

**REPORT TO:** Executive Board

**DATE:** 15 November 2018

**REPORTING OFFICER:** Strategic Director, People

**SUBJECT:** The funding formula for mainstream schools and high needs for 2019-20

**PORTFOLIO:** Children, Education and Social Care

**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 This report will outline the proposal for the Dedicated Schools Grant Schools Block Funding Formula for Halton mainstream schools and academies for 2019-20. It will summarise the outcomes of consultation with schools on the funding options for 2019-20. The Board will be asked to consider the proposed options, the response to the consultation and the views of School Forum and agree the most appropriate option for funding Halton schools during the continuing NFF transitional period.

## **2.0 RECOMMENDATION: That the Board**

- 1) approve the continuation of the National Funding Formula for 2019/2020 with transitional protection; and**
- 2) note the decision to transfer 1.0% from the Schools Block to High Needs Block and the requirement to submit a disapplication request to the Secretary of State for Education.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 From April 2018 the Dedicated Schools Grant was split into four blocks, Schools Block, Central Schools Services Block, High Needs Block and Early Years Block. The Schools Block supports mainstream primary, secondary and academies from reception to year 11. The Central Schools Services Block mainly supports the statutory functions carried out centrally on behalf of the schools and academies. The High Needs Block supports provision and central services for children with Special Educational Needs and Disabilities aged 0-25. The Early Years Block supports provision and central services for children aged 2 to 4 years.
- 3.2 In July 2017 the Secretary of State confirmed the introduction of the national funding formula from April 2018. The National Funding Formula is used by the DfE to calculate the Schools Block element of the Dedicated Schools Grant allocated to Halton. However, as the full “hard”

implementation of the National Funding Formula has been deferred for a year and will now not take place until April 2021, each local authority area, following consultation with its schools and School Forum, must consider which formula to use to fund mainstream schools in 2019-20 and 2020-21.

- 3.3 After consultation with schools and Schools Forum it was decided to move Halton mainstream schools and academies to the National Funding Formula with transitional protection for 2018-19.
- 3.4 We are required to now make a decision on the funding formula to be adopted for 2019-20. Once again, for 2019-20 there is an increase in per pupil funding, which is set at a minimum of 1% above the 2017-18 per pupil baseline, known as the Funding Floor. The Minimum Per Pupil funding level, introduced in April 2018 as part of the National Funding Formula is also being increased to £3,500 for primary pupils and £4,800 for secondary pupils. The Minimum Funding Guarantee can still be used if required although local authorities in consultation with School Forum have the flexibility of setting it at between 0% and -1.5%.
- 3.5 On 10<sup>th</sup> October 2018 a report highlighting the key changes to the funding of mainstream schools was presented to the Schools Forum. Following the release of indicative budgets from the DfE, a consultation paper was sent out to each school in the borough on 10<sup>th</sup> September 2018 (see Appendix A). A short presentation on the funding options and the key changes was delivered to both the primary and secondary Head Teachers on 12<sup>th</sup> September 2018.
- 3.6 The consultation asked schools two questions for their consideration
  - (1) Do we continue with the NFF with transitional protection in place for 2019-20, with the same criteria and funding factors as currently in use for 2018-19?
  - (2) Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee and any capping or scaling at the January Schools Forum meeting?
- 3.7 Of the 16 responses received, 13 were in favour of continuing with the NFF with transitional protection while 3 schools made a comment only. The majority of schools (15) also said that they supported the proposal that School Forum make a decision on the appropriate level for the Minimum Funding Guarantee at their January meeting.
- 3.8 The indicative DSG Schools Block allocation released in July gave an increase of £1.25M although this will change once the October 2018 census data has been received by the DfE. The final allocation will be issued in December. The transitional protection applied to the National Funding Formula has reduced the allocation to Halton's mainstream schools by approximately £1.5M.

- 3.9 In previous years Local Authorities have had the flexibility to move funding between the different funding blocks. From April 2018 the Schools Block is ring-fenced. Local Authorities are allowed to transfer up to 0.5% of the Schools Block allocation to High Needs to ease the budget pressures on High Needs, if this is approved following consultation with schools and academies and receives the approval of School Forum. A transfer in excess of 0.5% is possible but is also subject to approval by the Secretary of State. For 2018-19, schools and Schools Forum agreed to a transfer of 0.5% which equates to £421,594.
- 3.10 Alongside the consultation on the Schools Block funding formula, we also consulted on a possible transfer from Schools Block to the High Needs Block for 2019-20. A copy of the consultation is attached at Appendix B.

The consultation asked the following:

(1) Do you agree to the transfer of 0.5% of Schools Block funds, to be taken from the Basic Per Pupil funding factor, to the High Needs Block for 2019-20?

17 schools responded – 14 supported this proposal, 3 did not.

(2) Do you agree to the transfer of 1.0% of Schools Block funds, to be taken from the Basic Per Pupil funding factor, to the High Needs Block for 2019-20?

17 schools responded – 10 supported this proposal and 7 did not.

(3) Do you agree to not transfer any funding from the Schools Block to the High Needs Block for 2019-20 on the understanding that all top-up funding levels?

17 schools responded – 2 supported this proposal and 15 did not.

- 3.11 If approval is given by the Secretary of State to the transfer of 1%, from the Schools Budget to the High Needs budget, on the current estimated budget for 2019/2020 this equates to £854k.
- 3.12 To try and reduce the costs and ensure more sustainable provision in future years, Independent consultants “Peopletoo” were commissioned to undertake a comprehensive review of Halton SEND making recommendations that identify key strategic opportunities to support the Authority and partners in achieving our ambition to ensure that all children and young people with special educational needs and disabilities (SEND) have access to a range of provision and support across the borough, which meets their educational needs, provides good opportunities for them to progress and is sustainable. “Peopletoo” have now completed the review and will be presenting it to the Local Authority for consideration.

- 3.13 Challenging behaviour has been identified as a key issue in the borough which has led to increased budget pressures. A dedicated Behaviour Support Team has been now been established with the aim of working with schools to promote positive behaviour, offer training and build the capacity of staff to deal with children with challenging behaviour. In addition, two new 6 place Foundation/ Key Stage 1 Resources Bases for pupils with Social, Emotional and Mental Health have been approved. It is planned that this new provision will commence in September 2019.
- 3.14 A new Placements Division is being established. The Division will be responsible for the commissioning of high quality children's social care and special educational needs placements, ensuring all placements are robust, improve outcomes and offer the best value for money.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 If pupil numbers and cohort in each school remained the same for 2019-20, every school would see an increase in funding. However, we know that in some schools, pupil numbers are falling. For 2018-19 90.99% of Schools Block funding was allocated through pupil-led factors. Therefore, where pupil numbers are falling schools are likely see a reduction in funding, however the three level of safeguards – Minimum per pupil, Funding floor and Minimum Funding Guarantee will ensure that on a per pupil basis the reduction is no more than 1.5% per pupil.
- 4.2 The Secretary of State approved a disapplication for the four special schools for 2018/2019. A commitment was given to review the funding formula for the four special schools in 2018/2019.
- 4.3 Any overspend from 2018/2019 will need to be the first call on the 2019/2020 budget. Although the current estimated overspend for 2018/2019 is £700k by the end of the financial year it is anticipated that the £854k will be totally committed.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **5.1 Children & Young People in Halton**

It is essential the funding allocated to schools ensures that they are sustainable and have the resources to invest in improving outcomes for all Halton children and young people.

##### **5.2 Employment, Learning & Skills in Halton**

None.

### **5.3 A Healthy Halton**

None

### **5.4 A Safer Halton**

None.

### **5.5 Halton's Urban Renewal**

None.

## **6.0 RISK ANALYSIS**

6.1 There is insufficient funding in the High Needs Budget to meet our costs each year and the level of demand continues to increase. The High Needs Review has been considering the changes needed in Halton to ensure that we can continue to appropriately support our children and young people with SEND whilst reducing costs.

6.2 Increased investment in schools through the NFF and promoting and developing increased inclusion in our schools and settings should reduce the need for additional support or specialist placements.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 The aim of the introduction of the national funding formula to create a system that supports opportunity, is fair, efficient, delivers funding straight to schools, transparent, simple and predictable.

7.2 The transfer of 1% of the Schools Budget to the High Needs budget allows us to meet our commitment to support all pupils.

## **8.0 REASON FOR DECISION**

8.1 To ensure that there is a fair distribution of resources across the schools in the borough and that we can meet the needs of children and young people with Special Educational Needs and Disabilities.

## **9.0 ALTERNATIVE OPTIONS**

9.1 Consideration was given to either the transfer of 0.5% from the Schools Budget to the High Needs Budget or no transfer. Both of these options were rejected as they would not provide sufficient funding to address the

high needs funding gap.

**10.0 IMPLEMENTATION DATE**

10.1 1<sup>st</sup> April 2019.

**11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
The national funding formula for schools and high needs (Policy document) July 2018	DFE website	Ann McIntyre – Operational Director – Ann McIntyre – Operational Director- Education, Inclusion and Provision & Operational Director - Resources
Impact of the schools NFF – EFA – August 2018	Ann McIntyre	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
Schools Block National Funding Formula – Technical note (August 2018)  High Needs Funding Operational Guide 2019-20 (September 2018)  Central School Services Block National Funding Formula - Technical note - (August 2018)  High Needs Funding Formula – Technical note (August 2018)  School Revenue Funding 2019-20 – Operational Guide July 2018	DFE Website	Ann McIntyre – Operational Director – Education, Inclusion and Provision & Operational Director Resources

School Forum agenda, papers and minutes	HBC website	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
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