

SCHOOLS' FORUM SCHOOL BUDGETS WORKING GROUP AND HIGH NEEDS WORKING GROUP – COMBINED MEETING

DRAFT Notes of the Combined Meeting of the School Budgets Working Group and the High Needs Group held via Microsoft Teams on 30 September 2020, 9.00am.

Present: Lisa Balderstone – PRU), Louise Donnelly-Stott (Small Schools), Steven Holmes (South Secondary Academy), Matthew Jessop (South Maintained Primary), David Natrass (North Maintained Primary and Chair, School Budgets), (Angela O'Connell (Carlisle College), Alan Rutter (Teachers' Associations and Forum Chair), Cathy Styles (South Primary and Chair, High Needs), Kris Williams (North Secondary Academy)
Dan Barton (LA), Amanda Chew (LA), Nicola Shiels (LA)

Apologies: Susan Milburn, Ty Power, Sue Sanderson, Ruth Webster

1. Exclusion of Press and Public

It was agreed that all items would be considered in the public domain.

2. Declarations of Interest

There were no declarations of interest.

3. High Needs Block – Budget Monitoring as at Quarter 1 2020-21

A report was presented that provided an update on the forecast deficit on the High Needs (HN) block as at 30 June 2020 which was forecast to rise compared to the closing deficit at the end of the financial year 2019-20.

A balanced High Needs budget had been set for 2020-21 with no planned transfer to reserves. As reported to Schools Forum at its meeting held on 17 January 2020 the original budget available for the HN Block was £45.894m. This represented an increase of £6.151m compared to the budget available in 2019-20.

Although a balanced budget had been set for 2020-21 and despite a significant increase in funding available there still continued to be specific budget pressure relating to the growth in demand for Education Health Care Plans (EHCPs). The number of children with EHCPs had risen continuously month on month for some time and reached 3,769 as at Q1. Between the period April 2018 and June 2020 numbers had increased by a total of 840 which represented an increase of 28%.

A significant proportion of the HN Block funding from central government was still based on historic spend using 2017-18 planned HN Block expenditure as a baseline. For 2020-21, 40% of the total allocation was allocated through the historic spend factor meaning that the formula used to calculate the HN Block funding for 2020-21 did not fully recognise the continued growth in demand for specialist places that had been experienced at local and national level.

As reported previously to Schools Forum, the additional HN funding received from central government in 2018-19 and 2019-20 from central government and the transfer from Schools Block in 2019-20 had been earmarked specifically for Invest to Save initiatives to manage the rising demand on SEND services whilst at the same time achieving savings to manage down the HN deficit. As at 31 March 2021 the

underspend against this budget of £0.835m was transferred to the DSG Earmarked reserves to continue to support the development of invest to save initiatives in 2020-21.

Performance against the High Needs Block budget was monitored on a monthly basis with reports presented to senior management each month, and to Cabinet on a quarterly basis, as well as to each Schools Forum meeting. The projection against the budget as at Q1 showed that the budget was projected to overspend by £4.169m at 31 March 2021 with a projected deficit of £15.190m.

The main in-year pressures related to the EHCP top-up payments, the cost of independent placements, top-ups for post, residential placements and additional Covid-19 related expenditure.

The Invest to Save Initiatives earmarked reserve was held within the DSG reserves and was made up of underspends carried forward from 2018-19 and 2019-20. Commitments in 2020-21 included the Sandgate Early Intervention Programme and Greengate Junior Alternative Provision in Schools the continuation of other invest to save initiatives agreed in 2018-19 and 2019-20.

The projected forecast expenditure in 2020-21 would be funded from the Invest to Save reserves and from the additional HN block funding made available in 2020-21.

As previously reported, the anticipated savings for the some of the invest to save initiatives were not immediate but were expected to have an impact in future years. For example, the Sandgate early intervention project and the 2 new AP centres in the North and South of the County were expected to increase the number of children that were able to remain in mainstream education and reduce the number of pupils being permanently excluded resulting in a reduction in the use of high cost independent sector placements and other alternative education arrangements.

The group noted the report and the current projection for the High Needs Recovery Plan.

4. High Needs Block Recovery Plan

A report that provided an update on the progress made on the High Needs (HN) Block Recovery Plan following confirmation of the provisional HN Block allocations for 2021-22 and a meeting with the DfE on 23 September 2020 was presented.

The deficit recovery plan submitted to DfE by 20 June 2019 showed that it was not possible to balance the budget in-year within the timescale stipulated by DfE of three years and the HN deficit was predicted to continue to increase despite a number of invest to save initiatives.

Since the plan was submitted there had been a number of updates to it and LA officers had recently met with the DfE to discuss the latest version. The plan had been updated to reflect the increase in HN Block funding in 2020-21 and included the transfer in of £1.511m from the Schools Block. The HN budget for 2021-22 reflected the HN Block provisional allocation as announced by the DfE in July and included estimated special school pupil number growth, adjustments to academy recoupment for HN places and the roll in of the Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) for special schools and PRUs.

For 2022-23, the plan assumed the funding increase would be a minimum of 8% per head of aged 2-18 year old population. Pupil number growth had also been factored in. Beyond 2022-23 the plan assumed no further increases in funding available; the figures were indicative and would be updated once the final allocations for each year were confirmed.

For 2020-21 the position was as reported in the Q1 monitoring report. The special school and PRU budgets allowed for the roll in of the TPG and TPECG in the HN Block which would be allocated on a per place basis and would be no less than the amounts received in 2020-21.

The invest to Save Initiatives had been updated to reflect the revised planned opening dates for the two new AP Centres of September 2021 (North) and January 2022 (South) creating an additional 80 AP/SEMH places. The impact of these additional places were not expected to achieve savings against the cost of independent placements until 2025-26 onwards. It had also been updated to include the further expansion of Sandgate Special School to raise the number of places to 120 by November 2020 ahead of the co-location with Queen Katherine School and the Alternative Provision in Schools pilot at Greengate Junior which aimed to improve SEMH pupil outcomes and reduce the number of pupils at risk of permanent exclusion had been factored in.

Appendix 1 showed the position on the HN block before and after the impact of the invest to save initiatives and the overall projected deficit balance on the DSG is summarised. For 2020-21 it was expected that the HN Block deficit would increase because the full impact of the invest to save initiatives were not immediate but in future years. For 2021-22 a deficit was still predicted however this was before any potential transfer from the Schools Block. Further invest to save initiatives included the potential to roll out the early intervention programme pilot at Sandgate Special School across all 5 special schools and further alternative provision in schools that could demonstrate a saving against the HN block.

The DfE would continue to monitor progress against the plan and have made a number of helpful suggestions worthy of further investigation including potential transfer from the Central School Services Block, review of special schools funding and an over time analysis of the drivers of growth in demand for EHCPs and increasing complexity of need. DfE had also recently produced a new DSG management plan template which LAs with DSG deficits were being encouraged to use to present their plans at Schools Forum meetings as an evidenced-based tool. It would be a live document, updated at least termly and the intention was that it would be presented before the January 2021 meeting.

The group noted the report and the current projection on the High Needs Recovery Plan.

5. School Funding Arrangements 2021-22

A report was presented that set out details of the dedicated schools grant (DSG) funding for 2021-22 and proposed that the National Funding Formula should be applied in full with any balance remaining within the Schools Block after taking into account the Growth Fund up to a maximum of 0.5% being transferred to the High Needs (HN) block to support the budget pressures.

A national funding formula was introduced for schools from 2018-19 and in 2021-22 local authorities would continue to decide, following consultation with their schools and Schools Forum, whether this formula was applied or a locally determined formula was used. In 2020-21, as in previous years, Cabinet members decided on 19 December 2019 that the National Funding Formula would be used to allocate funding to schools following consultation with all local schools and recommendation from the Schools Forum.

On 20 July 2020, the Education & Skills Funding Agency announced details of the dedicated schools grant (DSG) funding arrangements and provisional funding allocations for 2021-22. These figures were subject to change following updated pupil numbers and other later adjustments. Final allocations will be published in December 2020 and will include Early Years funding which has not yet been announced.

Overall, it was expected that there would be an increase in the level of funding received; the biggest increase would be to the Schools Block but there would also be additional funding for the High Needs Block and a reduction to the Central Services Block.

As in 2020-21 the national funding formula for 2021-22 would constitute a 'soft year' which meant that the DfE would set notional budgets for each school using the national funding formula and October 2019 pupil data and this was then aggregated and used to calculate the total schools block received by each local authority.

There was a requirement that all maintained and academy schools were consulted on any changes to the local funding formula each year. Even if it was proposed to continue to follow the National Funding Formula, if the formula factors and/or the minimum funding guarantee (MFG) was different to that of the preceding year then all schools must be consulted on the changes. Following this consultation, Schools Forum would then be asked to make a recommendation to Cabinet on a proposed approach and Cabinet would then decide on the final formula for 2021-22.

It was proposed that schools were consulted on adopting the National Funding Formula in 2021-22 as in previous years. DfE had announced in July that later this year they would put forward proposals to move to a 'hard' NFF in future which would determine schools' budgets directly rather than through local formulae set independently by each local authority. The timing of this was not yet known but indications were that 2022-23 was likely to continue to be 'soft' year. In Cumbria, since the NFF was first introduced in 2018-19 Cabinet had decided following Schools Forum recommendation to adopt the NFF. Nationally, the majority of local authorities had either adopted or moved their own local formula closer towards the NFF.

Last year, through the consultation process it was possible to adopt the NFF in full with enough budget leftover to transfer 0.5% to support the High Needs Block without having a negative impact on school budget shares. For 2021-22 it was recommended that the same principle was applied.

This proposed method of allocating the Schools Block would be the most prudent given the uncertainties of the impact of the 'hard' NFF as it provided schools with the full funding due to them under the NFF including the mandatory minimum per pupil funding levels which was protected in future years.

The alternative option would be not to transfer any funding to the HN Block and allocate any surplus budget, after taking into account the Growth Fund budget, to schools through increasing the basic per pupil AWPU factor. There was a risk however that this option would, in future years make applying the NFF in full unaffordable as the increase in funding would be built into the schools budget share baselines and may result in a requirement to reduce the level of MFG protection in future years below the level of that used in the NFF.

A timeline for the consultation with schools and subsequent decision making process in relation to agreeing the final formula for 2021-22 was detailed in the report.

The group noted the announced changes to the 2021-22 school funding and the timeline for finalising and approving the funding formula for school budget shares; and supported the recommendation in principle to adopt the National Funding Formula in full in 2021-22 with any remaining balance up to a maximum of 0.5%, after taking into account the Growth Fund budget, transferring to the HN block.

6. Any Other Business

It was noted that information relating to independent day and other placements, as requested at a previous meeting had been circulated with the agenda.

SAA/NS
October 2020