

Meeting:	Herefordshire schools forum
Meeting date:	Friday 23 October 2020
Title of report:	Local and national school funding update
Report by:	Director of Children and Families

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

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 2021/22 including schools consultation paper
- Update from Department for Education (DfE) 20th July 2020
- High needs budget 2021/22

Recommendation(s)

That:

Schools Forum consider the initial budget proposals for 2021/22 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 2021. 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 2020 and recommendations will be agreed by School Forum in March 2021 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 20th July 2020. The additional funding (£2m) 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 2020, however the summary below provides a brief overview of the settlement.
3. The investment will continue to deliver on the Prime Minister's pledge to level up education funding and give all young people the same opportunities to succeed, regardless of where they grow up or go to school. The Government's Spending Round exceptionally set budgets for schools for three years until 2022-23 and confirmed:
 - 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 £7.1 billion in 2022-23, compared to 2019-20 funding levels
 - Separate to this, the government will be absorbing the Teachers Pay Grant (TPG) and Teachers Pensions Employer Contributions Grant (TPECG) into the national funding formula from April 2021 (academies from September 2021).
 - in 2021-22, the government will ensure that per pupil funding for all schools can rise in line with inflation by setting the Minimum Funding Guarantee at 2%. The minimum per pupil amount for 2021-22 will increase to £4,000 for primary schools and £5,180 for secondary schools prior to the addition of the TPG and TPECG at £180 and £265 per pupil respectively.
 - Additional funding for small and remote schools will increase in 2021-22, with primary schools attracting up to £45,000, compared to £26,000 previously, as a first step towards expanding the support the National Funding Formula (NFF) provides for such schools from 2022-23.
 - For schools already on their NFF allocation, the per-pupil values in the formula will increase by at least 3% in nominal terms in 2021-22.
 - provisional high needs funding for Herefordshire has been announced at £2m more than 2020-21.

DRAFT SCHOOL BUDGET CONSULTATION PAPER

4. The draft consultation paper sets out the proposed schools budget strategy for 2021/22 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.
 - Around £0.4m additional funding should be received in the schools block from the national growth fund and it is proposed this extra funding will be allocated in three parts to
 - Fund secondary pupil growth in the Golden Valley;
 - Enhance the national funding formula allocation to schools;
 - Continue to 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.
5. 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. The DfE's paper "The national funding formula for schools and high needs 2021-22" is attached as appendix 3.

HIGH NEEDS BLOCK STRATEGY 2021/22

6. Provisional Dedicated Schools Grant (DSG) allocations for 2021/22 have been published by government and indicate an increase in Herefordshire's high needs allocation of £2m i.e. a gross allocation of £19.8m compared with £17.8m in 2020/21.
7. Expenditure forecasts for 2020/21 indicate an overspend of £208k on the Complex Needs Funding budget of £2,286k although it is possible if additional placements are required this will increase to £563k. Further growth of £0.5m in 2021/22 will require a budget of £3,350k i.e. an increase of £1.064m for 2021/22.
8. Placements in independent schools are forecast to overspend by £0.1m possibly rising to £0.2m if further placements are necessary. Further growth of £0.3m for 2021/22 will require a budget of £1.6m i.e. an increase of £0.5m for 2021/22. Investment in local provision for autism places will be investigated to help reduce future cost pressure.
9. The remaining £0.5m can be used to meet cost pressures in post-16 placements, top-up tariffs, full year costs of the nurture groups and inflation on mostly tariffs D-F and potential growth in post-16 places and loss of income due to COVID in particular will impact on the PRU and hospitals services
10. Initial proposals, subject to the final DSG settlement in December 2020, for the high needs budget for 2021/22 are
- | | |
|--|---------|
| • growth in complex needs places | £1.05m |
| • growth in out-county independent school places | £0.5m |
| • Growth in special school and unit places | £0.175m |
| • Increases in tariffs A-C (1%) D-F(2.5%) | £0.125m |
| • Full year cost of nurture groups -tbc | £0.1m |

- Additional PRU intervention places (x15) £0.15m
- Additional hospital places at £5k for 0.5 place £0.05
- Additional post-16 places £0.1m
- Growth in SEN protection scheme £0.05

- Total additional high needs expenditure 2021/22 £2.3m
- Expected increase in high needs block funding £2.0m

- Funding gap to be covered by transfer from schools block £0.3m

11. The SEN protection scheme was expanded to include secondary schools for 2020/21 and supported by a transfer of £0.2m from the schools block. However the cost is expected to grow in 2021/22 due to increases in the number of pupils with top-up funding, there was a 10% increase in 2019/20. The scheme is hugely supported by schools and even with a continued transfer from the schools block expenditure will need to be scaled back.

12. Subject to achieving full funding of the National Funding Formula for schools, as in previous years, there are options for the use of the estimated £0.38m available funding from the schools block as follows:

(a) transfer £0.3m from the schools block to support the schools SEN protection scheme within the high needs block. This would provide for the continuation of the scheme with minimal changes for 2021/22. Although an increase in the cap to £160/variable cap will be necessary to ensure expenditure remains within the proposed budget of £0.435m for next year.

(b) transfer the same as 2020/21 i.e. £0.2m from the schools block to support the SEN protection scheme and distribute the remaining £0.18m as additional funding to schools at approx. £20 per pupil. This option will require expenditure reductions in the SEN protection scheme.

Option (a) is the council's preferred choice because Option (b) will require reductions in expenditure in the SEN protection scheme to help balance the high needs budget.

13. Further detailed work will be undertaken with the Budget Working Group when high needs funding is confirmed by the DfE in December 2020, and prior to final high needs budget plans being agreed in March 2021.

Community impact

14. 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.

Environmental Impact

15. Whilst this is a consultation with Schools Forum on school and high needs funding and will have no direct environmental impacts. School governing bodies and trustees are

responsible for deciding on expenditure and they will be encouraged to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
17. 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.
18. 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

19. 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 2020.
20. 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. A funding transfer from the schools block of £0.3m will also be necessary to avoid budget reductions. Provisional high needs block allocations issued by the DfE indicate a settlement circa £2m extra however this remains subject to deductions at source by DfE for high needs place commissioning.

Legal implications

21. 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
22. 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.
23. This report complies with the legal requirements in this regard.

Risk management

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

Consultees

25. 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.
26. The BWG was consulted 2 October 2020 regarding the schools budget consultation and noted that difficult decisions would have to be faced regarding the continuing need for a transfer from the schools block in order to balance high needs expenditure. BWG agreed to consider again after the budget consultation had been completed and the DfE had announced final DSG allocations. BWG agreed that the Schools Forum should consider the draft consultation paper at their next meeting on 23rd October, before distribution to schools.

Appendices

Appendix 1 – Draft school budget consultation

Appendix 2 – NFF consultation response form

Appendix 3 – the national funding formulae for schools and high needs 2021/22

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.

BWG	Budget Working Group (of Schools Forum)
CAMHS	Children and Adolescent Mental Health Service
DSG	Dedicated Schools Grant
DfE	Department for Education
EHCP	Education Health Care Plan
ESFA	Education and Skills Funding Agency
PRU	Pupil Referral Unit
H3	Home and Hospital Teaching Team (Hub, Home, Hospital)
SEN	Special Education Needs
SEND	Special Education Needs and Disability