average numbers of pupils with Education, Health and Care Plans (EHCPs) or pupils with SEN support needs.
- 4.12 Historically, and prior to the implementation of the NFF, North Yorkshire has provided exceptional funding to support those schools where it would be unreasonable for them to fund the full cost of the first £6,000 of additional support for all of the pupils with High Needs in the school. With the implementation of the NFF in 2018/19 this exceptional funding has been under review and transitional funding was distributed to schools for the Summer Term 2018-19 pending the outcome of a consultation undertaken with schools in the Summer 2018 and discussions with the High Needs Funding Sub Group. Taking into account the responses received from summer 2018 consultation period and the feedback

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from the Subgroup, the local authority is considering the merits of making an allocation of Exceptional Element 2 budget funding (approx. £250k) to support small schools where it would be unreasonable for them to fund the full £6,000 for all of the pupils with High Needs in the school. If this allocation were not made, the funding would be used to contribute towards reducing the £5.5 million overspend on the High Needs budget.

School views are requested on the following options:

Option 1a - To apply the set of criteria for Exceptional Element 2 funding as set out in Appendix 2 as the new method of fixed allocation, starting from Autumn Term 2018-19. This option would provide an annual allocation of funding within the High Needs Block.

Option 1b – Similarly to Option 1a, to apply the set of criteria for Exceptional Element 2 funding as set out in Appendix 2 as the methodology for the allocation of funding for a transitional period of 1st September 2018 to 31st March 2019. The funding would cease from 1st April 2019.

Option 2 - To continue with the transitional funding method used for the summer 2018 term until 31st March 2019. This method used the full year 2017/18 Notional SEN data and the EHCP pupils as at March 2018, taking account of summer term leavers. The funding was provided at 60%. The full-year allocation based on this methodology would be pro-rata for eight months (August 18 to March 19). The funding would cease from 1st April 2019

Option 3 – Allocate no further funding from 1st September 2018 (i.e. effectively cease funding at the end-Summer Term 2018).

- 4.13 Appendix 3 of this document provides a schedule of the illustrative allocations at individual school level of the Exceptional Element 2 options detailed above. It needs to be noted that modelling is based on the pupils with an EHCP in a school as at September 2018. Any actual 2019/20 funding allocations will be updated to reflect the pupils in school with an EHCP as at January 2019.

5. Next Steps

- 5.1 Accompanying this consultation paper is a response form. We would be grateful if you could return this by email, or otherwise respond by email to the questions, by 6pm on Monday, 29th October 2018. Please send your responses to Deborah.wilbor@northyorks.gov.uk
- 5.2 The results of this consultation will be presented to members of the North Yorkshire Schools Forum for final decisions and recommendations to be made at its meeting on 19th November 2018. Schools will be notified of the outcome of this before the end of November.
- 5.3 The DfE release the data needed to calculate next year's budget in mid-December. We aim to publish primary and secondary school budgets by mid-February.

6. Consultation Questions

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

Q1. Please indicate which of the following options you support in respect of the transfer of funding to High Needs in 2019/20 and the level of Minimum Funding Guarantee protection applied in the calculation of school budgets for 2019/20 (support may be indicated for more than one option):			
	High Needs Transfer	Minimum Funding Guarantee	Support (Y/N)
Option 1	0.5%	- 0.5%	
Option 2	0.5%	- 1.5%	
Option 3	1.0%	- 1.5%	

Q2. Please indicate which of the following options you support in respect of future Exceptional Element 2 funding allocations (support may be indicated for more than one option):		
		Support (Y/N)
Option 1a	To apply the set of criteria for Exceptional Element 2 funding as set out in Appendix 2 as the new method of fixed allocation, starting from Autumn Term 2018. This option would provide an annual allocation of funding within the High Needs Block.	
Option 1b	To apply the set of criteria for Exceptional Element 2 funding as set out in Appendix 2 as the methodology for the allocation of funding for a transitional period of 1st September 2018 to 31st March 2019. The funding would cease from 1st April 2019.	
Option 2	To continue with the transitional funding method used for the Summer 2018 term until 31st March 2019. The funding would cease from 1st April 2019	
Option 3	Allocate no further funding from 1st September 2018 (i.e. effectively cease funding at the end-Summer Term 2018).	

Q3: Do you have any further comments relating to the LA's proposals for school funding for 2019/20?

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local consultation.**

- 6.2 Please could you send your response to these, by email, by **6pm on Monday 29th October** to deborah.wilbor@northyorks.gov.uk

Accompanying Appendices

- Appendix 1: Schedule of the indicative implications at individual school level of the High Needs transfer and MFG protection level options.
- Appendix 2: Proposed new methodology for the allocation of Exceptional Element 2 funding
- Appendix 3: Schedule of the illustrative allocations at individual school level of the Exceptional Element 2 funding allocation options

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Appendix 2: Detailed responses to Q3 of the consultation

- The DfE should be funding LAs and schools at levels which do not require the transfer of funding to meet High Needs! Aagh!
- No, we have had to choose the options that are best for our school given the constraints on our budget.
- Reluctantly agree to the higher level of transfer as suggested. It is vital that the HN plan is delivered within its costing timescales such as to ensure that this transfer does not become further 'lost revenue' within the system. Q2 - This was, I believe, the considered opinion of the HN Funding Group who discussed this at length
- Have to support the best option for our own school from 3 that all lose funding. The squeeze seems to be impacting most on the larger coastal schools thus increasing difficult decisions further.
- Very concerned about proposals to remove exceptional E2 funding. Currently the school has 4.6% EHCP, which is 17 EHCP x £6000 = £102,000 and in total 103 students on SEND K code or EHCP. The fact that most of these proposals mean the school would receive no additional funding is of grave concern. It will be impossible to meet need for our most vulnerable young people and provide a broad and balanced curriculum for non-SEND students. I am also concerned that a secondary school with 369 students is not considered 'small' in the methodology outlined. This would not be an issue if we didn't have such a high proportion of high needs students.
- "4.11 & 4.12" There is a clear focus on identifying and supporting schools where schools (specifically small schools) have a higher proportion of pupils with SEN & ECHP on role.
- Two points.
Will a school be expected to give an outline of the children on its SEN register to ensure statutory guidelines are being followed with regard to the make-up of the SEN register?
Does the LA recognise that a small number of medium/large schools attract significant numbers of children with ECHP (ie double figures) and as a result need to be included in consideration for additional funding as well as small schools.
- Consideration to be given to criteria applied for size of school and funding applied as schools below 100 are in increments of 25 pupils. We have 112 pupils on roll and are funded the same as schools with 200 – 300+ on roll. Consideration to be given to number of classes when applying funding."
- We found the consultation document and response form overly complicated and difficult to understand. Hence our lack of constructive response.
- Small schools, and particularly those in an area populated by a number of schools (i.e. small, semi-rural schools on the edges of or close to larger settlements) are particularly financially

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penalised for providing an inclusive education for its pupils. In year transfers are regular and are often for pupils with additional needs that, have not been met in their previous setting. Huge pressure is therefore placed on small schools with little capacity to meet significant need within its existing resources or use the limited resources provided by element 2 to increase those resources. To lose the provision entirely would put small schools at a proportionally greater risk than those with the capacity and human resources to meet significant needs of pupils joining the school either in Reception or as in-year transfers. The addition of just one pupil with an EHCP, where the funding does not match the needs as described in the plan, has a significant impact on small schools but there remains an anecdotal feeling amongst many parents that small schools will better meet these needs simply due to their size and the idea that nurture and small class sizes will provide the instant solution. Any financial decision going forward must take this into account in North Yorkshire due to the very many small schools that form part of the county's provision. A lack of recognition of this challenge would undoubtedly lead to a 'ticking timebomb' of struggling to meet needs, of either the high needs pupils or classes collectively, which in turn would reduce these schools' overall effectiveness. The landscape would change from an inspection outcomes perspective and could become a significant contributing factor to the closure of more small schools which will, in turn, place pressure on places in already full schools across the county.

(This response was provided by 4 schools)

- Without applying option 1a in relation to Q2 to provide ongoing annual exceptional element 2 funding small schools will either close or be unable to accept any pupils with EHCP's. One of my two schools has 400% more EHCP than its notional allocation. All options aside from 1a mean it would get no additional funding for this after April 2019. If this were the case we would be unable to meet the needs of the existing pupil's with EHCP as would not be able to afford the staffing to deliver the plans.
(This response was provided by 2 schools)
- Please lobby at the national level as hard as you can. We are falling apart for want of funding, and failing our children as a result.
- It is nearly impossible to meet need for the number of students we have at X School who require additional support. We are aware that funding nationally has been squeezed and the effect this has had on NYCC's budget in particular. The school will continue to lobby for sufficient funding so that we can resource our school and effectively support the needs of our students and endeavour to maintain the high standard of teaching and pastoral care we have always provided.
- We support the new set of criteria as the basis for allocating exceptional element 2 funding as this would appear to target funding at the right schools as oppose to the existing methodology, however we have chosen Option 1b as our preferred option on the basis that severe cuts need to be made from the High Needs Block. Given that a full recovery plan for the High Needs Block has not yet been developed, it is difficult to make a judgement as to whether removing exceptional element 2 funding is the "least worse" option in terms of impact on schools and pupils with SEN. We acknowledge that for some small schools the impact of removing this funding will be very challenging.

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- We strongly oppose the option to transfer 1% from the Schools Block to the High Needs Block as this would result in a significant reduction in funding for some schools with insufficient notice to plan effectively for this.
- In regards to the consultation on School Funding for 2019 to 2020 we are concerned that this will have a serious impact on the level of provision that we are able to deliver to the children in our care.

As the budget constraints tighten we have less and less capacity to provide children the support that they require and we are apprehensive about how we will be able to sustain this going forward.

The morale of staff in education is already knocked by constant demands from all agencies which has a negative impact on their health and wellbeing. As a professional body, staff need to be valued and supported in what is becoming an increasingly stressful environment. The financial implications for schools, governors and staff does remain a priority. As staff workload increases and support for schools decreases it seems that the needs of the children are less significant.

We understand the need for collaboration and working together for the common good. However we are anxious about the overall detrimental effect on children's education that a further lack of funding will bring.

De-Delegation Extract from Schools Forum Report 27th September 2018

7.0 DE-DELEGATION APPROACH FOR 2019-20

7.1 De-delegation applies only to LA-maintained schools. Where services are able to be de-delegated, the budget is technically initially delegated to all schools and academies. Services for de-delegation then have to be approved by Schools Forum and, if approved, the funding will be removed from maintained schools budgets before final school budgets are issued.

7.2 The amount that can be de-delegated will depend on the number of academy conversions; if there are more conversions of schools to academies (as expected), it will reduce the total sum de-delegated for a service, if the per pupil deduction remains the same.

7.3 The services and amounts de-delegated in 2018-19 total £1.5m, and include:

	£k
Schools in Financial Difficulty	565
Unreasonable School Expenditure	73
Behaviour Support Services	184
Ethnic Minority	602
Free School Meals Eligibility	16
Trade Union Costs	69
TOTAL	1,509

7.4 The current finance regulations allow for the continuation of de-delegated services for schools into 2019-20. However, it is expected that the direction of travel will require all funding to be delegated at a future point – probably when the ‘hard NFF’ is implemented at some point after 2020-21 (or possibly even in 2020-21).

7.5 Our proposal to schools for 2019-20 is to continue with current levels of de-delegation for Schools in Financial Difficulty and Unreasonable School Expenditure only. These are contingencies which are available to support financially vulnerable schools. Only a small number of schools access the funds in a particular financial year so the majority of schools may not feel that they have benefitted from the de-delegation. However, the increasing financial challenges being faced by schools, demonstrated by the increasing number of actual and projected deficits – and addressed elsewhere in the agenda – may result in an increasing demand from maintained schools for support from these budgets.

7.6 The Schools in Financial Difficulty Fund is available to support schools that have failed an Ofsted Inspection, are at risk of failing an Ofsted Inspection or have other serious issues that would impact on the education of the children and young people attending the school, and will cause pressures on school budgets and financial difficulties. Support is not available to schools facing budget and structural difficulties that would not ordinarily impact on standards. There are 2 specific elements to the Fund:

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- Schools in Financial Difficulty
 - Schools Causing Concern
- 7.7 Schools in Financial Difficulty provides actual cash allocations to support schools who meet the criteria of the Fund. In order to be considered for financial support the school needs to have prepared a budget recovery plan which demonstrates a move back into a balanced budget position and how an allocation from the Fund would contribute to the achievement of this.
- 7.8 The Schools Causing Concern element is used primarily by the School Improvement Service, to support schools that are in danger of falling into an Ofsted category of concern at the next inspection. The majority of the funding goes to schools that are risk assessed as Priority 1. It is increasingly the case that many of these schools have budgetary issues, and have actual or forecast deficits which hamper the schools' capacity for rapid improvement. If an intervention is needed to support the school in the short term in order to increase the capacity for rapid improvement, and the school's budget is one of its issues, the Schools Causing Concern fund may be used to fund part or all of the intervention/s. All support for schools from the LA is detailed in a support plan, drawn up by School Improvement in collaboration with the school, and reviewed at regular intervals. Costings for support, and where the funding will come from is detailed and agreed as part of the support plan.
- 7.9 The Unreasonable School Expenditure budget is available to support schools with exceptional items where it would not be reasonable to expect funding to be provided from the school budget. In recent years the budget has been used to help fund:
- Council tax charges and adjustments for redundant school houses/bungalows
 - Support for exceptional premises costs (e.g. introduction of split site premises part way through a financial year)
 - Support for additional expenditure resulting from premises limitations (e.g. a school has to introduce an additional class due to the physical size of the classroom accommodation)
 - Exceptional one-off legal costs
 - Exceptional one-off staffing costs
 - Support for pupil number increases which do not meet the pupil growth criteria
- 7.10 Behaviour Support – there has previously been a de-delegated contribution to the School Improvement Partnerships. The funding has enabled the commissioning of support for schools requiring assistance. From September 2019, the School Improvement Partnerships have reduced funding and will be subject to a strategic review taking into account the implementation of a Learning Trust. Therefore, it is not proposed to request this funding to be de-delegated.
- 7.11 Ethnic Minority – the Ethnic Minority de-delegated funding provides services for English as an additional language (EAL) and Gypsy Roma Traveller (GRT) service. The de-delegated funding in 2018-19 has been used to provide a core offer in a transitional year as the service develop a traded offer. From April 2019, the service will offer a traded-only service and it is proposed that this is no longer de-delegated.
- 7.12 Free School Meal (FSM) Eligibility – this has previously funded the cost of staff who process all FSM applications for schools. Staffing involved in this area of work is

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1.5fte at Band 6. Staff assess some 5,000 applications each year but in addition these are checked fortnightly to ensure they are still entitled. If a debt accrues, schools chase this up with parents, but if unsuccessful it is passed to NYCC to raise an invoice. Individual schools do not have access to the DfE electronic checking system (linked to the DWP benefits system) which is used to do the fortnightly checks. Currently, 36 schools currently buy into the service, most of which are schools that have converted into Academy status. From April 2019, it is proposed to cease de-delegation and offer this as a traded service into which schools can buy.

- 7.13 Trade Union Costs – it is proposed that 2018-19 will be the final year for Trade Union Costs to be de-delegated with both teaching and non-teaching unions operating a traded offer from April 2019.

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Appendix 4 – Letter to Government Ministers from Chair of Schools Forum



24 October 2018

Dear Nadhim,

I am writing to you as the Chair of the North Yorkshire Schools Forum on behalf of schools and academies in North Yorkshire about the insufficient level of high needs funding.

As a Schools Forum, we are supportive of the policy intention behind the Children and Families Act 2014. It is absolutely right that we have ambitions for children with SEND to be happy and fulfilled and to achieve well in schools and college. However, in our view, our local authority – and consequently schools in North Yorkshire - are insufficiently funded through the Dedicated Schools Grant (DSG) to meet the demands and expectations of the unfunded 2014 legislative reforms.

Although funding has remained broadly static, we have observed that in North Yorkshire – in line with national trends - we have had a 46% rise in the number of Education, Health and Care Plans in the period 2014 through to 2018. This trend continues unabated and yet our High Needs Block funding has not increased at the same rate. Although the Government announced additional funding in September 2017, the distribution of this funding means that North Yorkshire barely received any increase at all in 2018/19. North Yorkshire is ranked 138 out of 150 local authorities on per pupil funding for High Needs. The formula locks in historical spending decisions and unfairly penalises past efficiencies of schools and the local authority. We need funding for our actual demand and cost pressures and the current funding formula does not address this.

The 0.76% increase projected for 2019-20 is not sufficient to cover inflationary pressures, let alone the 15%+ per annum rises in demand. These are recurring pressures that will have a significant impact on school provision in North Yorkshire. Schools in North Yorkshire are determined to play our part; in 2018/19 we agreed to top-slice 0.5% of school budgets (£1.6m) as a temporary measure to help address the rising demand and associated cost pressures. However, demand increases have far outstripped this topslice and we are simply recycling funding with North Yorkshire. Put simply, we are heading towards a crisis in funding.

On 27th September, the North Yorkshire Schools Forum reviewed proposals for addressing some of the financial pressure within the school system within the county. These include transforming our Pupil Referral Service, and reducing the post-16 education offer to the

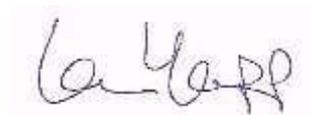
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statutory minimum. These are difficult decisions. We are sympathetic to the position of the local authority but the outlook for schools is grim; we are clear that the funding responsibility lies with the Department for Education. Locally, we are being asked to find a financially sustainable system; however, if left unchecked, schools and the local authority are facing a recurring financial pressure of up to £13m per annum by 2022. We have endorsed the local authority's need, and intention, to consult schools and academies on a further topslice and we recognise that the increase in Education, Health and Care Plans is a shared responsibility between schools and the local authority. However, it is becoming an increasingly untenable position when so many of our schools are facing financial difficulty. 80% of local authority maintained schools in North Yorkshire have set a deficit budget for 2018/19 and the request from the local authority, whilst understandable, does not sit easily with Headteachers and Governing Bodies charged with delivering a quality education within the resources available.

On behalf of schools in North Yorkshire, I would wish to be emphatic that high needs funding is insufficient and inequitable. More high needs funding is needed in the schools system to address the significant increase in demand; but this funding also needs to be distributed on a fairer basis so that schools in North Yorkshire can actually benefit from some of the increase. We have previously heard and seen ministerial responses that schools have never had so much funding - but that simply does not do justice in addressing the very real concerns of school leaders in North Yorkshire.

I look forward to receiving a response.

Yours sincerely,



IAN YAPP
Chair of North Yorkshire Schools Forum