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| <b>Meeting:</b>         | <b>Herefordshire schools forum</b>                      |
| <b>Meeting date:</b>    | <b>Friday 25 October 2019</b>                           |
| <b>Title of report:</b> | <b>Local and National School Funding update 2020/21</b> |
| <b>Report by:</b>       | <b>Director of Children and Families</b>                |

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose and summary**

To seek the views of the forum on local and national school funding issues, including the recommendations of the budget working group (BWG) on the following matters:

- Herefordshire schools budget 2020/21 including schools consultation paper
- Update from Department for Education (DfE) briefing on 11<sup>th</sup> December 2019
- High needs budget 2020/21

## **Recommendation(s)**

**That:**

- (a) Schools Forum consider the initial budget proposals for 2020/21 for schools and high needs and provide feedback to inform the council's annual budget consultation with schools.**

## Alternative options

1. Alternative options will be fully considered by the BWG prior to the BWG formulating final budget recommendations for consideration by Schools Forum in January 2020. At this stage only a preliminary view has been sought in order to determine how the budget proposals can be developed further. The high needs budget requires further detailed work following the expected DfE funding announcement in mid-December 2019 and recommendations will be agreed by School Forum in March 2020 prior to a formal decision by the Cabinet member for Children's and Families.

## Key considerations

2. The Secretary of State for Education announced increased funding for schools on 3<sup>rd</sup> September and the council is pleased that the government has finally recognised that schools have been underfunded for too long and is injecting much-needed cash into our primary and secondary education during the next three years. The additional funding announced for high needs will be particularly important in making sure that the available provision in Herefordshire continues to meet the needs of all our pupils. We must await the full details of the settlement, which will follow in December 2019, however the summary below provides a brief overview of the settlement.
3. The education funding announcement aims to ensure every child receives a superb education – regardless of which school or college they attend, or where they grow up. The Government's Spending Round exceptionally sets budgets for schools for three years until 2022-23 and confirms:
  - the government's commitment to a £7.1 billion increase in funding for schools by 2022-23 (£4.6 billion above inflation), compared to 2019-20 funding levels. Ahead of that, the schools budget will rise by £2.6 billion in 2020-21 and £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20 funding levels
  - Separate to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions (£0.9 billion in 2019/20 to reflect the 7/12<sup>th</sup> part year from September 2019).
  - in 2020-21, the government will ensure that per pupil funding for all schools can rise in line with inflation (1.8 per cent). The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021-22 in line with the government's commitment;
  - For schools already on their National Funding Formula allocation, the per-pupil values in the formula will increase by at least 4 per cent in nominal terms in 2020-21.
  - the additional high needs funding includes over £700 million more in 2020-21 compared to 2019-20 funding levels to support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential; and
  - £400 million in 2020-21 for Further Education, recognising the vital role of this sector in delivering the skills needed in the UK.
  - The government will also increase early years spending by £66 million to increase the hourly rate paid to childcare providers through the government's free hours offers.
4. The Department for Education settlement, taking into account the schools, Further Education and early years funding, represents a 3.3 per cent increase in real terms to the overall resource budget from 2019-20 to 2020-21.

## DRAFT SCHOOL BUDGET CONSULTATION PAPER

5. The draft consultation paper sets out the proposed schools budget strategy for 2020/21 as follows:
- Pass through to schools the funding increase as announced by government and ensure that schools receive their full entitlement as determined by the national funding formula
  - If additional funding is received in the schools block from the national growth fund then this extra funding should be allocated firstly to meet agreed basic need expansion of schools and secondly the balance shared in three parts to
    - Enhance the national funding formula allocation to schools;
    - Fund through the high needs block the Special Education Needs (SEN) protection scheme for those schools that admit higher than average numbers of pupils in receipt of high needs top-up payments; and
    - Extend the current SEN protection scheme to high schools to ensure that all schools receive additional funding as necessary.
  - Last year, 2019/20, £0.3m was received in additional growth funding.
6. The draft schools consultation paper is attached as Appendix 1 and provides greater detail of the funding support necessary from schools to continue the SEN protection scheme and the proposals for use of the growth fund. The response form is attached as Appendix 2.

## HIGH NEEDS BLOCK STRATEGY 2020/21

7. DfE have confirmed indicative allocations for Herefordshire's share of the additional national high needs funding will be £2.0m. It is forecast that the high needs block faces £1.0m of cost pressures in 2020/21 arising from additional pupils with complex high needs who will potentially require out of county placements. Additionally it is proposed to provide at least an inflation increase for high needs tariffs for all schools and to revise the high needs tariff matrix to take greater account of medical needs, mostly tariffs D-F and to extend the current primary high needs protection scheme to high schools.
8. Initial proposals, subject to the final DSG settlement in December 2019, for the high needs budget for 2020/21 are
- |  |        |
|--|--------|
| • Over existing high needs overspends in 2019/20       | £1.0m  |
| • Potential growth in complex needs places             | £0.5m  |
| • Growth in post-16 places                             | £0.05m |
| • Increases in tariffs A-C (2%) D-F(5%)                | £0.25m |
| • Additional costs from tariff review                  | £0.2m  |
| • Extend the SEN protection scheme to high schools     | £0.1m  |
| • Initiatives to reduce future expenditure             | £0.1m  |
| <br>   |        |
| • Total additional high needs expenditure 2020/21      | £2.2m  |
| <br>   |        |
| • Less £0.2m contribution from schools block           | -£0.2m |
| <br>   |        |
| • Indicative extra high needs funding announced by DfE | £2.0m  |

9. Projections for the complex needs budget for 20/21 suggest that if six identified pupils require funding then a further £0.5m will be required. In which case it will only be possible to fund the extension of the SEN protection scheme to secondary schools and to continue the current scheme for primary schools by transferring £0.2m (i.e. £0.1m each for both primary and secondary schools) from the national growth fund within the schools block. Please note that all schools will continue to be funded at least at the national funding formula.
10. Further detailed work will be undertaken with the Budget Working Group when high needs funding is confirmed by the DfE in December 2019 and prior to final high needs budget plans being agreed in March 2020.

### **DfE schools funding briefing 11<sup>th</sup> October**

11. The DfE briefing coincided with the publication of full details of the national funding formula for schools and high needs and indicative DSG funding allocations for 2020/21- see appendix 3 for full details. Key points are set out as follows:
  - The schools block will receive an increase of 3.81% which is much higher than the government's 1.84% inflation guide
  - The implementation of the minimum per pupil funding level of £3,750 for primary schools and £5,000 for secondary schools will provide £421k shared by six primary schools and £572k shared by six secondary schools. This will provide significant budget increases for Herefordshire's most poorly funded schools.
  - The increase in the primary minimum per pupil funding level to £4,000 will give another significant boost to those primary schools.
  - A new and more robust pupil mobility factor has been included in the national funding formula. The mobility factor will allocate funding for schools whose proportion of mobile pupils in each phase is above a threshold of 6%. Mobility funding will be based on £875 per primary pupil and £1,250 per secondary pupil above the 6% threshold. The previous mobility formula had a threshold of 10% and wasn't fit for purpose. Subject to consultation with schools, it is proposed to adopt the new mobility factor as it is now an integral part of the national formula.
  - Provisional allocations for the high needs block indicate that Herefordshire will receive an additional £2m as our share of the national £780m. This should be sufficient to be able to consider setting a balanced budget for high needs for 2020/21.
  - DfE have confirmed that there will be an increase in the hourly rate paid to local authorities for early years however it is yet to be announced.

### **Timescales for budget approval**

12. October 25<sup>th</sup> – Schools Forum agree budget consultation with schools w/c 4<sup>th</sup> November  
December 2<sup>nd</sup> – Consultation finishes and BWG consider responses on 6<sup>th</sup> December  
December 17<sup>th</sup> – Dedicated Schools Grant allocations announced by government  
January 10<sup>th</sup> – BWG makes budget recommendations to Schools Forum

January 17<sup>th</sup> – Schools Forum considers and makes final recommendations to Cabinet Member

January 21<sup>st</sup> – Submit final schools budget to Education and Skills Funding Agency

January 31<sup>st</sup> – Cabinet Member decision

February 28<sup>th</sup> – BWG consider high needs budget proposals

March 13<sup>th</sup> – Schools Forum make high needs budget recommendations to cabinet member

March 31<sup>st</sup> – Cabinet Member decision

## **Community impact**

13. Increasingly school and high needs funding is directed by government and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs. Schools, colleges and post-16 provider and potentially parents will need to be consulted on any changes to the high needs services.

## **Equality duty**

14. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. In relation to school finance it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users and further advice from legal services will be sought should this be necessary. However the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

## **Resource implications**

16. The schools budget is fully funded by Dedicated Schools Grant (DSG). At this stage the financial assessment is indicative only pending the final DSG announcement by government in mid-December 2019.
17. Forecast cost pressures on the high needs block indicate that cost reductions will be necessary unless the DSG settlement provides at least £2.0m additional funding in the high

needs block. Provisional high needs block allocations issued by the DfE on 11<sup>th</sup> October 2019 indicate a settlement circa £2m extra however this remains subject to high needs place commissioning. This is equivalent to an additional 13%. Government have indicated that the additional £780m provided nationally for high needs will provide for increases between 8% and 17% for individual authorities.

## **Legal implications**

18. The Schools Forum is a decision making and consultative body in relation to matters concerning schools' budgets as defined in the School and Early Years Finance Regulations (2018) and the School Forums (England) Regulations 2010
19. The School and Early Years Finance (England) Regulations 2018 determine those matters on which the council must or may consult Schools Forum and those in respect of which the Schools Forum can make decisions. These Regulations make provision for the financial arrangements of councils in relations to the funding of schools.
20. This report complies with the legal requirements in this regard.

## **Risk management**

21. As the budget proposals are only indicative at this stage, the full risk analysis has not yet been undertaken.

## **Consultees**

22. No consultation has yet been undertaken with schools, early years providers or service users as there are currently no fully developed proposals suitable for consultation. Consultation with schools on the schools budget will follow after half term.
23. The BWG was consulted 4<sup>th</sup> October 2019 regarding the schools budget consultation and expressed some concern about repeated transfers from the schools block as originally it was supposed to be a one-off. BWG agreed that more choices should be added to the consultation paper around the high needs block. BWG agreed that the Schools Forum should consider the draft consultation paper at their next meeting on 25<sup>th</sup> October, before distribution to schools.

## **Appendices**

Appendix 1 – Draft school budget consultation

Appendix 2 – Budget consultation response form

Appendix 3 – the national funding formulae for schools and high needs 2020-21

## **Background papers**

None