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# NOTICE OF MEETING

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## SCHOOLS FORUM

TUESDAY, 17 DECEMBER 2019 AT 4.30PM

CONFERENCE ROOM B, SECOND FLOOR, THE CIVIC OFFICES

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### Membership

#### Schools Members

Two head teacher representatives - primary phase  
One head teacher representative - secondary phase  
One head teacher representative - special phase  
Four academy representatives - primary proprietor  
Five academy representatives - secondary proprietor  
One academy representative - special proprietor  
One governor - primary phase  
One governor - secondary phase

#### Non School Members

Four Councillors (one from each political groups)  
One 16-19 Education Providers representative  
One Early Years Providers representative

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(NB This agenda should be retained for future reference with the minutes of this meeting).

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

### AGENDA

**1 Apologies for absence.**

**2 Declarations of Interest**

Outstanding annual member declarations to be completed and returned.

**3 Membership Changes.**

- 4 **Minutes of the meeting held on 10 July 2019 and matters arising.** (Pages 5 - 8)
- 5 **School Funding Arrangements 2021-21** (Pages 9 - 78)

Purpose.

The purpose of this report is to provide Schools Forum with an update on the latest developments in respect of the future school revenue funding arrangements for the financial year 2020-21 onwards.

**RECOMMENDED that the Schools Forum:**

- i. **Note the Department for Education's proposed changes to school revenue funding arrangements for 2020-21 as set out in this report.**
- ii. **Note the outcome of the Autumn consultation with schools as set out in Appendix 2.**
- iii. **Endorse the proposals for implementing the local funding formula arrangements as set out in this report; in particular:**
  - **To implement the minimum per pupil funding levels at the Department for Education recommended rates for 2020-21 as set out in paragraph 5.6 and Table 2;**
  - **To implement the National Funding Formula rates for both primary and secondary schools in in 2020-21, as set out in Appendix 5;**
  - **To implement a minimum funding guarantee (MFG) of at least +0.5% and up to +1.84% subject to affordability, for 2020-21 as set out in paragraphs 5.8 to 5.9**
  - **To utilise the additional funding provided as part of the Dedicated School Grant High Needs Block for 2020-21 to meet the forecast high needs pressures in the order of priority as set out in section 12 and Table 5;**
  - **To implement the disapplication requests as set out in section 6.**

- 6 **Dedicated schools grant 2019-20 quarter 1 budget monitoring.** (Pages 79 - 86)

Purpose.

The purpose of this report is to inform Schools Forum of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2019-20 as at the end of June 2019.

**RECOMMENDED that the Schools Forum note the forecast year-end budget position for the Dedicated Schools Grant as at 30 June 2019, together with the associated explanations contained within this report.**

- 7 **Dedicated schools grant 2019-20 quarter 2 budget monitoring.** (Pages 87 - 96)

### Purpose

The purpose of this report is to inform Schools Forum of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2019-20 as at the end of September 2019.

### **RECOMMENDED that Schools Forum**

**1. Note the forecast year-end budget position for the Dedicated Schools Grant as at 30 September 2019, together with the associated explanations contained within this report.**

**2. Endorse the necessary adjustments to Dedicated Schools Grant to reflect:**

**Early year's budgets and DSG income budget, to reflect the adjustment in grant funding due to pupil number changes, as set out in paragraphs 3.30 and 3.31.**

### **8 Any other business.**

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the council's website and posters on the wall of the meeting's venue.

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# Agenda Item 4

## SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Wednesday, 10 July 2019 at 4.30pm at the Guildhall.

### Present

David Jeapes (Chair)	Head Teacher	Secondary Phase
Jackie Collins	Head Teacher	Primary Phase
Dave Jones	Head Teacher	Primary Phase
Kate Keller	Academies	Primary Phase
Sue Wilson	Academies	Primary Phase
Nys Hardingham	Academies	Secondary Phase
Share D'All	Governor	Primary Phase
Jason Crouch	Governor	Secondary Phase
Steven Labedz	Academies	Secondary Phase
Stewart Vaughan	Academies	Secondary Phase
Nathan Waites	Academies	Secondary Phase
Simon Barrable	Representative	16-19 Education

### 20. Apologies

Apologies had been received from Alison Beane, Kara Jewell, Natalie Sheppard, Judith Smyth, Councillor Lynne Stagg and Councillor Claire Udy.

### 21. Declarations of Interests

No interests were declared.

There are some declarations of interest forms outstanding.

### 22. Minutes of the previous meeting and matters arising

**DECISION: the minutes for the previous meeting held on 22 May 2019 were confirmed as a correct record subject to the following amendments:**

Nathan Waites is an academy Director not a Head Teacher.

### 23. Membership Changes

Alison Egerton, Group Accountant gave the following update on membership:

- There is a vacancy for one academy primary representative.
- Share D'All is a new primary governor representative.
- Dave Jones has been reappointed as a primary Head Teacher representative.

David Jeapes proposed Dave Jones as Vice Chair and this was seconded by Jackie Collins. This was agreed unanimously.

**DECISION: Dave Jones was appointed Vice Chair.**

#### **24. Maintained School Balances as at 31 March 2019**

Alison Egerton introduced the report and in response to questions, explained that:

- Her team will talk to Fernhurst School to find out the reasons for its £312,000 balance surplus.
- Budgeting is forecast for three years for maintained schools.
- The Department of Education said that it would not remove the pensions grant and pay grants.

#### **DECISION**

**The schools forum noted the level of maintained schools' revenue balances and capital balances as at 31 March 2019 as shown in appendices 2 & 3 and the monitoring action taken by the council.**

#### **25. Update on Early Years SEND Funding Review**

Julia Katherine, Head of Inclusion introduced the report and in response to questions, explained that:

- The new outreach offer will be available to schools from September 2019.
- In addition to the Outreach Co-ordinator, specialist input will be available from the city's special schools plus seconded mainstream SENCOs will be able to provide support.
- A complex needs fund is required for pre-school children with SEND, in addition to the support available for those with low and emerging needs.
- The council is trying to be as flexible as possible in order to be able to provide support in a timely manner so that more pupils can stay in mainstream education.
- An update will be brought to the Schools Forum in a year's time detailing the impact of the first year of operation of the new outreach offer.

#### **DECISION**

**The Schools Forum:**

- 1. Noted the progress made to date with the agreed changes.**
- 2. Endorsed the proposals to refocus the existing allocation of funding to support outreach that currently goes through The Harbour School/MABSS and PSENSP. A new SEND outreach officer will be managed through the Early Years Inclusion team, with a direct link to the Portage Plus Programme.**

#### **26. 2018-19 Dedicated Schools Grant Out turn Report and Revised Budget 2019-20**

Alison Egerton introduced the report. In response to questions, Julia Katherine explained that although the number of pupils in out of city placements, the average cost has increased slightly. This due to providers' increased costs in response to the rise in the minimum living wage. She assured the forum that the contracts are being managed very carefully.

#### **DECISION**

**The Schools Forum**

- 1. Noted the year-end outturn budget position for the Dedicated Schools Grant as at the end of March 2019 and the variance explanations contained within this report.**

**2. Endorsed the revised DSG budget for 2019-20 as set out in Appendix 1 and section 5.**

**27. Future School Funding Arrangements 2020-21**

Alison Egerton introduced the report and in response to questions from the forum clarified the following points:

The forum's responses will inform the work that will be undertaken over summer in preparation for the next consultation in the Autumn.

The Department for Education has not published any guidance for 2020-21, but has advised that authorities should assume no change to current guidance.

The authority is funded at the National Fair Funding rates (NFF) plus 1% on the 2017-18 baseline. This funding was used to fund schools in 2019-20. The proposal to set a neutral Minimum Funding Guarantee (MFG) of 0% would ensure that all schools would receive the same per pupil funding in 2020-21 that they received in 2019-20.

Officers will be reviewing the high needs expenditure following the receipt of the summer term class lists, using this data to forecast the future high needs funding requirements. Further financial modelling of the mainstream formula including setting a negative MFG or adjusting the formula funding factors will provide schools with a number of options regarding a potential transfer of 0.5% of the schools block to support the high needs block, this will form part of the autumn consultation

A report will be brought to the Schools Forum to explain the options, the outcomes of the consultation and proposals for the 2020-21 funding formula for discussion and endorsement.

There is no central contingency fund.

Recent analysis has shown that whilst the growth in mainstream pupil numbers have remained relatively stable (approx. average 2% growth per year), the increase in pupils with an EHCP has grown by an average of 27% per year. Funding for pupils with an EHCP in mainstream schools is included within the High Needs blocks not just special schools.

The Chair was pleased to note that the forum was being given a meaningful choice.

**DECISION**

**The Schools Forum:**

- a. Noted the progress being made towards the 2020 to 2021 local funding formula including the issue of the consultation to mainstream schools as set out in Appendix A.**
- b. Noted the outcomes of the consultation issued to mainstream primary schools and endorse the proposals set out in section 6.**

**c. Noted the progress being made towards the review of the High Needs funding methodologies.**

**28. SEND Call for Evidence**

Julia Katherine introduced this report and circulated the appendix listing the online survey questions.

The forum discussed the questions and in particular the notional SEN budget that schools receive.

The Chair asked members to consult with their phase or academies and send any further feedback directly to Julia Katherine by the end of July.

**DECISION**

**The Schools Forum endorsed the proposed responses to the Department for Education call for evidence.**

**29. Any Other Business.**

There was no other business to discuss.

The meeting concluded at 5:45pm

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David Jeapes  
Chair



# Agenda Item 5



**Report to:** Schools Forum

**Subject:** School Funding Arrangements 2020-21

**Date of meeting:** 17 December 2019

**Report by:** Alison Jeffery, Director of Children, Families and Education

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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## **1 Purpose of report**

- 1.1 The purpose of this report is to provide Schools Forum with an update on the latest developments in respect of the future school revenue funding arrangements for the financial year 2020-21 onwards

## **2 Recommendations**

- 2.1 It is recommended that Schools Forum:
- 2.1.1 Note the Department for Education's proposed changes to school revenue funding arrangements for 2020-21 as set out in this report.
- 2.1.2 Note the outcome of the Autumn consultation with schools as set out in Appendix 2.
- 2.1.3 Endorse the proposals for implementing the local funding formula arrangements as set out in this report; in particular:
- To implement the minimum per pupil funding levels at the Department for Education recommended rates for 2020-21 as set out in paragraph 5.6 and Table 2;
  - To implement the National Funding Formula rates for both primary and secondary schools in 2020-21, as set out in Appendix 5;
  - To implement a minimum funding guarantee (MFG) of at least +0.5% and up to +1.84% subject to affordability, for 2020-21 as set out in paragraphs 5.8 to 5.9
  - To utilise the additional funding provided as part of the Dedicated School Grant High Needs Block for 2020-21 to meet

the forecast high needs pressures in the order of priority as set out in section 12 and Table 5;

- To implement the disapplication requests as set out in section 6.

### **3 Background**

- 3.1 In May 2019 the authority consulted with schools regarding the direction of travel for the 2020-21 schools funding arrangements. This initial consultation was held without the benefit of any operational guidance issued by the Department for Education (DfE).
- 3.2 In the May consultation schools were asked for their feedback regarding the following proposals for the financial year 2020-21:
- Moving primary schools to the national funding formula
  - Continuing to use the minimum pupil level as set by the DfE
  - Setting the minimum funding guarantee at zero percent
  - Consider the potential transfer of up to 0.5% from the Schools Block to the High Needs Block.
- 3.3 The results of the consultation were taken to Schools Forum and Cabinet Member, in July 2019 and they indicated that schools were broadly in favour of the proposals. However due to the lack of guidance from the DfE, Schools Forum and the Cabinet Member for Education were not asked to approve any specific recommendations. Instead they endorsed the proposal for the authority to develop the indicative Dedicated School Grant (DSG) budget for 2020-21 using the latest information on Special Educational Needs and Disabilities (SEND), and would consult further with schools in the autumn term.
- 3.4 In the absence of guidance, the authority prepared a consultation with schools which provided detail on the anticipated high needs pressures and implications on the mainstream budgets.
- 3.5 On 3 September the Government announced additional funding nationally for mainstream schools and for pupils with SEND. The announcements for Education funding showed a year on year growth over a three year period, whilst the announcement for SEND was only released for 2020-21. Whilst further detail was released on 9 September, the impact on the funding received by Portsmouth was not clear.
- 3.6 The authority decided to publish the consultation with schools on the morning of 12th September 2019 (Appendix 1), which closed on 30 September 2019. Following the closure of the consultation the DfE released the indicative 2020-21 DSG funding<sup>1</sup> for Portsmouth, along with details of the 2020-21 provisional NFF factor funding values. As the results of the consultation with schools (Appendix 2) were inconclusive and the increase in funding was significant it was agreed to further engage with schools through two briefing sessions held

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<sup>1</sup> Based on October 2018 census data.

on 22 and 23 of October. The briefing sessions updated schools on the expected funding for 2020-21 and the long term pressures on the high needs block, highlighting the authority's intention to work with schools to ensure pupils were supported within an inclusive environment and within the resources available. The consultation was re-opened until 25 October and schools were provided with an indicative budget share (Appendix 3) based on the new national funding formula factor values and an increased minimum funding guarantee of +1.84% per pupil on 31 October.

- 3.7 This report is intended to provide Schools Forum with an overview of the main changes highlighted in the operational guide and of the results of the autumn consultation, school briefing sessions and the progress being made towards agreeing the Schools Funding arrangements locally for the financial year 2020-21.

#### **4 Dedicated School Grant (DGS) Funding**

- 4.1 The DfE operational guide for 2020-21, has provided updated information on the direction of travel towards the NFF. Further information in respect of High Needs was published on 3<sup>rd</sup> October 2019. The DfE have advised that local authorities will continue to have flexibility to set a local formula in consultation with Schools Forum for 2020-21.
- 4.2 Whilst the government has confirmed its intention to move to a "hard" national funding formula for all schools, a date of implementation has not been provided and the guidance suggests that further consultation with local authorities and other stakeholders will happen in due course.
- 4.3 Indicative funding allocations for 2020-21 were published to local authorities on 11 October 2019. Portsmouth's indicative allocations (inclusive of academies' funding) for 2020-21, together with current allocations for 2019-20 are shown in the table below:

	<b>2019/20<sup>2</sup> £m</b>	<b>2020/21 £m</b>	<b>Change £m</b>	<b>Change %</b>
Schools Block	116.085	120.706 <sup>3</sup>	4.641	3.98%
HN Block	21.156	24,268 <sup>4</sup>	2.269	14.7%
EY Block	14.175	14,399	0.224	1.58%
CSSB	0.825	0.841	0.016	1.93%

<sup>2</sup> As per July 2019 DSG allocation.

<sup>3</sup> Excluding growth funding.

<sup>4</sup> Including import export adjustment for a change in home authority for a post 16 provider.

- 4.4 Local authorities may again request a one off transfer of the Schools Block funding to the High Needs Block to support pressures. Up to 0.5% of the Schools Block can be agreed by Schools Forum, and any transfer above this requires Secretary of State Approval. There are no restrictions for transferring funding from the Central Schools Support Block, the Early Years Block or the High Needs Block to other funding blocks.
- 4.5 The authority has explored the option of transferring funding from the Schools Block to the High Needs Block and consulted with schools. However as long as growth continues within the current projections, the increase in funding will enable the authority to manage the forecast pressures for 2020-21 within the High Needs Block funding and without recourse to the Schools Block. Section 11 sets out the strategy for working with schools over the coming years to manage the pressure on the High Needs Block, promote inclusion and improve the outcomes for children and young people 0-25 with SEND.

## **5 Schools Block**

- 5.1 The Schools Block covers the mainstream (maintained and academy) schools individual budgets and the growth fund. The DfE has advised that the percentage increases to the Schools Block will be measured against the 2019-20 baseline funding to local authorities (previously increases were measured against the 2017-18 baseline).
- 5.2 The 2020-21 policy document on the Schools Block funding to the local authority will allow for:
- A 4% increase to the NFF pupil led factors (with the exception of the Free School Meals factor). The provisional NFF factor values for 2020-21 are listed in Appendix 4.
  - A 4% increase to the Lump sum.
  - Minimum per pupil funding levels of £3,750 for Primary, £4,800 key stage three pupils, £5,300 key stage four pupils (totals £5,000 for secondary pupils). The Primary level will rise to £4,000 by 2021-22.
  - A minimum increase of 1.84% on the per pupil funding provided in 2019-20
  - An increase of 1.84% to the Free School Meals factor
  - An increase to the PFI factor in line with the retail price index.
  - They will remove the cap from local authority funding allocation (local authorities still have the ability to set a local cap on gains). Portsmouth currently does not implement the cap
  - There is no change to the methodology of funding Growth for local authorities, but the funding values will be increased by 4%
  - The teachers' pay grant and teachers' pension employer contributions grant will continue to be paid separately to the NFF for 2020-21.

- 5.3 It should be clarified that the above changes relate to the calculation of the schools block as a whole.

## **Funding for Schools**

### **Minimum per pupil funding level**

- 5.4 The DfE has again proposed minimum per pupil funding levels (MFLs) for 2020-21, which are shown in the table below. The DfE have consulted on the MFL factor becoming a mandatory factor from the 2020-21 financial year. The DfE have advised that whilst they are not able to publish the results of the consultation until after the election, local authorities should presume that the factor will be mandatory in 2020-21.

Portsmouth implemented the primary and secondary MFLs at the recommended levels in 2019-20 and it is proposed that we continue to implement the DfE recommended levels for 2020-21.

<b>Phase</b>	<b>MFL 2019-20</b>	<b>MFL 2020-21</b>	<b>Change</b>
Primary	£3,500	£3,750	£250
Secondary	£4,800	£5,000	£200
All-through	£4,042 <sup>5</sup>	£4,271 <sup>6</sup>	£229
KS4 only schools	£5,100	£5,300	£200

- 5.5 The operational guidance clarifies the calculation for middle schools, all through schools and schools with non-standard year group structure (e.g. all through schools) which provides greater consistency.
- 5.6 Financial modelling using the October 2018 data set shows that after applying the revised NFF factor values, eight primary schools and one secondary school receive additional funding through the use of the 2020-21 recommended MFLs.

### **Minimum increase of 1.84% on the per pupil funding provided in 2019-20**

- 5.7 The DfE have stated they will set the funding floor at 1.84%. This minimum increase to the funding provided to local authorities will be based on individual schools NFF per pupil allocation in 2019-20.

### **Minimum Funding Guarantee (MFG)**

- 5.8 Local authorities will have the freedom to set a Minimum Funding Guarantee in their local formula of between +0.5% to +1.84% per pupil, without application

<sup>5</sup> It should be noted that this value is based on years R to 5 for primary year groups and 7 to 11 secondary year groups being present in an all-through school.

<sup>6</sup> It should be noted that this value reflects Mayfield having all year groups in both the primary and secondary sectors being present in from September 2020.

to the Secretary of State. The MFG is applied to the individual school funding formula after the minimum per pupil funding. Initial financial modelling of a plus 1.84% MFG would provide additional funding to 25 primary schools and two secondary schools.

- 5.9 Initial modelling suggests that the authority will be able to set an MFG value of plus 1.84%, for 2020-21.

### **Growth Funding**

- 5.10 The DfE has advised that there is no change to the methodology for allocating the Growth fund to local authorities, but the funding per pupil and new school rates used in the calculation will be uplifted for 2020-21 by 4% and rounded to the nearest £5. The 2019-20 and 2020-21 values per "growth pupil" are shown in the table below.

<b>Table 3 - Growth funding per pupil rates</b>		
	<b>2019-20 rates</b>	<b>2020-21 rates</b>
	<b>£</b>	<b>£</b>
Primary growth pupil	1,370	1,425
Secondary growth pupil	2,050	2,130
New school	65,000	67,600

- 5.11 It is not expected that local authorities will have to allocate funding on this basis.
- 5.12 Indicative growth allocation for 2020-21 has not been published as they relate to growth between the October 2018 and the October 2019 census data. At this stage it is difficult to estimate how much funding will be received, but due to the University Technical College being full, initial modelling using the draft October 2019 census numbers would suggest that funding will be in the region of £950,000, which is higher than originally expected.
- 5.13 The consultation issued to schools in the autumn term contained information regarding the impact of pupil numbers on future funding based on the 2019-20 allocation rates. A number of options relating to the secondary growth funding arrangements were put forward to schools to state a preference.

## **6 Disapplication requests**

- 6.1 Each year, local authorities can submit disapplication requests to the ESFA, where strict adherence to the legislation as set out in the School and Early Years Finance (England) regulations (as amended each year), would generate perverse results for specific schools. The authority submitted two disapplication requests by the deadline of 11 October 2019 in respect of the operation of the minimum funding guarantee (MFG), as set out in the following paragraphs.

- 6.2 **Charter Academy:** Charter has historically enjoyed a high level of MFG protection, which dates back many years and was caused by a sudden and significant drop in pupils. The local formula at that time, in common with most other local formulae, provided "real term protection", which ensured that a school would receive at least 95% of the previous year's funding in cash terms. This funding was subsequently locked in by the MFG, which provides protection on a per pupil basis. As the pupil numbers at Charter have increased, so the MFG protection has grown.
- 6.3 Capital investment for Charter is needed to increase the capacity of the school to meet basic need; however the local authority could not sanction the capital investment if the increase in capacity would also increase the level of MFG support. The local authority has agreed a compromise with Charter, whereby only 600 pupils (2018-19 capacity) would continue to receive MFG protection and any new pupils above that level will receive appropriate pupil-led funding for that school, i.e. basic entitlement, deprivation, prior attainment funding etc. Official approval to this agreement has now been received from the DfE, but needs to be applied for annually.
- 6.4 **Mayfield School:** Mayfield is continuing to open new primary year groups as it moves towards becoming an all-through school. The MFG, in its pure form, uses the average per pupil funding from the previous year as a baseline to calculate any protection due. Whilst the school is growing, the per-pupil average is skewed towards the existing secondary provision, which means that any additional primary age pupils would be artificially protected at the "whole school" rate. We have therefore requested that the MFG is amended to ensure that the school is funded appropriately for the age profile of its pupils. This is expected to be the final year of this request as the primary school is expected to have all years full from September 2020.
- 6.5 The authority received approval to dis-apply the regulations for 2020-21 for both of the above disapplication requests on 29 October 2019.

## 7 High Needs Block Funding

- 7.1 The DfE has advised that each local authority should see an increase in their High Needs Block funding of 8%, using the 2019-20 high needs allocations as a baseline including the additional funding announced in December 2018, with adjustments for population changes. The DfE have also set a gains cap of 17%.
- 7.2 Indicative funding published by the DfE on 9 October provides Portsmouth with an increase in funding of 14.7% when compared to 2019-20.
- 7.3 The actual funding allocation for 2020-21 will not be known until December 2019.

- 7.4 The teachers' pay grant and teachers' pension employer contributions grant will continue to be paid separately to the NFF for 2020-21 for Special Schools High Needs settings.

## **8 Central Schools Services Block**

8.1 The Central Schools Services Block (CSSB) supports the following budgets:

- Admissions
- Central licences provided by the DfE
- Schools Forum
- Education support grant retained duties for all schools.

8.2 The authority is expected to receive an increase of £16,000 due to an increase in the per pupil funding rate to £33.48, an increase of 1.94%. The authority will utilise the increase to fund an inflationary increase in central licences and to support the Admissions service.

## **9 Early Years Block Funding**

- 9.1 On the 31 October the DfE issued the hourly funding rates for 2, 3 & 4 year olds for 2020-21. This is expected to provide Portsmouth with an additional £0.2m funding to the early years block. The table below sets out the hourly funding rates for 2019-20 and 2020-21.

<b>Table 4 Early Years Block funding Two, Three and Four Year old hourly rates</b>			
	<b>2019-20</b>	<b>2020-21</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Two year olds	5.43	5.51	0.08
Three and four year olds	4.69	4.77	0.08

- 9.2 Due to Purdah it has not been possible to consult with providers on the proposals for the early years' formula for 2020-21. A short consultation is expected to take place with providers from 16 December, the results of which will be brought to the January 2020 Schools Forum and Cabinet Member meetings.

## **10 Engagement with schools**

- 10.1 In September 2019 the authority consulted with schools regarding the 2020-21 projected pressure within the High Needs Block. The consultation set out the pressures seen in the High Needs Block and explained that should the pressure continue at the same rate of growth, as in previous years, plus cost pressures then the authority would be looking at between £1.9m and £2.4m gap between the High Needs Block funding (as at July 2019) and the funding requirement.



- 10.2 The consultation provided schools with an explanation of the current and 2020-21 forecast position, an indication of the amount of funding required to cover the pressure, and how much this would equate to per pupil if the funding should be transferred from the Schools Block to the High Needs Block. The consultation asked schools if they would support a transfer from the Schools Block to the High Needs Block and in light of the additional funding for SEND, their priorities as to how the additional resources should be used.
- 10.3 A copy of the consultation can be seen in Appendix 1 and a breakdown of the results and comments can be found in Appendix 2.
- 10.4 Overall we had 30 responses to the consultation within the extended timescale, of which there were 29 (46.8%) schools, 20 Primary, six Secondary/all-through and three Special schools, in addition to the schools one Academy Trust responded separately to the schools in the Trust. We received three responses from Multi Academy Trusts who responded on behalf of all schools in the Trust (a total of 14 schools), therefore their response has been counted according to the number of schools in the total numbers.
- 10.5 Not all schools answered every question in the consultation which has led to some questions not totalling to 30 responses. Of the 30 Schools that responded to the consultation seven schools chose not to prioritise how the additional SEND funding should be utilised and eight schools either did not complete or partially completed the prioritisation of the growth fund options.
- 10.6 Overall the results of the consultation were inconclusive and did not provide a clear direction of travel for the authority.
- 10.7 In light of this and the announcement of the indicative local authority funding shortly after the closure of the consultation the authority decided to delay reporting to Schools Forum to provide time to further consult with schools and engage them in discussion at two briefings held on 22 and 23 October. The consultation was reopened to enable schools to respond or update their response following any clarification at the briefing sessions. No further responses were received from schools.
- 10.8 The briefings provided a useful forum to inform schools of the indicative additional funding for 2020-21 and to discuss future strategies for managing High Needs in the City. A number of suggestions were provided by schools at the briefings, these are included in Appendix 3. The following sections set out the strategic direction of the authority and proposals regarding the High Needs Block for the 2020-21 financial year and beyond.

## **11 Strategic direction**

- 11.1 The strategic direction, as set out in the SEND Strategy, remains a commitment to promote inclusion and improve the outcomes for children and young people aged 0-25 with SEND. In order to do this, we aim to ensure that

there are in place a continuum of high quality support services that contribute towards removing barriers to achievement and that children and young people's special educational needs are identified early so that a high quality and co-ordinated offer of support can be put in place.

- 11.2 The SEND Strategy states that we aim to ensure a continuum of high quality educational provision is in place so that children and young people with SEND can attend a local mainstream nursery, school or college wherever possible.
- 11.3 This means that we need to ensure mainstream providers have the resources, skills and competence to meet the needs of a wide range of children and young people with SEND. In addition, we want to commission high quality specialist provision so that children and young people can be successfully educated within the city.
- 11.4 In 2017/18 Portsmouth and Southampton City Councils undertook a joint SEND Strategic Review. A summary of the key findings that are pertinent to this paper are set out below: :
- The number of EHCPs will increase, at a minimum, in line with population increases and increases in prevalence, but potentially also as a result of increased expectations and demand.
  - This increase is expected to be **most significant in the numbers of children with severe learning difficulties and complex** needs which has already put pressure on special school places.
  - The **need and demand for Special School places is predicted to increase** year on year due to increasing numbers of children and young people with severe and complex needs and autism and the increase in age of statutory protection
  - The review identified that there are children currently in special schools whose needs could be met in an inclusion centre or mainstream school, but additional support and resources for mainstream schools would be needed to achieve this.
- 11.5 These predictions have been further refined and confirmed by the SEN Place Planning Strategy 2018-2024. In the light of this, an SEND accommodation review was commissioned in 2019 to: review existing accommodation; consider how to physically organise the SEND provision on a city wide basis; and identify the need for additional accommodation and / or reconfiguration of existing accommodation.
- 11.6 Key recommendations from the review included:
- **Inclusion centres** - additional places should be created by extending the capacity of existing facilities (Trafalgar, Milton Park and Portsdown)

subject to feasibility work; and that new inclusion provision is considered if future opportunities become available

- **Alternative / SEMH provision (AP)** - capacity at Flying Bull Inclusion Centre is increased to meet the growing need (and to consider an extension to Year 6 on the Flying Bull site); and consideration be given to supporting internal AP provision in secondary mainstream schools
- **Complex and Complex Plus** - a new 140 place school should be built on the former King Richard School (estimated cost of £20m); and that further work be undertaken to look at the commissioning of post 19 places

11.7 A second phase of work is now being undertaken building on these recommendations but looking at other alternatives in terms of the recommendation for a new special school due to the lack of capital funding available and taking into account the revenue implications and the increased pressure that would be placed on the High Needs Block of the DSG if a special school were to be built. The second phase of work is due to be completed by April 2020 and will inform future capital works to support SEND places in the city.

## 12 High Needs Block - consultation results and proposals

### Mainstream Education Health and Care plans

12.1 The majority of schools did not support the move to a banded funding system, stating that the £6,000 and the current EHCP funding did not cover the cost of learning support assistants. However when asked if they would be happy to transfer funding from the schools block to the high needs block to cover the increase in costs and numbers, schools supported the introduction of a banded funding system rather than a non-banded system stating that any additional High Needs block funding should be prioritised to mainstream EHCP.

12.2 It is therefore proposed to use the additional High Needs Block funding to cover the cost of mainstream EHCPs for 2020-21. However to maximise the use of the additional funding it is proposed to implement a banding system, from April 2021 (2021-22 financial year) and work will continue with schools during 2020-21 to agree the criteria and funding values in preparation for the 2021-22 budget setting process.

### Independent Specialist provision

12.3 Schools recognised the pressure in this area, but were not supportive of using the schools block to fund those pupils in Independent Specialist provision. With regards to prioritisation this was placed in the middle of the list (7th). The authority has limited flexibility in placing these pupils and whilst they are reviewed on a regular basis once a pupil is settled in an educational setting there is limited scope to move them to a setting in the City.

- 12.4 It is proposed that as these costs relate to the most vulnerable pupils in the City that the additional funding is used to support these placements over any other priorities.

### **Special schools Element 3 Top-up and additional special school places**

- 12.5 Whilst these two budgets were consulted on separately, they are intrinsically linked. Although schools did not support the transfer of funding from the Schools Block to cover the costs of the additional places and associated top-up funding, they considered the funding of the additional places as a high priority (3rd) for the use of the additional funding. However the prioritisation of the Element 3 Top-up funding was a low priority for schools.
- 12.6 As the element 3 top-up relates to the pupils that are placed in the additional places, it would be prudent to utilise the additional funding to support these pupils that are already in school.

### **Solent Academies Trust Element 3 Top-up funding**

- 12.7 Schools supported the introduction of banding methodology to be used across all the Solent Academy Trust (SAT) Portsmouth Schools. This would mean that a pupil would receive the same amount of funding according their level of need regardless of which school they attend.
- 12.8 To provide Schools Forum with assurance, the authority has worked closely with SAT to understand the financial pressures, including analysis using both local and DfE funding models and the outcomes of a School Resource Management Advisor review and can confirm that the Trust has taken action to reduce costs and manage the financial pressures identified. Further work is on-going to provide surety that the school is using the resources effectively to deliver Education to pupils. It is expected to get the results of this review to enable the authority to bring a proposal back to Schools Forum to enable the setting of the 2020-21 high needs budget at either the January for February 2020 meetings.

### **Post 16 Colleges**

- 12.9 Support for transferring funding from the Schools Block to cover the costs of pupils with EHCP in post 16 settings was not supported by the majority of schools. The number of EHCP pupils in post 16 settings is increasing and the authority is required to fund both the Element 2 place funding and Element 3 top-up for those further Education Colleges in Portsmouth and where pupils attend colleges outside of the City boundaries we are required to fund the Element 3 top-up. Whilst schools put the funding of Post 16 pupils and places low on the priority list, it is proposed to fund Post-16 pupils from the additional High Needs Block funding. This will mean that we are not required to utilise funding for mainstream schools to fund this area.

### Transfer from the Early Years block

12.10 The majority of schools who responded have supported a transfer from the Early Years block to support the Early Years Inclusion Fund - highly complex pupils. This funding would be removed by reducing the funding held centrally for the provision of support provided to childcare settings with regards to childcare payments, advice regarding quality of services and ensuring sufficiency places which could impact on the provision of services provided to schools and childcare settings.

12.11 The additional funding provided through the indicative High Needs Block will be sufficient to support the Early Years Inclusion Fund for highly complex pupils.

### 13 Use of the additional High Needs Block funding.

13.1 As set out above based on the indicative funding the authority is expecting additional funding of approximately £2.3m, pressures are projected to be between £1.9m to £2.4m depending on the outcomes of the work with Solent Academies Trust.

13.2 The table below summarises the proposals set out above and how the additional funding will be used to meet the priorities identified by those schools who responded to the consultation and those identified by the local authority as requiring funding. This may be updated following the outcome of the review of Solent Academies Trust.

<b>Table 5 - Prioritisation of additional funding</b>		
<b>Options</b>	<b>Funding requirement £</b>	<b>School Priority</b>
Pupils at Mainstreams schools with EHCP - without banding	547,200	3
Pupils in specialist independent provision (Out of City)	284,100	8
Special schools Element 3 Top-up (increased numbers and complexity)	694,700	10
Additional special school places	81,600	2
Post 16 colleges additional places and associated Element 3 top-up	152,600	11
Early years complex needs inclusion fund	58,500	4
<b>Additional funding utilised to support high needs pressures</b>	<b>1,818,700</b>	

13.3 The costs of the forecast pressures are based on July 2019 pupil information and known changes to the September cohort funding as at August 2019. As the financial year progresses these forecasts will be refined based on the latest data available up to the end of November 2019. This will ensure that the budget brought to the January Schools Forum and Cabinet Member is based on recent information and maximises the use of the additional resources provided by the DfE.

13.4 Whilst it is expected that the authority will be able to fund the pressures in 2020-21 and will not be seeking a transfer from the Schools Block. In light of the uncertainty regarding the High Needs Block funding in 2021-22 work will need to continue with schools over 2020-21 to develop options and proposals to manage future costs and to mitigate any future potential of transferring funding from the Schools Block to support high needs in 2021-22 and beyond. One early proposal which will be brought back to Schools Forum in February 2020 is to increase the capacity of the council's SEN team in order that the team can support Annual Reviews of EHCPs in both mainstream and special schools, monitoring spend and outcomes. The increase in capacity will also allow the team to better monitor out of city placements. A similar approach is being taken by other local authorities including Hampshire County Council.

## **14 Growth funding**

14.1 The Growth Fund provides schools with a contribution towards the cost of additional pupils joining the school in September and the receipt of the funding associated with the cost of those pupils 7 months (Maintained Schools) or 12 months (Academy Schools) later. As stated in a paragraph 4.12 the authority is funded on a per pupil rate for primary and secondary pupils that does not reflect the actual cost of educating a pupil during this period.

14.2 As set out in the consultation the authority knows that they will receive a reduction in growth funding as part of the schools block allocation for 2020-21 as the University Technical College is now full and those pupils will no longer be seen as growth in the DfE funding methodology.

14.3 The consultation indicated that no change to the current funding methodology for funding Growth in the secondary schools in the City was the preferred option.

14.4 The authority recognises that schools are having to fund the gap between growth funding provided by the authority and the cost of the additional pupils; particularly over a five year period of significant growth; but also notes that there is no appetite from the schools to transfer funding from schools to support an increase in the growth fund. It is therefore proposed that following the receipt of the 2020-21 funding allocation in December and clarification of the actual growth funding provide by the DfE that the funding provided to Secondary schools is reviewed and if possible increased to closer reflect the key stage three per pupil entitlement value as funded via the national funding formula.

## **15 Reason for recommendations**

15.1 This purpose of this report is to provide an update on the latest developments in respect of the future school revenue funding arrangements for 2020-21 onwards. The report also seeks endorsement to the proposals for implementing these arrangements locally, in order to ensure that they comply

with the requirements of both the DfE's operational guidance and the School and Early Years Finance (England) Regulations.

## **16 Equality impact assessment (EIA)**

- 16.1 This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs national funding formula as directed by the Department of Education and set out in the School and Early Years Finance (England) (no. 2) Regulations 2018.
- 16.2 The DfE has conducted a full Equality Impact Assessment which can be found on their website<sup>7</sup>. The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.
- 16.3 The consultation carried out with schools (Appendix 1) and this report form part of a wider Equality Impact Assessment reviewing the methodology of funding pupils with Special Educational Needs and Disabilities.

## **17 Legal Implications**

- 17.1 The Government is reforming the current school funding system from 2018-2019 and the details of that planned reform are set out in the body of this report.
- 17.2 The recommendations in this report are consistent with the requirements of the Schools Revenue Funding Operational Guide published by the Education & Skills Funding Agency and the national funding formula for schools and high needs 2020 to 2021 published by the Department for Education.
- 17.3 It is anticipated that the School and Early Years Finance (England) (No.2) Regulations 2018 will be updated in due course by central government to confirm the specific provisions in relation to schools funding in the 2020/21 financial year.

## **18 Finance Comments**

- 18.1 Financial comments and implications are included in the body of this report.

Signed by: Alison Jeffery, Director of Children, Families and Education

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<sup>7</sup> <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs-equalities-impact-assessment>

**Appendices:**

- Appendix 1: Autumn consultation 2020-21
- Appendix 2: Consultation results and comments
- Appendix 3: 2020-21 Indicative budget share using 2020-21 indicative NFF and 1.84% minimum funding guarantee per pupil
- Appendix 4: Portsmouth Rates to National Funding Rates Comparison Table 2019/20 to 2020/21
- Appendix 5: NFF Rates - comparison Table 2019-20 to 2020-21

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
The national funding formula for schools and high needs 2020 to 2021 (published 11/10/19)	<a href="https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs">https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs</a>
Schools revenue funding 2020 to 2021: Operational guide (published 12/09/19)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf</a>
School and Early Years Finance (England) (No2) Regulations 2018	<a href="#">The School and Early Years Finance (England) (No. 2) Regulations 2018</a>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:



**Appendix 1**

**2020-21 School Funding Formula Stage 2 Consultation - autumn 2019**

See separate document

**Appendix 2: 2020-21 School Funding Formula Stage 2 Consultation - Results**

<b>High Needs Funding Proposals</b>			
<b>Mainstream Education Health and Care plans - section 3.3 and 3.4</b>			
1	Do you agree with the proposal to move to a banded funding system for pupils in mainstream schools with an EHCP as set out in section 3.4 from 1 September 2020?	Y = 11	N = 17
<p>Please add any further comments</p> <p><b>Maintained Infant 1</b> - Due to the top up funding being set at only £9 per hour compared to the hourly rate for a band 3 TA being a minimum of £9.36 before employer NI and pension contributions, schools are already funding more that £6,000 for each EHCP pupil on roll and are having to cover the shortfall from within their budget. Under the proposed banding, a majority of schools would see their Top-up funding decrease, putting even more pressure on school's budgets.</p> <p><b>Trust 1 (3 Schools)</b> - N/A</p> <p>Maintained Secondary 1 - this is an area of growth. Consequently, prudent measures need to be taken to ensure long term financial sustainability.</p> <p><b>Maintained Junior 2</b> - Due to the top up funding being set at only £9 per hour compared to the hourly rate for a band 3 TA being a minimum of £9.36 before employer NI and pension contributions, schools are already funding more that £6,000 for each EHCP pupil on roll and are having to cover the shortfall from within their budget. Under the proposed banding, a majority of schools would see their Top-up funding decrease, putting even more pressure on school's budgets.</p> <p><b>Maintained Infant 2</b> - Whilst we agree with this in principle, the funding is not enough to provide adequate support for individuals - if we want quality support for our most vulnerable children the appropriate funding must be provided. Introducing the proposed banding will see the majority of schools having a decrease in their funding, when budgets are already under huge pressure.</p> <p><b>Maintained Infant 3</b> - As schools are being expected to include increased numbers of pupils with additional and complex needs, as identified in their EHCPs, having less funding for these pupils is untenable.</p> <p><b>Maintained Junior 3</b> - However, this would be agreed subject to clear criteria for each band and evaluation of impact on individual schools. It does make sense to improve the efficiency of the system. All needs to be subject to realistic costs of support rather than salary and on-costs from many years ago ie that £6000 of support equates to about 12.5 hours of TA support.</p> <p><b>Maintained Infant 4</b> - As a very inclusive school that has a high number of high costing EHCPs we are already struggling to fund them and are in the worrying position of being the possibility of having to set a deficit budget next year to ensure that we continue to meet the needs of all children. The current funding doesn't cover the full cost of EHCP support, so moving to the banding system would make things even worse for us. Sadly, if the banding system was implemented we would have to make the decision to limit the number of EHCPs that we can take to ensure the quality of education for the other children.</p> <p>Under the proposed banding, a majority of schools would see their top-up funding decrease, putting even more pressure on schools' budgets and forcing them to</p>			

consider the number of EHCPs they can afford to take, which will be detrimental to all concerned.

**Trust 2 (3 schools)** - We agree with the principle of this.

**Trust 3 (2 schools)** - Simplification and flexibility.

**Maintained Infant 5** - Due to the top up funding being set at only £9 per hour compared with the hourly rate for a Band 3 TA being a minimum of £9.36 before employer NI and pension contributions, schools are already funding more than £6,000 for each EHCP pupil on roll and are having to cover the shortfall from within their budget.

Under the proposed banding, a majority of schools would see their top-up funding decrease, putting even more pressure on schools' budgets.

**Maintained Primary 3** - Not without further knowledge on how the banding will effect school budgets. Will the banding cover actual costs?

We are presently paying £6000 per pupil before the top up element. Presently this is needs led. Banding could work both ways but expectations are it will reduce the additional funding costing the school a lot more per a pupil with SEND.

Presently our top up is classed as exceptional funding but I expect due to the mainstream needs not being as high as special schools we will not have the exceptional band when all judged against the same criteria. If all judged against the same criteria our basic pupil funding should be raised in line with that of a specialist provision.

Question 1 needs more details - in principle I do agree that schools will need to find additional funds for the EHCPs. But unless I know banding criteria I cannot agree. This then effects my responses to all other questions.

**Trust 4 (8 Schools)** - This simplifies the funding and has a relatively low impact on individual schools.

2	Agree to support the provision of EHCP in mainstream schools by transferring funding from the Schools Block to the High Needs Block through:		
	<ul style="list-style-type: none"> <li>Using a minus -0.58% MFG adjustment at a cost of approximately £21.70 per pupil to provide £547,200 of funding to enable the continuation of an un-banded mainstream funding approach. Option 1 on Table 19 and Table B. Or:</li> </ul>	Y=0	N=19
	<ul style="list-style-type: none"> <li>Using a minus -0.33% MFG adjustment at a cost of approximately £12.42 per pupil to provide £308,700 of funding to enable the implementation of a banded mainstream funding approach Option 1a on Table 19 and Table B.</li> </ul>	Y=18	N=10

Please add any further comments

**Maintained Junior 1** - I don't agree to this but I understand the need. However, in agreeing I recognise that Mainstream School will have to offer less to pupils as they will receive less funds.

**Maintained Infant 1** - made three separate points:

1. We do not agree with using the Schools Block as a source of additional funding for the High Needs Block. Mainstream schools are already under financial pressure on their budgets and if the High Needs Block is no adequate the Local Authority should be seeking additional funding from the government. Whilst we recognise that the costs of provision for pupils with SEND and complex needs is increasing, the way to approach this is to secure additional funding and not divert it from the other pupils in mainstream education.
2. We not that the proposal is to divert funding from the schools block to the High Needs Block via the Minimum Funding Guarantee because 'As the current funding formula for mainstream schools is either the national fair funding rates (Secondary) or moving towards the National Fair Funding rates (Primary), the only factor that offers any scope to reduce funding via the Schools Block is the minimum funding guarantee (MFG)' Our understanding is that the MFG is intended as a protection for schools against significant year-on-year changes in pupil-led funding, not as a vehicle to divert funding from the Schools Block.
3. 46 out of 49 Portsmouth Primary schools are expected to receive a reduction in their funding (total allocation before MFG or CAP) as a result of the implementation of the National Fair Funding rates.

**Maintained Primary 1** - comments as per Maintained Infant 2

**Trust 1 (3 schools)** - N/A

**Maintained Secondary 1** - as above

**Maintained Primary 2** - The schools block MUST NOT be used to fund the high needs block. Mainstream schools are under too much strain, which will only increase over the next few years. Central government and members need to realise that and not think they can take more money from mainstream to fund high needs.

**Maintained Junior 2** - made three separate points:

1. We do not agree with using the Schools Block as a source of additional funding for the High Needs Block. Mainstream schools are already under financial pressure on their budgets and if the High Needs Block is no adequate the Local Authority should be seeking additional funding from the government. Whilst we recognise that the costs of provision for pupils with SEND and complex needs is increasing, the way to approach this is to secure additional funding and not divert it from the other pupils in mainstream education.
2. We not that the proposal is to divert funding from the schools block to the High Needs Block via the Minimum Funding Guarantee because 'As the current funding formula for mainstream schools is either the national fair funding rates (Secondary) or moving towards the National Fair Funding rates (Primary), the only factor that offers any scope to reduce funding via the Schools Block is the minimum funding guarantee (MFG)' Our understanding is that the MFG is intended as a protection for schools

against significant year-on-year changes in pupil-led funding, not as a vehicle to divert funding from the Schools Block.

3. 46 out of 49 Portsmouth Primary schools are expected to receive a reduction in their funding (total allocation before MFG or CAP) as a result of the implementation of the National Fair Funding rates.

**Maintained Infant 2** - If either of these options is to be implemented almost every school in Portsmouth will see a decrease in their budgets, which is unacceptable, at a time when all of our budgets are under increasing strain. Whilst we understand that the number, complexity and cost of pupils with SEND is increasing, we feel that to take funding from the schools block, impacting on the education of children is not the solution.

**Maintained Infant 3** - It is not appropriate for any funding from the School's Block to be transferred to the High Needs Block. The Local Authority will need to seek additional funding from the government. We should not be disadvantaging other pupils by diverting funds from schools into the High Needs Block.

**Maintained Junior 3** - Whilst I accept that the High needs block requires more money – if we take it from mainstream schools there will be a further detrimental effect on the pupils in those schools

**Maintained Infant 4** - Please add any further comments

1. We do not agree with using the Schools Block as a source of additional funding for the High Needs Block. Mainstream schools are already under financial pressure on their budgets and if the High Needs Block is not adequate the Local Authority should be seeking additional finance from the government. Whilst we recognise that the costs of provision for pupils with SEND and complex needs is increasing, the way to approach this is to secure additional funding and not to divert it from the other pupils in mainstream education. PCC say that they are proud that they are one of the few authorities not setting a deficit budget for SEND, but by taking money away from schools in this way you will be putting many schools in this difficult position.
2. We note that the proposal is to divert funding from the Schools Block to the High Needs Block via the Minimum Funding Guarantee because 'As the current funding formula for mainstream schools is either at the national fair funding rates (Secondary) or moving towards the National Fair Funding rates (Primary), the only factor that offers any scope to reduce funding via the Schools Block is the minimum funding guarantee (MFG).' Our understanding is that the MFG is intended as a protection for schools against significant year-on-year changes in pupil-led funding, not as a vehicle to divert funding from the Schools Block.
3. 46 out of 49 Portsmouth primary schools are expected to receive a reduction in their funding (total allocation before MFL, MFG or CAP) as a result of the implementation of the National Fair Funding Rates.

**Trust 2 (3 Schools)** - We appreciate the principles of this from a moral and ethical perspective, and recognise it could benefit some pupils within our Trust, but it is also important to note that a cumulative decrease to our per pupil rates based on the options available being implemented together could quickly result in each of our schools receiving funding below the NFF. This could have a detrimental impact on our own ability to deliver our provision of services to pupils versus the many schools in the city who will exceed the current NFF rates.

**Trust 3 (2 Schools) -** Need to support the mainstream placements.

**Maintained Infant 5 -**

1. We do not agree with using the Schools Block as a source of additional funding for the High Needs Block. Mainstream schools are already under financial pressure on their budgets and if the High Needs Block is not adequate the Local Authority should be seeking additional finance from the government. Whilst we recognise that the costs of provision for pupils with SEND and complex needs is increasing, the way to approach this is to secure additional funding and not to divert it from the other pupils in mainstream education.
2. Our understanding is that the MFG is intended as a protection for schools against significant year-on-year changes in pupil-led funding, not as a vehicle to divert funding from the Schools Block.
3. 46 out of 49 Portsmouth primary schools are expected to receive a reduction in their funding (total allocation before MFL, MFG or CAP) as a result of the implementation of the National Fair Funding Rates.

**Maintained Primary 3 -**

1. 2a I am likely to lose approx. £7,000 but without being able to compare to my loss if 2b I cannot state yes or no.
2. 2b I would lose just over £4,000 but this is likely to be a double reduction from schools budgets. Banding and MFG. I would need to know the banding implications on budget before I could agree.

Questions 2 – 7 all take money from MFG. If the highest amount were to be taken from for each of these aspects we could end up with over £100 less per pupil! This means tens of thousands reduction in school budget.

We have to consider other areas impacting too of which staffing is high, more SEND in schools, plus increase of 2.75% pay rise, pensions contributions increased by approx. 7%. Although support this year we cannot rely on it in future.

**Trust 4 (8 Schools) -** If any of the options has to be implemented this has the lowest impact, however see overall comment.

**Academy Secondary 2-** A banded system is a much fairer way of funding mainstream EHCPs

**Independent Specialist Provision Section 3.5**

3	Do you to support the provision of education to pupils with highly complex needs at independent specialist provision through using a minus -0.30% MFG adjustment at a cost of £11.30 per pupil to transfer £284,100 of funding from the Schools Block to the High Needs Block. Option 2 in Table 19 and Table B.	Y=2	N=23
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Please add any further comments

**Maintained Primary 1 -** see comments under 2.

Trust 1 (3 Schools) - N/A

**Maintained Secondary 1 -** Out of City placements are a 'live' and ongoing cost. Obviously we need to consider the value that these provisions provide and see what can be brought back.

**Maintained Primary 2** - The schools block MUST NOT be used to fund the high needs block. Mainstream schools are under too much strain, which will only increase over the next few years. Central government and members need to realise that and not think they can take more money from mainstream to fund high needs.

**Maintained Junior 2** - see comments under 2

**Academy Secondary 1** - I do not understand why this is required & I believe it is ...

**Maintained Infant 3** - It is not appropriate for any funding from the School's Block to be transferred to the High Needs Block. The Local Authority will need to seek additional funding from the government. We should not be disadvantaging other pupils by diverting funds from schools into the High Needs Block.

**Maintained Junior 3** - I'm not sure that we can continue to fund these provisions from MFG

**Maintained Infant 4** - See comments under 2.

**Trust 2 (3 Schools)** - The principle of this we can support but as mentioned earlier, the cumulative impact of so many cuts to our own budget would quickly begin to impact on our delivery of provision to all of our pupils.

**Trust 3 (2 Schools)** - We must find effective ways of educating these complex + vulnerable youngsters within the city.

**Maintained Infant 5** - See comments under 2.

**Maintained Primary 3** - Schools are providing education to more children with complex needs and thus are drawing on their own reserves. The pot does not stretch.

**Academy Secondary 2** - We should keep Portsmouth children in Portsmouth and fund the provision we need in the City

### **Special Schools - Element 3 Top-up - Section 3.6**

4	Do you support the transfer of £694,700 from the Schools Block to the High Needs Block through the use of a minus -0.75% MFG adjustment at a cost of approximately £27.76 per pupil? To fund the additional Element 3 Top-up costs due to the increased numbers and needs of pupils in special schools. Option 3 in Table 19 and on Table B.	Y=4	N=24
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Please add any further comments

**Maintained Primary 1** - see comments under 2.

**Trust 1 (3 Schools)** - Agree - the High Needs Block has significant constraints on its budget and a move would help with the increased complexity of care required.

**Maintained Secondary 1** - Another area of growth, and another to ensure we are funding sustainably.

**Maintained Primary 2** - The schools block MUST NOT be used to fund the high needs block. Mainstream schools are under too much strain, which will only increase over the next few years. Central government and members need to realise that and not think they can take more money from mainstream to fund high needs.

**Maintained Junior 2** - see comments under 2

**Maintained Infant 7** - It is not appropriate for any funding from the School's Block to be transferred to the High Needs Block. The Local Authority will need to seek additional funding from the government. We should not be disadvantaging other pupils by diverting funds from schools into the High Needs Block.

**Maintained Junior 3** - This is a huge cost implication which my school cannot afford

**Maintained Infant 4** - See comments under 2.

**Trust 2 (3 Schools)** - The principle of this we can support but as mentioned earlier, the cumulative impact of so many cuts to our own budget would quickly begin to impact on our delivery of provision to all of our pupils.

**Trust 3 (2 Schools)** - We must move towards a vision of more supported placements in mainstream schools.

**Maintained Infant 5** - See comments under 2.

**Maintained Primary 3** - Again this seems it is a double reduction – the high needs block is not covering EHCPs but we are being asked to give even more to specialist providers!"

**Academy Secondary 2** - We must fund mainstream students education properly and not take vital money from them.

**Solent Academies Trust - Element 3 Top-up - Section 3.7**

5	Do you support the introduction of single banding funding rates which reflect the level of need of the child rather than the location of the child across the special schools within the Solent Academies Trust? By either :		
	<ul style="list-style-type: none"> <li>Using a weighted based on the current top-up values and at no extra cost to the authority. (Section 3.7.4 b) Or:</li> </ul>	Y=19	N=12
	<ul style="list-style-type: none"> <li>Increasing the funding to the Trust by developing a new banded system based on the current costs of the Trust. By transferring £335,300 from the Schools Block to the High Needs Block through the use of the minus - 0.35% MFG at a cost of approximately £13.18 per pupil. Option 4c in Table 19 and on Table B. Or:</li> </ul>	Y=3	N=25
	<ul style="list-style-type: none"> <li>Increasing the funding to the Trust by developing a new banded system based on the Mary Rose Academy rates. By transferring £594,800 from the Schools Block to the High Needs Block through the use of the minus - 0.63% MFG at a cost of approximately £23.48 per pupil. Option 4d in Table 19 and on Table B.</li> </ul>	Y=3	N=25

Please add any further comments

**Maintained Infant 1** - see comments under 2

**Maintained Primary 1** - see comments under 2.

**Trust 1 (3 Schools)** raised 5 points:

1. We agree that a new banding system is put in place for all our academies so it is funded on need and not location.



2. Year on year the complexity of new students attending the academies becomes more significant, and the resources that are required to allow to access their education are not taken into consideration.
3. We have submitted budgets and case studies showing the costings required to fulfil our statutory obligations for the students and an additional £594,800 is required.
4. We have undergone a review commissioned by the ESFA who have validated that the academies financial situation is based on the funding deficit for our most vulnerable and complex students and is not due to the need for a full restructure.
5. The need, health and safety and educational needs of our students is paramount to our request for additional funding to be granted.

**Maintained Secondary 1** - whilst in principle this is an area must consider supporting, I would appreciate a more detailed understanding of the financial situation within SAT.

**Maintained Infant 2** - See previous comments

**Academy Secondary 1** - Solent Academies Trust continually petitions for increased funding, revenue + capital. We have outstanding provision in this area in the city & it is my opinion that a compromise to reflect the reduced funding available in education is necessary in special schools as well as mainstream school.

**Maintained Infant 3** - It is not appropriate for any funding from the School's Block to be transferred to the High Needs Block. The Local Authority will need to seek additional funding from the government. We should not be disadvantaging other pupils by diverting funds from schools into the High Needs Block.

**Maintained Junior 3** - The majority of mainstream schools are restructuring due to falling relative funding despite the increasing provision required for SEND pupils. We can no longer use our funding to support the needs of pupils at the trust without jeopardising the quality of education at our own schools.

**Maintained Infant 4** - See comments under 2.

**Trust 2 (3 Schools)** - The principle of this we can support but as mentioned earlier, the cumulative impact of so many cuts to our own budget would quickly begin to impact on our delivery of provision to all of our pupils.

- However, we do not have a detailed understanding of the exact circumstances of each of these schools.
- Are their funding issues genuine or perceived?
- Can their schools become more efficient?
- Have they had for example an SRMA visit from a SEN specialist, and if so what were the headline outcomes?
- Are there efficiencies to be made?
- or do they have a genuine unavoidable funding crisis which needs our support from all schools in Portsmouth?

These comments are not intended to be critical or judgemental of the circumstances, but simply to ask questions.

**Trust 3 (2 Schools)** - Need to see evidence of cost of special school places from other authorities.

**Maintained Infant 5** - See comments under 2.

**Maintained Primary 3** - This again seems to imply schools are funding an academy.

Harbour Schools had to restructure in order to meet their budget demands, This should be considered for Solent Trust too.			
<b>Special Schools - Place funding - Section 3.8</b>			
6	Do you support the transfer of £81,600 from the Schools Block to the High Needs Block through the use of a minus -0.09% MFG at a cost of approximately £3.39 per pupil? Option 5 in Table 19 and Table B.	Y=6	N=18
<p>Please add any further comments</p> <p><b>Maintained Primary 1</b> - see comments under 2. Trust 1 (3 Schools) - N/A</p> <p><b>Maintained Secondary 1</b> - another live and ongoing issue.</p> <p><b>Maintained Primary 2</b> - The schools block <b>MUST NOT</b> be used to fund the high needs block. Mainstream schools are under too much strain, which will only increase over the next few years. Central government and members need to realise that and not think they can take more money from mainstream to fund high needs.</p> <p><b>Maintained Junior 2</b> - see comments under 2</p> <p><b>Maintained Infant 3</b> - It is not appropriate for any funding from the School's Block to be transferred to the High Needs Block. The Local Authority will need to seek additional funding from the government. We should not be disadvantaging other pupils by diverting funds from schools into the High Needs Block.</p> <p><b>Maintained Infant 4</b> - See comments under 2.</p> <p><b>Trust 2 (3 Schools)</b> - The principle of this we can support but as mentioned earlier, the cumulative impact of so many cuts to our own budget would quickly begin to impact on our delivery of provision to all of our pupils.</p> <p><b>Trust 3 (2 Schools)</b> - See previous answers.</p> <p><b>Maintained Infant 5</b> - See comments under 2.</p> <p><b>Maintained Primary 3</b> - If this funding is to support the new special free school and is only for one year I would agree. But if it was continued beyond 2020-21 I would disagree.</p> <p>Where does the new funding announced by the government go – is to the high needs block. We don't know amounts or implications so many of these questions could be being asked too early and as such given the wrong response.</p>			
<b>Post 16 Colleges - Section 3.9</b>			
7	Do you support the transfer of £152,600 from the Schools Block to the High Needs Block through the use of a minus -0.16% MFG at a cost of approximately £6.02 per pupil? Option 6 in Table 19 and Table B.	Y=3	N=25
<p>Please add any further comments</p> <p><b>Maintained Infant 1</b> - See comments under 2.</p> <p><b>Maintained Primary 1</b> - see comments under 2.</p> <p><b>Trust 1 (3 Schools)</b> - N/A</p> <p><b>Maintained Primary 2</b> - The schools block <b>MUST NOT</b> be used to fund the high needs block. Mainstream schools are under too much strain, which will only</p>			

increase over the next few years. Central government and members need to realise that and not think they can take more money from mainstream to fund high needs.

**Maintained Secondary 1** - Post 16 providers have seen some of the biggest cuts.

**Maintained Junior 2** - see comments under 2

**Maintained Infant 2** - See previous comments. There simply is not enough money being provided by Central Government for children and young adults with SEND. We need to continue to send that clear message that we will be unable to support this vulnerable group without significant additional funding. Diverting money from our mainstream pupils is not the answer.

**Maintained Infant 3** - It is not appropriate for any funding from the School's Block to be transferred to the High Needs Block. The Local Authority will need to seek additional funding from the government. We should not be disadvantaging other pupils by diverting funds from schools into the High Needs Block.

**Maintained Junior 3** - This is simply based on the lack of affordability to schools

**Maintained Infant 4** - See comments under 2.

**Trust 2 (3 Schools)** - The principle of this we can support but as mentioned earlier, the cumulative impact of so many cuts to our own budget would quickly begin to impact on our delivery of provision to all of our pupils.

**Trust 3 (2 Schools)** - Supported as a one-off "growth" area.

**Maintained Infant 5** - See comments under 2.

**Maintained Primary 3** - Post 16 funding should be used.

#### Transfer from the Early Years Block - Section 3.11

8	Do you support the transfer of £58,500 from the early years block to the High Needs Block through the reduction of the centrally retained funding as set out in Tables 11 and 12?	Y=18	N=8
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Please add any further comments

**Trust 1 (3 Schools)** - we have an increased number of students that has been commissioned for early years and this would help??

**Maintained Secondary 2** - cost neutral.

**Trust 2 (3 Schools)** - The principle of this we can support but as mentioned earlier, the cumulative impact of so many cuts to our own budget would quickly begin to impact on our delivery of provision to all of our pupils.

**Maintained Primary 3** - There was no explanation on why the LA has held on to 0.22 per pupil funding.

If it is just sitting in an account then I agree.

However, if EY team have needs for this funding but it hasn't been made transparent here I disagree."

<b>Schools Block proposals</b>			
<b>Growth funding - Secondary Schools - Section 4</b>			
9	Which of the following proposals relating to changes to the Secondary lump sum payment of the growth fund do you support? Please rank in order of preference with 1 being your preferred choice and 4 being your least preferred choice.		
		Average score	Priority
	1. Do nothing, maintain current funding rate of £79,800 lump sum (section 4.2.2 1). Or:	2.00	1
	2. Use the basic per pupil entitlement to increase the lump sum to £115,900 and fund by using a minus -0.15% MFG at a cost of £5.65 per pupil (section 4.2.2 2). Or:	2.45	3
	3. Use an average per pupil rate to provide a secondary lump sum of £153,900 and fund by using a minus -0.34% MFG at a cost of £12.80 per pupil (section 4.2.2 3). Or:	2.73	4
	4. Increase the lump sum to £84,000, which remains within the affordability of the budget (section 4.2.2 4).	2.18	2
<p>Please add any further comments</p> <p><b>Academy Secondary 1</b> - I note that this consultation does not highlight the hugely disproportionate impact on academies of local authority agreed growth using the current methodology. Children should not be disadvantaged as a result of school governance by any local authority decisions regarding financial allocation. It is my opinion that the local authority should fully fund the basic needs for places within the city &amp; not take advantage of the funding mechanisms to divert this funding elsewhere. The previous underspends on growth fund allocation could have been used to carry forward against this potential increase above. I am disappointed by the manner in which this has been presented at consultation &amp; with the limited explanations within the consultation document.</p> <p><b>Maintained Junior 3</b> - The growth fund has been adjusted for secondary schools already. I don't see the need to adjust this again. Primary schools who have been through the growth fund also had concerns about short-term costs not being sufficient but soaked these costs up.</p> <p><b>Trust 2 (3 Schools)</b> - For us, this would be of benefit with the gains outweighing the cost from a selfish perspective. However it might also be important to consider reviewing rates on an annual basis moving forward based on government funding levels.</p> <p><b>Trust 3 (2 Schools)</b> - Asking schools to increase numbers to solve a Portsmouth places issue and then lagging the appropriate funding for a whole year (in the case of academies) is just plain wrong. Option 3 is the fairest way of ensuring that the money reaches the schools where the students actually are!</p> <p><b>Trust 4 (8 Schools)</b> - Overall comment – Although we recognise the need to fund high needs provision, and therefore have provided a response to the priorities for</p>			

additional funding if this is received, we are unable to support a reduction in mainstream funding to fund high needs because of the impact on already overstretched school budgets."

**Academy secondary 2** - As a school rapidly growing in student numbers, number 3 is the fairest option for fairly funding these places so we can provide the best education for our students. If we are being asked to take on extra students then we should be allocated the right amount of money to educate them properly.

<b>Prioritisation of additional funding</b>		
<p>To help us focus the additional funding on those areas which reflect the priorities of the Schools in the City please put a number against each of the options below, with 1 being the most important and where the additional funding should be used first and 13 being the least important.</p>		
Options	Average score	Priority
Pupils at Mainstreams schools with EHCP - no banding	4.64	3
Pupils at Mainstreams schools with EHCP - with banding	2.50	1
Pupils in specialist independent provision (Out of City)	6.78	8
Special schools Element 3 Top-up (increased numbers and complexity)	8.10	10
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on current banding rates	6.89	9
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on increased banding rates	10.10	12
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on Mary Rose banding rates	11.80	13
Additional special school places	4.45	2
Post 16 colleges additional places and associated Element 3 top-up	9.30	11
Early years complex needs inclusion fund	5.70	4
Growth funding - Secondary unit rate of £115,900 (funded by any increase in the school block)	5.70	4
Growth funding - Secondary unit rate of £153,900 (funded by any increase in the school block)	6.20	6
Growth funding - Secondary unit rate of £84,000 (funded by any increase in the school block)	6.44	7

**Appendix 3**

**2020-21 Indicative budget share using 2020-21 indicative NFF and 1.84% minimum funding guarantee per pupil**





## Appendix 4:

### Suggestions identified at School Funding 2020-21 briefings (22 October 2019 and 23 October 2019)

1. Keep talking to Head-teachers about the issues - at Heads briefings
2. Look at support and provision without an EHCP
3. The current fragmented system puts additional requirements to support pupils through the transition between school phases e.g. infant to junior, junior to secondary. By looking at structural changes and all through schools there will be more consistency for pupils, earlier intervention to resolve issues and enable schools to be more flexible with their funding.
4. Incentivise Head teachers to be inclusive by offering funding to keep pupils in mainstream school. Whilst the authority has a number of Inclusion Centres, most schools probably run their own internal inclusion centre to support pupils with SEND.
5. Look at doing work with children before they get to school so that they are ready to learn. Alison Jeffery informed the group of Enhanced Child Health Offer (ECHO) for 0-5 year olds. Which looks to target support for good parenting, health visitors and mental health support to the most vulnerable children.
6. Review the projects being considered by other local authorities, e.g.:
  - Planning to bring pupils in out of City Independent Provision back into the City at change in Educational phases.
  - Increasing the capacity in the SEND team so they are able to attend annual reviews that are held in schools and put in more challenge in terms of the continuation of the EHCP and / or level of support
7. Request for more head teachers to support the SEN Inclusion Support Panel to ensure effective and appropriate Education Health and Care Plans
8. As the primary population drops in the city look at the long term use of primary buildings to support initiatives
9. Schools Forum can sit in isolation, look at having a regular session at Heads' briefings (Primary and Secondary) to communicate the current position and ask for input to future decisions

As part of future consultations either bring to heads' briefings or if timing doesn't allow for attendance at heads' briefings, put in separate briefings as part of consultation process

**Appendix 5 - Portsmouth Rates to National Funding Rates Comparison Table 2019/20 to 2020/21**

Funding Factors	Payable for:	Unit rate 2019/20*		Unit Rate 2020/21	
		Primary £	Secondary £	Primary £	Secondary £
<b>Basic Entitlement</b>					
Number on Roll (NOR)	Primary including reception	2,782		2,857	
NOR Key Stage 3	Key stage 3 pupils		3,863		4,018
NOR Key Stage 4	Key stage 4 pupils		4,386		4,561
<b>Deprivation</b>					
Free School Meals	Free School Meals (FSM)	440	440	450	450
Free School Meals Ever 6	Free School Meals Ever 6	540	785	560	815
IDACI F	Pupils with an IDACI score 0.20 to 0.25	200	290	210	300
IDACI E	Pupils with an IDACI score 0.25 to 0.30	240	390	250	405
IDACI D	Pupils with an IDACI score 0.30 to 0.35	390	515	375	535
IDACI C	Pupils with an IDACI score 0.35 to 0.40	560	560	405	580
IDACI B	Pupils with an IDACI score 0.40 to 0.50	715	600	435	625
IDACI A	Pupils with an IDACI score 0.50 to 1.0	950	810	600	840
<b>Prior attainment</b>					
Primary	Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)	1,050		1,065	
Secondary	Pupils not achieving the expected standard in Key Stage 2at either reading, writing or Maths		1,550		1,610
<b>English as an additional Language</b>	EAL eligible pupils who started school within the last 3 years	515	1,385	535	1,440
<b>Lump Sum</b>	Flat rate per school	110,000	110,000	114,400	114,400

\*Note: the 2019/20 primary rates represent the values for Portsmouth schools.

# 2020-21 School Funding Formula Stage 2

Consultation  
Autumn 2019



Portsmouth  
CITY COUNCIL

## **Funding Formula Consultation 2020-21**

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## 1 Introduction

### 1.1 Background

- 1.1.1 In May 2019 we consulted with schools regarding the direction of travel for the 2020-21 schools funding arrangements. This initial consultation was held without the benefit of any operational guidance issued by the Department for Education (DfE), which is not expected to be received until October 2019.
- 1.1.2 In the May consultation schools were asked for their feedback regarding the following proposals for the financial year 2020-21:
- Moving primary schools to the national funding formula
  - Continuing to use the minimum pupil level as set by the DfE
  - Setting the minimum funding guarantee at zero percent
  - Consider the potential transfer of up to 0.5% from the Schools Block to the High Needs Block.
- 1.1.3 Appendix A sets out the results of the consultation. Those schools that responded were broadly in favour of the proposals, but due to the lack of guidance from the DfE we did not ask Schools Forum to endorse any specific recommendations. We advised Schools Forum that we would take the results and comments of the May consultation forward to a further consultation with schools in the autumn term.
- 1.1.4 In addition to the mainstream formula a considerable amount of work has been undertaken reviewing the high needs budgets and the potential funding required for 2020-21.
- 1.1.5 Recent announcements regarding additional funding for both mainstream schools and SEND are welcomed, but at this stage the detail of how the funding will be allocated to authorities has not been published. Whilst the announcement includes additional funding for mainstream schools over a three year period to 2022-23, the announcement only includes additional SEND funding for 2020-21, and it should be assumed this will be cash flat for the 2021-22 and 2022-23 financial years. It is important to note that at the time of consulting with schools, the local authority will not know how much funding it will receive, and it is unlikely to know the final amount until December 2019.
- 1.1.6 As the proposals impact on mainstream and special schools it has been circulated to all maintained and academy mainstream and special schools in the City. We would encourage your feedback.
- 1.1.7 This consultation therefore focuses on the following areas:
- High needs pressure and the impact on the Schools Block

- The Growth funding from September 2020-21 and the impact on the Schools Block
- Prioritisation of proposals.

1.1.8 To help the authority to make informed proposals to take to the January 2020 Schools Forum this consultation asks for both feedback on the proposals and for schools to let us know their priorities for the additional SEND funding

## **1.2 Consultation Approach**

1.2.1 The School and Early Years Finance (England) Regulations require local authorities to consult with schools on any proposed changes to the local school revenue funding formula and if they are considering transferring funding from the Schools Block to the High Needs Block. This document forms part of that consultation process.

## **2 Management Summary**

2.1.1 The May 2019 consultation concentrated on the mainstream funding formula, in particular the continued transition of primary schools towards the National Funding Formula. This consultation concentrates on the High Needs elements of the 2020-21 DSG budget and provides options for funding the continued and growing pressures.

2.1.2 At the end of the summer term the cost of funding Education Health and Care plans is forecast to exceed the DSG High Needs Block funding by £833,700, this includes the £328,000 agreed in July to be covered by the carry forward when the budget was revised. At this stage of the budget setting process the 2020-21 high needs costs are set to exceed the funding available by £2.674m.

2.1.3 Whilst the Government have announced additional funding, the authority will not know how much extra funding will be received until December 2019. Therefore this consultation seeks the views of schools regarding their priorities of how the additional funding should be spent and the impact on schools if the option needs to be funded by a transfer from the Schools Block to the High Needs Block.

2.1.4 The table below sets out the options available, the funding that would be transferred, the impact per pupil and the section in the consultation where more detail can be found. Appendix B provides a list of questions and asks you to rate the options in order of your preference, your response will be used to guide the direction of travel in setting the 2020-21 budget. The impact on each school of each of the options are shown in Table B (attached).

<b>Table 1 - Per pupil and MFG Impact of each option</b>						
	<b>APT total to fund transfer to High Needs Block</b>	<b>MFG Rate</b>	<b>Funding released</b>	<b>Per pupil amount</b>	<b>% of Schools Block</b>	<b>Section reference</b>
		<b>%</b>	<b>£</b>	<b>£</b>	<b>%</b>	
1	EHCP mainstream schools - no band	-0.58	546,239	21.70	0.47%	3.3
1a	EHCP mainstream schools - With band	-0.33	312,799	12.42	0.27%	3.4
2	Out of City placements	-0.30	284,363	11.30	0.24%	3.5
3	Special School Top-up	-0.75	698,920	27.76	0.60%	3.6
4	SAT increased rates					3.7
4a	- Do nothing	0	0	0	0	
4b	- Weighted average	0	0	0	0	
4c	- New banded system	-0.35	331,757	13.18	0.29%	
4d	- Mary Rose rates	-0.63	591,145	23.48	0.51%	
5	Special School place funding	-0.09	85,309	3.39	0.07%	3.8
6	Post 16 Colleges	-0.16	151,660	6.02	0.13%	3.9
7	Growth Funding					4
7a	- Option 2	-0.15	142,181	5.65	0.12%	
7b	- Option 3	-0.34	322,278	12.80	0.28%	
7c	- Option 4	0	0	0	0	
	<b>MFG and per pupil impact of 0.5% school block and -1.5% MGF</b>					
	APT - adjustment for 0.5 % of Schools Block	-0.62	582,164	23.12	0.50%	
	APT - funding released from -1.5% of MFG	-1.50	1,277,505	50.74	1.10%	

### **3 High needs pressures 2019-20 and 2020-21**

#### **3.1 Vision**

3.1.1 The aim of the special educational needs and disability (SEND) strategy is to promote inclusion and improve the outcomes for Portsmouth children and young people aged 0-25 years with SEND and their families.

3.1.2 In order to improve outcomes, we aim to ensure that we have in place a continuum of high quality support services that contribute to removing the barriers to achievement for all Portsmouth children and young people, in particular those with special educational needs and disabilities. This includes: enabling children and young people to lead healthy lives and achieve wellbeing; to benefit from education or training with support, if necessary; to ensure that they can make progress in their learning; to build and maintain positive social and family relationships and to develop emotional resilience

and make successful transitions to employment, higher education and independent living.

- 3.1.3 It is our ambition in Portsmouth that children and young people's special educational needs will be identified early so that a high quality and co-ordinated offer of support can be put in place that meets the child's needs and enables them to achieve positive outcomes as they prepare for adulthood.
- 3.1.4 In order to achieve this, we will work in partnership to jointly provide a comprehensive continuum of support for children and young people across education, health and care. This offer of support will be published as the Portsmouth 'local offer' at [www.portsmouthlocaloffer.org/](http://www.portsmouthlocaloffer.org/)
- 3.1.5 We aim to work in coproduction with young people and their parents and carers to co-design this 'local offer' of support, and keep it under review to ensure that it continues to meet local needs and makes best use of the resources available.

## **3.2 Current Position**

- 3.2.1 Over recent years the authority has seen increasing pressure on the high needs budgets. Whilst funding has been increased since the introduction of the High Needs Block National Fair Funding Formula the authority has seen increasing numbers of pupils with Education Health and Care (EHC) plans along with increasing complexity of need, leading to increased costs over and above the funding provided.
- 3.2.2 At the end of the summer term 2019, the cost of funding EHC plans at both mainstream and special schools is forecast to overspend the 2019-20 high needs funding by £833,700. This includes the £328,000 agreed to be covered by carry forward for the revised budget, agreed in July 2019.
- 3.2.3 If expenditure continues to increase at the current rate and assuming that no further funding is available from the DfE then the authority's DSG budget will overspend by 2020-21 by £2.674m. The authority would then be required to bring the DSG into balance by reducing the funding to all schools, mainstream and special.
- 3.2.4 This consultation sets out the pressures on each of the main high needs budgets, what we are doing to try and manage them, and our proposals for funding the pressures.

## **3.3 Mainstream Education Health and Care plan Top-up funding**

- 3.3.1 Since the introduction of EHC plans this area of the budget has seen a steady increase over the last four years.



	Actual			Year on year movement			Percentage movement		
	Outturn	Pupils	Average cost per pupil	Outturn	Pupils	Average cost per pupil	Outturn	Pupil	Average cost per pupil
	£		£	£		£	%	%	%
Mar-15	587,467	182	3,228						
Mar-16	674,857	228	2,960	87,390	46	(268)	15%	25%	(8%)
Mar-17	872,124	303	2,878	197,267	75	(82)	29%	33%	(3%)
Mar-18	1,223,080	401	3,050	350,957	98	172	40%	32%	6%
Mar-19	1,556,205	471	3,304	333,124	70	254	27%	17%	8%

3.3.2 Table 2 provides the data behind the financial pressures, illustrating the increase in both the numbers and costs associated with mainstream Element 3 over the last 4 financial years. In previous years, underspends on other Element 3 budgets have covered the additional costs of the mainstream Element 3. However, these budgets are now facing their own pressures, and it is no longer possible to do this.

3.3.3 Table 3 below sets out the potential budget requirement if the level of growth continues at the same rate as in previous years.

	Actual/forecast	Pupils	Average cost per pupil	Additional funding requirement
	£		£	£
Mar-19	1,556,205	471	3,304	
Mar-20 <sup>1</sup>	1,980,060	553	3,579	423,855
Mar-21 <sup>2</sup>	2,519,359	554	4,544	539,299

3.3.4 Whilst it has been possible for the authority to manage any overspend on this budget in previous years, the flexibility is reducing due to the increased pupil numbers and level of need seen across all types of high needs provision.

3.3.5 The authority recognises the budgetary pressures being faced by schools across the city and is seeking a solution that will support schools and limit the impact on the authority's High Needs Block budget. The paragraphs below set out a proposed solution to come into effect from September 2020.

<sup>1</sup> Using the March 2019 data, assumes a 27% increase in forecast and a 17% increase in pupil numbers.

<sup>2</sup> Uses the March 2020 forecast and assumes a 27% increase in costs and a 17% increase in pupil numbers.

### 3.4 Introducing a banded mainstream EHCP system

- 3.4.1 During the summer 2018 the authority considered the option of implementing a banded funding method to fund pupils placed in mainstream schools with EHC plans. It was agreed with the Cabinet Member and Schools Forum that banding would not be introduced for the 2019-20 financial year.
- 3.4.2 However, feedback from schools suggested that the introduction of banded Element 3 top-ups would simplify the funding of mainstream pupils and provide greater flexibility for schools to manage both the support requirements and the associated banded funding for pupils with EHC plans.
- 3.4.3 A working group of Head-teachers and Special Educational Needs Co-ordinators reviewed the proposed banding criteria during the summer term 2019. Feedback from members of the working group was positive and the Head of Inclusion received a number of suggestions to further improve the criteria. Further work is being undertaken to agree and finalise the criteria with schools over the autumn term, with a proposed implementation date of September 2020.
- 3.4.4 The proposed banded approach is set out in Table 4 below. It seeks to redistribute the funding based on the July 2019 pupils and anticipated cost for a full financial year.

<b>Bands</b>	<b>Range</b>	<b>Current cost</b>	<b>FTE</b>	<b>% of FTE</b>	<b>Band Value</b>	<b>Total Cost</b>
		£			£	£
Core	£0-£500	4,079	19	4%	<b>0</b>	£0
Enhanced	£501-£3000	205,285	107	26%	<b>1,900</b>	202,358
Exceptional	£3,001-£5,000	683,586	170	41%	<b>4,000</b>	681,326
Exceptional Plus	£5,001 - £7,000	537,237	90	22%	<b>6,000</b>	540,312
Highly exceptional	£7,001 & above	237,565	29	7%	<b>8,100</b>	238,451
<b>Total</b>		<b>1,667,752</b>	<b>415</b>	<b>100%</b>		<b>1,662,447</b>
<b>Net change</b>						<b>(5,305)</b>
<b>Average cost per pupil</b>		<b>4,015</b>				<b>4,002</b>

- 3.4.5 Table 5 summarises the impact on schools if the proposed banding rates had been implemented for the full year as at July 2019 whilst Table B (attached) illustrates the potential impact on individual schools.

<b>Table 5 - impact of banding on school budgets</b>	
No. of school who will see an increase	24
No. of schools who will see a decrease	34
Number of schools where the increase is > £2,000	5
Number of schools where the decrease < -£2,000	5
Largest increase per school	£5,416
Largest decrease per school	<b>-£3,527</b>

3.4.6 The table below illustrates the forecast impact assuming a 17% Growth in Full Time Equivalent (FTE) and an 8% growth in average cost applied to the July 2019 data set. This shows that if banding was applied, the growth in per pupil costs would remain at an average of £4,002 but funding would increase due to a growth in numbers. For the purpose of this illustration it is assumed the mix regarding the level of need remains the same.

<b>Table 6 - Impact of banding on EHCP mainstream funding including growth</b>						
<b>Bands</b>	<b>Range</b>	<b>Current cost</b>	<b>FTE</b>	<b>% of FTE</b>	<b>Band Value</b>	<b>Total Cost</b>
		£			£	£
Core	£0-£500	5,155	22	4%	0	0
Enhanced	£501-£3000	259,398	125	26%	1,900	236,759
Exceptional	£3,001-£5,000	863,779	199	41%	4,000	797,151
Exceptional Plus	£5,001 - £7,000	678,852	105	22%	6,000	632,165
Highly exceptional	£7,001 & above	300,187	34	7%	8,100	278,987
<b>Total</b>		<b>2,107,371</b>	<b>486</b>	<b>100%</b>		<b>1,945,063</b>
<b>Net change</b>						<b>(277,311)</b>
<b>Average cost per pupil</b>		<b>4,336</b>				<b>4,002</b>

3.4.7 Table 7 forecasts the 2019-20 position (based on July 2019 data and forecast growth) and rolls forward the growth assumptions and proposed banding to illustrate the impact of the proposed implementation from September 2020 and the full year impact in 2021-22.

<b>Table 7 - Estimated impact of Mainstream EHCP Banded Element 3 top-up 2020-21 and 2021-22</b>				
<b>Financial year end</b>	<b>Estimated expenditure</b>	<b>FTE</b>	<b>Av. cost per pupil</b>	<b>Additional Funding requirement</b>
	<b>£</b>		<b>£</b>	<b>£</b>
Mar-20 <sup>3</sup>	1,960,831	462	4,240	547,231
Mar-21 <sup>4</sup>	2,269,571	541	4,195	308,740
Mar-22 <sup>5</sup>	2,533,639	633	4,002	264,068

3.4.8 The impact of the proposed move to a banded system would save £238,491 in 2020-21 and a further £44,672 in 2021-22. The cost to schools of moving to a banding system would be a reduction of £12.42 per pupil in 2020-21, which would be managed by reducing the MFG from 0% to minus -0.33% (0.27% of the Schools Block).

3.4.9 The impact of not moving to a banding system would require a transfer of £547,231 (£21.70 per pupil) from the Schools Block to the High Needs Block (0.47% of the Schools Block). This would be managed by reducing the MFG from 0% to minus -0.58% in 2020-21.

3.4.10 The consultation proposes that a banding system is introduced from September 2020, the rates for which would be confirmed by Schools Forum and the Cabinet Member for Education following the receipt of the DSG notification in December 2019. Should this be implemented, the impact on the funding required to be transferred from the Schools Block would be reduced.

### **3.5 Independent specialist provision (Out of City)**

3.5.1 Whilst in previous years the Independent specialist provision has seen fairly stable numbers there has been an increase in the average cost, particularly in 2019-20.

3.5.2 This has led to an increase in the average cost per pupil which when forecast for the full year impact, is a potential increase in annual costs of £284,100 per annum. Table 8 below sets out the impact of recent trends in pupil numbers and costs, including the forecast impact on 2019-20 and a small increase in 2020-21.

<sup>3</sup> Assumes July 19 pupils (415) for 5 months and expected growth in pupil numbers (486) for 7 months based on current funding arrangements.

<sup>4</sup> Assumes the proposed banding methodology will be implemented from September 2020, 5 months based on current arrangements and 7 months banded funding methodology

<sup>5</sup> Full year impact of banded funding methodology

	Actual			Year on year movement			Percentage movement		
	Outturn/ Forecast	Pupils	Average cost per pupil	Outturn/ Forecast	Pupils	Average cost per pupil	Outturn/ Forecast	Pupils	Average cost per pupil
	£		£	£		£	%	%	%
Mar-15	1,603,946	33	48,604						
Mar-16	1,646,500	38	43,329	42,554	5	(5,275)	3%	15%	(11%)
Mar-17	1,810,433	38	47,643	163,934	0	4,314	10%	0%	10%
Mar-18	1,770,600	37	47,854	(39,833)	(1)	211	(2%)	(3%)	0%
Mar-19	2,001,236	43	46,540	230,636	6	(1,314)	13%	16%	(3%)
Mar-20	2,618,194 <sup>6</sup>	41	63,858	616,958	(2)	17,318	31%	(5%)	37%
Mar-21	2,902,342	43	67,536	284,148	2	3,677	11%	5%	6%

3.5.3 This budget supports a small cohort of the most vulnerable pupils in the City who are placed in specialist provision for either education, health or social care needs. Where pupils are placed with specialist providers for non-educational purposes the DSG will only fund the education elements of these placements and vice versa where pupils are placed for Educational reasons but have health and social care needs.

3.5.4 These placements are reviewed on a regular basis, but once a pupil is settled and doing well at the setting there are limited opportunities to move them back to in City provision. Therefore this budget is not expected to reduce in the foreseeable future and the additional costs need to be funded.

### **3.6 Special schools - Element 3 Top-up**

3.6.1 Over recent years the numbers of pupils placed in special schools across the City has increased. Whilst this has helped to cap the number of pupils placed in expensive independent specialist provisions, the level of complexity of pupil's needs have increased leading to more expensive placements.

3.6.2 The table below summarises the increase seen in place numbers and the associated Element 3 Top-up levels over the last five years.

<sup>6</sup> Forecast based on July 2019 data.

Financial year end	Actual /forecast			Year on year movement			Percentage movement		
	Expend.	Pupils	Av. cost per pupil	Expend.	Pupils	Av. cost per pupil	Expend.	Pupils	Av. cost per pupil
	£		£	£		£	%	%	%
Mar-15	3,984,257	469	8,495						
Mar-16	4,075,392	490	8,317	91,135	21	(178)	2%	4%	(2%)
Mar-17	4,544,486	502	9,062	469,094	12	745	12%	2%	9%
Mar-18	4,966,688	492	10,105	422,203	-10	1,043	9%	-2%	12%
Mar-19	5,527,542	506	10,924	560,853	15	819	11%	3%	8%
Mar-20 <sup>7</sup>	6,151,900	519	11,853	624,358	13	929	10%	3%	8%
Mar-21	6,846,591	532	12,870	694,691	13	1,017	11%	3%	9%

3.6.3 Using the current additional place numbers as at September 2019 and the bands agreed for September 2019 pupils Table 9 sets out the full year impact of the 2019-20 changes in 2020-21.

3.6.4 To fund the increased level of need it is proposed to set a minus MFG of -0.75% at an approximate cost of £27.76 per pupil (0.60% of the Schools Block).

### **3.7 Solent Academies Trust Top-up rates**

3.7.1 In May 2019 Solent Academies Trust contacted Portsmouth City Council regarding their long term financial sustainability, as they are facing a continued and growing financial deficit. The Trust requested an increase in the value of the banded funding rates to reflect the actual cost of educational provision at the Trust. To bring the Trust into a sustainable position in the academic year 2019-20 it would require approximately £335,300.

3.7.2 The authority moved from eight band levels of need (A to H) to a new three band level of need in September 2017. Currently the amount per band is different depending on the school they attend, rather than a standard amount per band of need.

3.7.3 It is therefore proposed to move the Trust to a single rate per band across all three schools based in Portsmouth (i.e. Mary Rose, Cliffdale and Redwood Park), so that a pupil will receive the same level of funding related to their need rather than where they are placed.

<sup>7</sup> Forecast position for Portsmouth City Council commissioned pupils as at the July 2019 class list and the September 2019 class list.

3.7.4 Using the three year budget provided by the Trust the authority has modelled a number of potential funding values for each band. The options and their potential impact are listed below:

**a Do nothing**

- The Trust continues to go into deficit and will require a major restructure to bring the budget back into line with funding.

**b Use a weighted band based on the current top-up values**

- This would even out the funding across the schools and would not provide any additional funding to the Trust other than that associated with an increased level of need for individual pupils. The Trust would continue to go into deficit and will require a major restructure to bring it back into line with the funding available.

**c Develop a new banded system based on the current and future costs of the Trust.**

- The authority has produced a financial model which has identified the potential top-up rate required across the Trust to bring them to a breakeven position. This would be at an additional cost to the High Needs Block of approximately £335,300 for a full year.

**d Use the existing rates of one of the schools within the Trust across all the schools in the Trust.**

- A review of the banded rates for all of the Portsmouth SAT schools identified that Mary Rose and Willows at Cliffdale have the highest rates whilst Redwood and Cliffdale rates were lower. To move all schools to either the Redwood or Cliffdale rates would reduce the overall funding available to the Trust putting them in a worse financial position than the do nothing option. The authority tested the viability of moving all the Schools to the Mary Rose rates, the results of which would cost £594,800. Whilst this would provide the Trust with enough funding to make it financially sustainable it would be unaffordable for the authority.

3.7.5 The authority has not currently proposed an option to the Trust as it is an issue of overall affordability, the outcomes from this autumn consultation with schools, and the level of additional funding provided by the DfE. The table below sets out the four options and their potential impact on the Schools Block.

<b>Table 10 - Solent Academies Trust - Trust wide banding system</b>				
	<b>Options</b>			
	<b>Option a £</b>	<b>Option b £</b>	<b>Option c £</b>	<b>Option d £</b>
Total cost per year	5,160,228	5,160,228	5,495,600	5,755,100
Funding available	5,160,228	5,160,288	5,160,288	5,160,288
<b>Additional cost</b>	<b>0</b>	<b>0</b>	<b>335,312</b>	<b>594,812</b>
<b>MFG Adjustment</b>	<b>0</b>	<b>0</b>	<b>-0.35%</b>	<b>-0.63%</b>
<b>Per pupil impact</b>	<b>0</b>	<b>0</b>	<b>£13.18</b>	<b>£23.48</b>
<b>Percentage of Schools Block</b>	<b>0</b>	<b>0</b>	<b>0.29%</b>	<b>0.51%</b>

### 3.8 Special Schools - place funding

- 3.8.1 A recent SEND accommodation strategic review identified that the level of growth for pupils with complex and complex plus needs would continue to increase in future years. Assuming the increased numbers are included in the October census the authority will receive funding via the High Needs Block. However, the funding will be lagged and the authority will be required to fund the first year of any additional places. This will include the place funding for the new special free school being built by the Department for Education at Wymering, or any proposed changes to the number of places in the City's special schools or inclusion centres.
- 3.8.2 The 2019-20 revised budget agreed in July included an increase of 23 places at the City's special schools. This was funded from the 2018-19 carry forward. The 2020-21 budget contains the full year effect of these additional places at a cost of £81,600. This is an on-going cost to the authority and needs to be funded.
- 3.8.3 The cost of funding these places would be a minus -0.09% MFG adjustment which would equate to approximately £3.39 per pupil (0.07% of the Schools Block).

### 3.9 Post 16 Colleges

- 3.9.1 The 2018-19 academic year saw an increased number of pupils with EHC plans in further education institutions. Although the percentage of pupils with EHC plans in the post-16 population has remained stable at 28% over recent years, the increase in age range to 25 for SEND support and the growth in the general post-16 population is supporting a forecast increase in pupil numbers for the 2019-20 and 2020-21 academic years.
- 3.9.2 The local authority is responsible for paying the place funding for the two FE colleges located in the City along with the Element 3 top-up for Portsmouth pupils attending colleges both within the city or other local authority areas.



3.9.3 If the number of pupils attending college continues to grow in line with the general post-16 population then the estimated increase in cost will be around £152,603. The cost of funding this would be around £6.02 per pupil and would mean setting a -0.16% MFG (0.13% of the Schools Block).

### 3.10 Early Years Inclusion fund Complex Needs

3.10.1 In July 2019 Schools Forum endorsed and the Cabinet Member approved the set-up of an early years complex needs inclusion fund of £90,000 to support pupils with complex needs in mainstream settings. During 2019-20 this has been funded partially through the savings of Willows pupils (£30,000) transferring to Cliffdale Primary Academy at Mary Rose rates, and partially through the use of the one off carry forward from 2018-19 (£28,000). This approach is not sustainable in the long term and an alternative solution is required.

### 3.11 Transfer of funding from the Early Years block

3.11.1 The current Early Years formula retains £0.22 of the hourly rate funded by the DfE for centrally provided services. It is proposed to utilise a proportion of this funding to support the Early Years complex needs inclusion fund in the High Needs Block.

3.11.2 This would reduce the percentage of funding that is retained for central services and increase the funding received by settings in the city. The tables below set out the current 2, 3 and 4 year old funding arrangements and the proposed changes for 2020-21.

<b>Table 11 - 2019-20 allocation of the funded hourly rate for 2, 3 and 4 year olds</b>				
	<b>3 and 4 year olds</b>		<b>2 year olds</b>	
	<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
Early Years block hourly funding rate	<b>4.69</b>	<b>100</b>	<b>5.43</b>	<b>100</b>
<b>Allocation of funding</b>				
Basic hourly rate per pupil	4.17	88.91	5.04	92.82
Deprivation average hourly rate	0.20	4.26	-	-
SEN Inclusion fund	0.04	0.85	0.04	0.74
Growth fund	0.06	1.28	0.13	2.39
<b>Total funding passed to settings</b>	<b>4.47</b>	<b>95.31</b>	<b>5.21</b>	<b>95.95</b>
Central retained funding	0.22	4.69	0.22	4.05
<b>Total</b>	<b>4.69</b>	<b>100.00</b>	<b>5.43</b>	<b>100.00</b>

<b>Table 12 - 2020-21 Proposed allocation of the funded hourly rate for 2, 3 and 4 year olds</b>				
	<b>3 and 4 year olds</b>		<b>2 year olds</b>	
	<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
Early Years block hourly funding rate	<b>4.69</b>	<b>100</b>	<b>5.43</b>	<b>100</b>
Transfer to the High Needs Block	0.02	0.43	0.02	0.37
Hourly rate available for Early years block	<b>4.67</b>	<b>99.57</b>	<b>5.41</b>	<b>99.63</b>
<b>Allocation of funding</b>				
Basic hourly rate per pupil	4.17	89.29	5.04	93.16
Deprivation average hourly rate	0.20	4.28	-	-
SEN Inclusion fund	0.04	0.86	0.04	0.74
Growth fund	0.06	1.28	0.13	2.40
<b>Total funding passed to settings</b>	<b>4.47</b>	<b>95.72</b>	<b>5.21</b>	<b>96.30</b>
Central retained funding	0.20	4.28	0.20	3.70
<b>Total</b>	<b>4.67</b>	<b>100.00</b>	<b>5.41</b>	<b>100.00</b>

3.11.3 The proposed transfer of £0.02 of each funded hour will provide approximately £58,500 of additional funding to the High Needs Block. This funding will support the Early Years Complex Needs Inclusion fund, going directly to the early year's mainstream settings that support pupils with complex needs across the city.

3.11.4 Whilst this would release High Needs Block funding to support other pressures, there will be a pressure in the early years budget. A reduction in this budget could impact on the level of support provided to early year's settings with regards to childcare payments, advice regarding quality and ensuring sufficiency of places.

#### **4 Growth funding - September 2020.**

##### **4.1 Background**

4.1.1 In spring 2019 the authority consulted and adopted changes to the growth funding arrangements for schools who are increasing their Published Admission Numbers (PAN) due to basic need.

4.1.2 Since the adoption of the revised payments, there have been a number of challenges regarding the level of funding provided in particular for secondary schools who are seeing considerable growth over future years.

4.1.3 The current growth fund (introduced from September 2019) expenditure is forecast at £435,100 for 2019-20 with an underspend of £319,300

and is currently partially offsetting the in-year overspend on the High Needs Block.

4.1.4 The growth funding received in 2019-20, as part of the overall Schools Block formula, is expected to decrease in future years as the impact of the University Technical College (UTC) and Mayfield completing the move to an all through school is removed from the pupil numbers. The table below sets out the expected change in the central funding.

<b>Table 13 - Growth funding available from the DfE as part of the Schools Block</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Growth funding received from the DfE	1,042,400	810,750	687,450	687,450	687,450
Implicit growth (Mayfield 35 pupils 7 mths.)	(121,500)	(121,500)	0	0	
Top-sliced to support mainstream 0.5% MFG increase	(267,700)	(267,700)	(267,700)	(267,700)	(267,700)
<b>Funding available for Growth</b>	<b>653,200</b>	<b>421,550</b>	<b>419,750</b>	<b>419,750</b>	<b>419,750</b>
Plus recoupment reduction for Apr to Aug Academy Growth	101,200	191,400	244,400	244,400	161,300
<b>Total Growth Fund</b>	<b>754,400</b>	<b>612,950</b>	<b>664,150</b>	<b>664,150</b>	<b>581,050</b>

4.1.5 Using the 2019-20 growth fund values for the 2020-21 financial year will give an estimated underspend of £26,300. Any increase in growth fund values paid to schools would therefore have to be funded from schools budgets through using a minus MFG.

4.1.6 As the majority of primary pupil growth is moving to the secondary sector, it is not proposed to make any changes to the primary rate of £60,900 per 30 pupils, but will concentrate on the impact in the secondary sector. There is no proposal to change the criteria for accessing the Growth Fund.

## 4.2 Secondary proposals

4.2.1 The current funding rate of £79,800 for a class of 30 pupils equates to £2,660 per pupil. Whilst the secondary school growth funding value reflects the funding variation between primary and secondary schools' individual budgets of 1.32%<sup>8</sup>, secondary schools are concerned that the funding does not reflect the specialist teachers required to deliver the curriculum range at secondary level.

4.2.2 The potential options are set out below along with the forecast financial impact on both the current projected growth funding and the per pupil

<sup>8</sup> Funding ratio that reflects the level of funding of secondary schools compared to primary as per the 2019-20 individual schools budgets.

reduction required via the minimum funding guarantee to fund any shortfall.

1. Do nothing. Whilst there is an underspend in 2019-20 this is reduced in 2020-21 due to a reduced level of funding being received from central government. Table 13 below sets out the forecast impact. This option will ensure the authority has some capacity to partially fund any future growth.

<b>Table 14 - Growth fund Option 1</b>				
	<b>Current growth fund</b>			
	<b>Financial Year</b>			
	<b>19-20</b>	<b>20-21</b>	<b>21-22</b>	<b>21-23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total cost per year	435,063	586,600	635,600	495,950
Funding available	754,400	612,950	664,150	664,150
<b>(Surplus) / Deficit</b>	<b>(319,338)</b>	<b>(26,350)</b>	<b>(28,550)</b>	<b>(168,200)</b>
<b>Per pupil adjustment</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

2. Using the basic per pupil key stage three national fair funding value of £3,863 per pupil to give an annual secondary lump sum of £115,900.

<b>Table 15 - Growth fund Option 2</b>				
	<b>Banded Lump Sum</b>			
	<b>Financial Year</b>			
	<b>19-20</b>	<b>20-21</b>	<b>21-22</b>	<b>21-23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total cost per year	435,063	755,000	909,350	706,550
Funding available	754,400	612,950	664,150	664,150
<b>(Surplus) / Deficit</b>	<b>(319,338)</b>	<b>142,050</b>	<b>245,200</b>	<b>42,400</b>
Per pupil adjustment	0.00	5.65	9.74	1.68

3. A secondary lump sum of £153,900 calculated using an average per pupil rate from the 2019-20 total individual school budget funding to secondary schools for:
  - basic entitlement,
  - deprivation
  - English as a second language and;
  - low prior attainment.

<b>Table 16 - Growth fund option 3</b>				
	<b>Banded Lump Sum</b>			
	<b>Financial Year</b>			
	<b>19-20</b>	<b>20-21</b>	<b>21-22</b>	<b>21-23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total cost per year	435,063	932,600	1,197,550	928,150
Funding available	754,400	612,950	664,150	664,150
<b>(Surplus) / Deficit</b>	<b>(319,338)</b>	<b>319,650</b>	<b>533,400</b>	<b>264,000</b>
Per pupil adjustment	0.00	12.70	21.19	10.49

4. A per pupil funding rate of £2,800, adjusted for affordability, to provide a lump sum of £84,000.

<b>Table 17 - Growth fund option 4</b>				
	<b>Banded Lump Sum</b>			
	<b>Financial Year</b>			
	<b>19-20</b>	<b>20-21</b>	<b>21-22</b>	<b>21-23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total cost per year	435,063	606,200	667,450	520,450
Funding available	754,400	612,950	664,150	664,150
<b>(Surplus) / Deficit</b>	<b>(319,338)</b>	<b>(6,750)</b>	<b>3,300</b>	<b>(143,700)</b>
Per pupil adjustment	0.00	0.00	0.13	0.00

- 4.2.3 The tables above set out the impact of the proposals against the budget available. Consideration has been given to rolling forward the 2019-20 surplus to offset future year overspends but as set out in paragraph 4.1.3 it is expected the underspend will be required to offset the current high needs pressures within 2019-20.

## 5 Impact on the Schools Block

- 5.1.1 As stated above the cost of the pressures in 2019-20 have been met from the 2018-19 carry forward. This will reduce the carry forward for 2020-21 to an estimated £1.7m. The carry forward is one off funding and is used by the local authority to manage in year pressures and for supporting the initial funding of initiatives where the authority is funded on a lagged basis.
- 5.1.2 The regulations state that the authority is able to apply to transfer up to 0.5% or £580,423 (July 2019 DSG allocation<sup>9</sup>) of the Schools Block to the High Needs Block with Schools Forum approval, and if required the authority can apply to the Secretary of State for transfers above 0.5%.

<sup>9</sup> July 2019 DSG Schools Block allocation including academies £116,084,679

Table 18 below sets out the potential impact of the proposals and shows a current funding gap of between £1.999m and £2.674m, this would equate to between 1.72% to 2.30% of the Schools Block.

<b>Table 18 - 2020-21 pressures and percentage of funding required from Schools Block</b>					
<b>Option no.</b>	<b>Pressures to meet 2020-21</b>	<b>No adjustments</b>	<b>% of Schools Block</b>	<b>With adjustments</b>	<b>% of Schools Block</b>
		<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
1	EHCP mainstream schools - no banding	547,231	0.47%		
1a	EHCP mainstream schools - with banding			308,740	0.27%
2	Out of City placements	284,148	0.24%	284,148	0.24%
3	Special School Top-up	694,700	0.60%	694,700	0.60%
4	SAT increased rates				
4a	- Do nothing	0	0	0	0
4b	- Weighted average	0	0	0	0
4c	- New banded system	0	0	335,312	0.29%
4d	- Mary Rose rates	594,812	0.51%	0	0
5	Special School place funding	81,600	0.07%	81,600	0.07%
6	Post 16 Colleges	152,603	0.13%	152,603	0.13%
<b>Total High Needs Block</b>		<b>2,355,094</b>	<b>2.03%</b>	<b>1,857,103</b>	<b>1.60%</b>
7	Growth Funding				
7a	- Option 2	0	0.00%	142,050	0.12%
7b	- Option 3	319,650	0.28%	0	0.00%
7c	- Option 4	0	0.00%	0	0.00%
<b>Gross requirement</b>		<b>2,674,744</b>	<b>2.30%</b>	<b>1,999,153</b>	<b>1.72%</b>

5.1.3 As the current funding formula for mainstream schools is either at the national fair funding rates (Secondary) or moving towards the National Fair Funding rates (Primary), the only factor that offers any scope to reduce funding via the Schools Block is the minimum funding guarantee (MFG). Table 19 below sets out the impact of using the MFG to release Schools Block funding to transfer to the High Needs Block. The per-pupil amount shown relates to that particular option.

5.1.4 Further details regarding the impact on individual schools for each of the options is included in Table B.

<b>Table 19 - Per pupil and MFG Impact of each option</b>					
	<b>APT total to fund transfer to High Needs Block</b>	<b>MFG Rate</b>	<b>Funding released</b>	<b>Per pupil amount</b>	<b>% of Schools Block</b>
		<b>%</b>	<b>£</b>	<b>£</b>	<b>%</b>
1	EHCP mainstream schools - no band	-0.58	546,239	21.70	0.47%
1a	EHCP mainstream schools - With band	-0.33	312,799	12.42	0.27%
2	Out of City placements	-0.30	284,363	11.30	0.24%
3	Special School Top-up	-0.75	698,920	27.76	0.60%
4	SAT increased rates				
4a	- Do nothing	0	0	0	0
4b	- Weighted average	0	0	0	0
4c	- New banded system	-0.35	331,757	13.18	0.29%
4d	- Mary Rose rates	-0.63	591,145	23.48	0.51%
5	Special School place funding	-0.09	85,309	3.39	0.07%
6	Post 16 Colleges	-0.16	151,660	6.02	0.13%
7	Growth Funding				
7a	- Option 2	-0.15	142,181	5.65	0.12%
7b	- Option 3	-0.34	322,278	12.80	0.28%
7c	- Option 4	0	0	0	0
<b>MFG and per pupil impact of 0.5% school block and -1.5% MGF</b>					
APT - adjustment for 0.5 % of Schools Block		-0.62	582,164	23.12	0.50%
APT - funding released from -1.5% of MFG		-1.50	1,277,505	50.74	1.10%

5.1.5 As proposed in the May 2019 consultation we have used the minimum funding guarantee percentage to identify potential funding to transfer from the Schools Block. This means that instead of providing a neutral MFG of zero percent (0%) we would propose a negative MFG. So that schools can understand the impact on their individual funding, Table B (attached) provides more detail on a school by school level.

## **6 Financial Modelling of the impacts.**

6.1.1 To enable schools to understand the impact of the proposals for 2020-21 the following tables are attached:

- Table A - Proposed 2020-21 Funding Formula (neutral MFG) as pre the May 2019 consultation
- Table B - Indicative impact of the proposed options on a per school basis against the May 2019 consultation

- 6.1.2 Both tables A and B are based on the October 2018 census and do not include any adjustments for:
- Schools converting to academy status after 8 January 2019
  - Known changes in pupil numbers (e.g. Mayfield all through school)
  - Known changes in national non domestic rates (NNDR) due to conversion to academy status, revaluation or correction.
- 6.1.3 The tables have:
- Used the 2019-20 budget as the baseline to calculate the minimum funding guarantee at 0%
  - No cap on gains has been imposed for those schools that will see a gain in funding.
- 6.1.4 In light of the criteria set out in paragraphs 5.1.2 and 5.1.3 it should be noted that the budgets set out in Tables A and B are indicative only and subject to overall affordability following the receipt of the DSG funding allocation, expected in December 2019. It is hoped they will help schools in understanding the impact of the proposals on their schools.

## **7 Responding to the Consultation**

- 7.1.1 A consultation response is attached at Appendix 2 for schools to complete. As in previous years we have asked if you agree with the proposal and if you have any comments.
- 7.1.2 Whilst we know additional national funding has been announced, we do not know what the value of this will be for Portsmouth. Therefore we are asking you to indicate where you would like us to focus the additional funding by providing a priority order. This is vital as we will not be able to consult further with schools between the notification of the funding allocations and the deadline for submitting the budgets to the DfE. We will therefore be using your feedback to set the final budgets for 2020-21.**
- 7.1.3 The consultation will close on **Monday 30 September 2019**.
- 7.1.4 Please send your completed response forms to:-
- [schoolsfinancialsupport@portsmouthcc.gov.uk](mailto:schoolsfinancialsupport@portsmouthcc.gov.uk)
- 7.1.5 The responses to this consultation will be reported to both the Cabinet Member for Education and Schools Forum meetings in October 2019.



8 Appendix A

**2020-21 Results from May 2019 Consultation**

**Questions:**

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Funding Formula Proposals									
1	Do you agree with the proposal to implement the national funding factor funding rates for 2020-21 as set out in Table B	Maintained				Academy			
		Y		N		Y		N	
		Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
		1	2	2		8		4	
<p>Please add any further comments -</p> <p><b>Primary Maintained 1</b> - Due to the pressure on school budgets from increased costs (Sept 2018 Teachers pay increases with the grant only to Mar 202, changes /increases to support staff pay bands, increase in LGPS pension deficit funding etc.) we cannot support any reduction in funding rates.</p> <p><b>Primary Maintained 2</b> - Due to the pressure on schools budgets from increased costs such as the 2018 teachers pay increase, changes to support staff pay bands, increase in LGPS pension deficit funding we cannot support any reduction in funding rates.</p> <p><b>Academy Trust 1</b> - Yes to 1 as long as we also implement the 0% MFG in question 2 as the rates in table B are now 2 years old and so it is likely that the DfE will increase these to take in to account inflationary factors by the time the NFF is mandatory.</p> <p><b>Primary Maintained 3</b> - I accept that these are the given figures.</p>									

2	Do you agree to implement the MFG at 0% per pupil for 2020-21, subject to affordability?	Maintained				Academy			
		Y		N		Y		N	
		Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
		3				8		4	
<p>Please add any further comments -</p> <p><b>Secondary Academy 1</b> - I don't understand how this can be affordable in light of questions 3 &amp; 5.</p> <p><b>Academy Trust 1</b> - see 1 above</p> <p><b>Primary Maintained 3</b> - Tentatively agree given the current funding available. 0% MFG given rising costs will impact the quality of education.</p>									
3	Do you agree that the authority uses the MFG factor to maintain affordability by adjusting the rate between plus 0.5% and minus 1.5% per pupil for 2020-21?	Maintained				Academy			
		Y		N		Y		N	
		Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
			3	3		8		3	1
<p>Please add any further comments -</p> <p><b>Secondary Academy 1</b> - There is an issue of addressing the underfunding of the basic level of need in the city through the Growth Funding that needs addressing before this factor is determined.</p> <p><b>Primary Maintained 1</b> - See comments under 1.</p> <p><b>Academy Trust 1</b> - If it is necessary to change from 0% then the MFG would be the best place to adjust this.</p> <p><b>Primary Maintained 2</b> - same as comments in question 1</p>									

<b>Primary Maintained 3</b> - To have a calculation that would further reduce funding would again have an impact on resources and teaching quality.									
4	Do you agree to maintain the use of the minimum funding level per pupil?	Maintained				Academy			
		Y		N		Y		N	
		Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
		3				8		3	1
Please add any further comments -									
<b>Secondary Academy 1</b> - There are no valid arguments for funding KS4 pupils differently in KS4 schools only. This should be the same as all other secondary school. Similarly, all through schools should be funded for primary and secondary pupil's separately in line with the rest of the sector.									
<b>Academy Trust 1</b> - As set out in table C.									
<b>Primary Maintained 3</b> - Yes, however I do not agree with a model which proposes minus percentages.									
<b>Academy Trust 2</b> - Yes, definitely - for 3 of the 4 schools in question, I know it would be unsustainable for them, to withdraw it.									

5	Do you support the principle of transferring 0.5% funding from the Schools Block to the High Needs Block?	Maintained				Academy			
		Y		N		Y		N	
		Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
		1	2	2		8		3	1

Please add any further comments -

**Secondary Academy 1** - We have outstanding provision in the school sector and it is important that any reduction in High Needs Block spending is not achieved through reduction of top-up to mainstream schools, where provisioning for SEND is not as high quality, predominantly due to under resourcing. The DSG cannot support this transfer to the High Needs Block without continuing to disadvantage vulnerable children in mainstream.

**Primary Maintained 1** - The funding we receive for EHCP pupils is inadequate - Element 3 funding for a TA is £9 per hour which is below ALL support staff rates before allowing for on costs. We are already having to top this up from other funding - this funding should be retained in the Schools Block to support EHCP pupils in mainstream schools.

**Primary Maintained 2** - The funding we receive for EHCP is less than what we pay support staff already + the additional on costs. We have to sue other funding to top this up. Funding should be retained in the Schools Block to support EHCP pupils in mainstream schools.

**All Through 1** - Whilst this will negatively impact mainstream schools - it is the right thing to do.

**Academy Trust 1** - As a last resort if the authority is not able to fund this from elsewhere.

**Primary Maintained 3** - Money should go to areas most in need.

6	Do you have any other comments?	Maintained				Academy			
		Y		N		Y		N	
		Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
		1	2	2	1	6	2	3	1

Please add any further comments -

**Secondary Academy 1** - There is a body of work to be done on the Growth Fund methodology and High Needs Block spending before any of these decisions can be taken.

**Academy Trust 1** - Will PCC look to implement a level of split site funding as this is one of the factors within the NFF? There are significant costs in operating across split sites and therefore this puts pressure on the funding that is allocated on the basis of operating a single site.

**Primary Maintained 3** - Clearly funding for education has flat lined over many years and arguable has fallen. It is vital that schools with high EAL, deprivation, SEN, FSM receive a greater share to provide the children of these communities with life skills, aspirations, resources and a quality education. Education provides children to see outside and beyond their community boundaries, equip and promote them and change their circumstances for themselves and future generations.

**Primary Maintained 3** - Current funding for schools has reached tipping point and the government must address the current funding that schools receive particularly schools in less affluent areas.

9 Appendix B

**Questions:**

<b>High Needs Funding Proposals</b>			
<b>Mainstream Education Health and Care plans - section 3.3 and 3.4</b>			
1	Do you agree with the proposal to move to a banded funding system for pupils in mainstream schools with an EHCP as set out in section 3.4 from 1 September 2020?	Y	N
Please add any further comments			
2	Agree to support the provision of EHCP in mainstream schools by transferring funding from the Schools Block to the High Needs Block through:		
	<ul style="list-style-type: none"> <li>Using a minus -0.58% MFG adjustment at a cost of approximately £21.70 per pupil to provide £547,200 of funding to enable the continuation of an un-banded mainstream funding approach. Option 1 on Table 19 and Table B. Or:</li> </ul>	Y	N
	<ul style="list-style-type: none"> <li>Using a minus -0.33% MFG adjustment at a cost of approximately £12.42 per pupil to provide £308,700 of funding to enable the implementation of a banded mainstream funding approach Option 1a on Table 19 and Table B.</li> </ul>	Y	N
Please add any further comments			
<b>Independent Specialist Provision Section 3.5</b>			
3	Do you support the provision of education to pupils with highly complex needs at independent specialist provision through using a minus -0.30% MFG adjustment at a cost of £11.30 per pupil to transfer £284,100 of funding from the Schools Block to the High Needs Block. Option 2 in Table 19 and Table B.	Y	N
Please add any further comments			

<b>Special Schools - Element 3 Top-up - Section 3.6</b>			
4	Do you support the transfer of £694,700 from the Schools Block to the High Needs Block through the use of a minus -0.75% MFG adjustment at a cost of approximately £27.76 per pupil? To fund the additional Element 3 Top-up costs due to the increased numbers and needs of pupils in special schools. Option 3 in Table 19 and on Table B.	Y	N
Please add any further comments			
<b>Solent Academies Trust - Element 3 Top-up - Section 3.7</b>			
5	Do you support the introduction of single banding funding rates which reflect the level of need of the child rather than the location of the child across the special schools within the Solent Academies Trust? By either :		
	<ul style="list-style-type: none"> <li>Using a weighted based on the current top-up values and at no extra cost to the authority. (Section 3.7.4 b) <b>Or:</b></li> </ul>	Y	N
	<ul style="list-style-type: none"> <li>Increasing the funding to the Trust by developing a new banded system based on the current costs of the Trust. By transferring £335,300 from the Schools Block to the High Needs Block through the use of the minus -0.35% MFG at a cost of approximately £13.18 per pupil. Option 4c in Table 19 and on Table B. <b>Or:</b></li> </ul>	Y	N
	<ul style="list-style-type: none"> <li>Increasing the funding to the Trust by developing a new banded system based on the Mary Rose Academy rates. By transferring £594,800 from the Schools Block to the High Needs Block through the use of the minus -0.63% MFG at a cost of approximately £23.48 per pupil. Option 4d in Table 19 and on Table B.</li> </ul>	Y	N
Please add any further comments			

<b>Special Schools - Place funding - Section 3.8</b>			
6	Do you support the transfer of £81,600 from the Schools Block to the High Needs Block through the use of a minus -0.09% MFG at a cost of approximately £3.39 per pupil? Option 5 in Table 19 and Table B.	Y	N
Please add any further comments			
<b>Post 16 Colleges - Section 3.9</b>			
7	Do you support the transfer of £152,600 from the Schools Block to the High Needs Block through the use of a minus -0.16% MFG at a cost of approximately £6.02 per pupil? Option 6 in Table 19 and Table B.	Y	N
Please add any further comments			
<b>Transfer from the Early Years Block - Section 3.11</b>			
8	Do you support the transfer of £58,500 from the early years block to the High Needs Block through the reduction of the centrally retained funding as set out in Tables 11 and 12?	Y	N
Please add any further comments			



<b>Schools Block proposals</b>	
<b>Growth funding - Secondary Schools - Section 4</b>	
9	Which of the following proposals relating to changes to the Secondary lump sum payment of the growth fund do you support? <b>Please rank in order of preference with 1 being your preferred choice and 4 being your least preferred choice.</b>
	1. Do nothing, maintain current funding rate of £79,800 lump sum (section 4.2.2 1). Or:
	2. Use the basic per pupil entitlement to increase the lump sum to £115,900 and fund by using a minus -0.15% MFG at a cost of £5.65 per pupil (section 4.2.2 2). Or:
	3. Use an average per pupil rate to provide a secondary lump sum of £153,900 and fund by using a minus -0.34% MFG at a cost of £12.80 per pupil (section 4.2.2 3). Or:
	4. Increase the lump sum to £84,000, which remains within the affordability of the budget (section 4.2.2 4).
Please add any further comments	

## Prioritisation of additional funding

To help us focus the additional funding on those areas which reflect the priorities of the Schools in the City please put a number against each of the options below, with **1 being the most important and where the additional funding should be used first and 13 being the least important.**

Options	Funding requirement £	Priority
Pupils at Mainstreams schools with EHCP - no banding	547,200	
Pupils at Mainstreams schools with EHCP - with banding	308,700	
Pupils in specialist independent provision (Out of City)	284,100	
Special schools Element 3 Top-up (increased numbers and complexity)	694,700	
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on current banding rates	0	
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on increased banding rates	335,300	
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on Mary Rose banding rates	594,800	
Additional special school places	81,600	
Post 16 colleges additional places and associated Element 3 top-up	152,600	
Early years complex needs inclusion fund	58,500	
Growth funding - Secondary unit rate of £115,900 (funded by any increase in the school block)	142,100	
Growth funding - Secondary unit rate of £153,900 (funded by any increase in the school block)	319,700	
Growth funding - Secondary unit rate of £84,000 (funded by any increase in the school block)	0	



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Table with columns: LAESTAB, School Name, Number on Roll, May consultation total incl 0% MFG, and financial impact/revised totals for five scenarios: Option 6 - MFG -0.16%, Option 7a - MFG -0.15%, Option 7b - MFG -0.34%, 0.5% of school block - MFG -0.62%, and MFG -1.5%.



**Title of meeting:** Schools Forum

**Date of meeting:** 17 December 2019

**Subject:** Dedicated Schools Grant 2019-20 quarter one budget monitoring

**Report by:** Chris Ward, Director of Finance and Information Services

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

1.1. The purpose of this report is to inform Schools Forum of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2019-20 as at the end of June 2019.

**2. Recommendations**

It is recommended that Schools Forum:

2.1. Notes the forecast year-end budget position for the Dedicated Schools Grant as at 30 June 2019, together with the associated explanations contained within this report.

**3. Background**

3.1. The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.

3.2. The original DSG budget for the financial year 2019-20, was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2019. Further budget adjustments were agreed by the Cabinet Member and endorsed by Schools Forum in July 2019; whilst these were approved after the closure of the first quarter accounts, the adjustments have been included within the first quarter's monitoring to ensure the forecast reflects recent decisions. This report provides Schools Forum with the latest forecast estimate of the year-end outturn as at 30 June 2019.

3.3. Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30 June 2019.

<b>Table 1 - Dedicated Schools Grant</b>				
	<b>Original budget 2019-20 £000's</b>	<b>Revised Budget 2019-20 £000's</b>	<b>Projected outturn 2019-20 £000's</b>	<b>Projected over / (under) spend £000's</b>
<b>Income</b>				
DSG Brought forward 2018-19	0	(3,138)	(3,138)	0
DSG and other specific grants	<u>(72,309)</u>	<u>(70,012)</u>	<u>(70,012)</u>	<u>0</u>
<b>Total Income</b>	<b>(72,309)</b>	<b>(73,150)</b>	<b>(73,150)</b>	<b>0</b>
<b>Expenditure</b>				
Primary ISB	28,753	26,671	26,671	0
Secondary ISB	11,680	11,680	11,680	0
Special school place funding	1,578	1,411	1,411	0
Inclusion Centre Place funding	302	307	307	0
Alternative provision place funding	<u>1,090</u>	<u>1,090</u>	<u>1,090</u>	<u>0</u>
<b>Total Delegated</b>	<b>43,403</b>	<b>41,159</b>	<b>41,159</b>	<b>0</b>
De-delegated and central budgets	1,580	1,746	1,421	(325)
Early Years	14,138	14,138	14,138	0
High Needs	13,189	13,439	13,795	356
<b>Total Expenditure</b>	<b>72,309</b>	<b>70,483</b>	<b>70,513</b>	<b>30</b>
<b>Net forecast position</b>	<b>0</b>	<b>(2,668)</b>	<b>(2,637)</b>	<b>30</b>
<b>DSG Carried forward</b>	<b>0</b>	<b>2,668</b>	<b>2,637</b>	<b>(30)</b>

### Academy conversions and SEND changes

3.4. Since the original budget was set in January 2019, there have been a number of academy conversions, special school place changes and other SEND adjustments. These have been included within the revised budget in Table 1 which was approved by Cabinet Member and Schools Forum in July 2019.

### De-delegated and Central Budgets

3.5. The growth fund allocations have been issued to schools and academies meeting the criteria for 2019-20. Overall three maintained schools and nine academies received growth funding for the financial year 2019-20. The growth fund forecast shows an underspend of £319,000 compared to budget. No further payments are expected for this financial year.

The remaining £6,000 underspend is due to DfE centrally negotiated licenses costs which were £6,000 less than the estimated budget.



### Early Years Block

- 3.6. At the time of closing the first quarter's accounts, the final summer term payments to early years' providers of two, three and four year-old childcare have yet to be made, the forecast remains on budget. Adjustments will be made during July and August 2019 for actual take up during the summer term, as well as the funding adjustment to the DSG for take up during 2018-19. The forecast will be updated accordingly in the second quarter monitoring statement.

### High Needs Block

- 3.7. The summer term class lists for Special Schools and, Inclusion Units across the City were not available at the time of writing this report, the forecast outturn for the Element 3 Top-up funding for these settings is assumed to be as at budget and forecasts will be updated and included in the quarter 2 monitoring report.
- 3.8. Table 2 below summarises the forecast outturn position for the high needs block, explanations for which are set out in the following paragraphs.

<b>Table 2 - High Needs Budget</b>	<b>2019-20 Revised budget</b>	<b>Forecast Out turn as at 30 June 19</b>	<b>Forecast (under)/over spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Element 3 Top up	9,440,000	9,694,600	254,600
Out of City providers	2,365,100	2,466,100	101,000
EYs Complex Needs Inclusion Fund	52,500	52,500	0
SEN support services	674,700	674,700	0
Medical Education	660,000	660,000	0
Outreach	186,900	186,900	0
Fair Access Protocol	60,000	60,000	0
<b>Total High Needs Block</b>	<b>13,439,200</b>	<b>13,794,800</b>	<b>355,600</b>

### Element 3 Top-up

- 3.9. Table 3 below breaks down the forecast overspend position for the Element 3 Top up funding as at the end of June 2019.

<b>Table 3 - Element 3 Top-up</b>	<b>2019-20 Revised budget</b>	<b>Forecast Out turn as at 30 June 19</b>	<b>Forecast (under)/over spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>
EHCP Mainstream	1,413,600	1,664,600	251,000
Element 3 Top Up Special Schools	6,258,700	6,258,700	0
Element 3 Top Up - Resource Units	215,100	215,100	0
Element 3 Top Up - AP	213,700	217,300	3,600
Post 16 Special Educational Needs	909,000	909,000	0
Element 3 Top Up - OLA School	429,900	429,900	0
<b>Total Element 3 Top-up</b>	<b>9,440,000</b>	<b>9,694,600</b>	<b>254,600</b>

- 3.10. The September 2019 in-take of Post 16 pupils will not be agreed and finalised with Colleges until October 2019, when pupil destinations are confirmed. The forecast position is assumed to remain on budget and will be updated in the third quarter following receipt of the final data.
- 3.11. The forecast position for pupils at mainstream schools with Education Health and Care Plans (EHCP), is showing a predicted overspend of £251,000. The forecast position includes any changes to pupils and EHC Plans up to the end of June 2019 along with the expected growth (based on 2018-19 growth) over the remaining months of the academic year. The sustained annual growth is attributed to increasing numbers of pupils with high needs along with increased complexity of need.
- 3.12. There has been a net increase of 35 mainstream pupils with EHCPs between April and June 2019. The average cost per pupil has increased from a budgeted rate of £3,465 to £3,783. This increase in cost reflects the higher levels of need and associated support requirements for pupils with EHC Plans in mainstream settings.
- 3.13. The summer half term class list was received for the alternative provision settings (Harbour and Flying Bull). It shows an increase in the number of pupils hence the forecast out turn is expected to overspend by £3,600.
- 3.14. A task and finish group has been set up to review the potential introduction of banded funding for mainstream EHCP, whilst this won't offer a saving it is expected curtail the level of growth seen in this sector. The outcomes of the discussions and any proposed changes will be consulted with schools and brought to the October 2019 Schools Forum and Cabinet Member meetings.

### **Out of City Placements**

- 3.15. Out of City placements are split between:
- Independent and Specialist provision
  - Child and Adolescent Mental Health Services (CAMHS).

3.16. Table 4 below provides a breakdown of the forecast position for each element.

<b>Table 4 - Out of City Placements</b>						
	<b>Budget</b>		<b>Forecast position</b>		<b>Variance</b>	
	<b>£</b>	<b>Pupils</b>	<b>£</b>	<b>Pupils</b>	<b>£</b>	<b>Pupils</b>
Independent & Specialist providers	2,337,700	36	2,417,800	39	80,100	3
CAMHS	27,400	7	48,300	7	20,900	0
<b>Total</b>	<b>2,365,100</b>	<b>43</b>	<b>2,466,100</b>	<b>46</b>	<b>101,000</b>	<b>3</b>

### **Independent and specialist provision**

3.17. The budget is forecasted to overspend by £80,100, based on the current number of pupils and forecast expenditure. This reflects the increase in number of pupils (39 pupils compared to a budget of 36 pupils) partially offset by a slight reduction in average cost (£64,950 budget vs £62,000 current).

### **Child and Adolescent Mental Health Services (CAMHS)**

3.18. There are currently 7 Pupils where the authority is expecting to fund a CAMHS placement at an estimated total cost £48,300; this is £20,900 over budget. The significant uplift in cost reflects the increasing levels of need and associated support provided to these pupils. It should be noted that the actual cost of these pupils will not be known until the invoice is received. The estimate is based on the average cost per pupil paid in 2018-19 of £6,900, compared to a budgeted cost of £3,900.

### **Grant funding**

3.19. The DSG grant funding includes the adjustments made for academy conversions and post 16 place recoupment occurring during the first quarter. Further adjustments are expected in the second quarter for:

- Early years' pupil numbers for the period September to March 2018-19 and for 2019-20 financial year following the January 2019 census.
- High needs block import/export adjustment to reflect the movement of pupils across local authority boundaries.

3.20. Once received, the adjustments will be included in the second quarter monitoring.

### **Carry forward balance**

3.21. The January budget setting report and the July budget revision reports provided an update on the use of the carry forward from 2018-19. Table 5 below provides the position as at the 30 June 2019.

<b>Table 5 - Use of the 2018-19 carry forward balance</b>		
	<b>£m</b>	<b>£m</b>
<b>Brought forward from 2018-19 (including school specific contingency)</b>		<b>3,138</b>
School Specific Contingency 2019-20	(0.142)	
<b>Carry forward from 2018-19 before Budget Revisions</b>		<b>2.996</b>
June 2019 forecast overspend as per Table 1	(0.030)	
<b>Forecast position as at 30 June 2019</b>		<b>2.966</b>
Increase in HN budget to support additional spend (July 19 budget revisions)	(0.329)	
<b>Revised carry forward balance</b>		<b>2.637</b>

3.22. The carry forward balance of £2.637m contains the known pressures as at the end of June 2019. There are a number of potential spending implications which will impact on the carry forward balance. At the time of writing the report the relevant approvals have not been granted and the values quoted are estimates based on information available at the time and have not been included in the forecast position at the end of June 2019. The potential impact is explained in the paragraphs below.

#### **Potential impact in 2019-20**

3.23. As reported previously The Willows Centre for Children closes on 31 August 2019, there is a potential deficit final balance of approximately £100,000.

3.24. During the summer term a number of requests were received for the re-banding of pupils at Solent Academies Trust schools. At the time of writing the report the final approvals have not been confirmed but based on the draft information this could be in the region of £289,000 in 2019-20, with a full year effect of £362,000 in 2020-21.

#### **Potential impact in future years**

3.25. The authority is working with Solent Academies Trust to set an Element 3 Top-up rate for the whole Trust rather than have separate top-up rates for each school. Whilst the overall impact of this process will be to maintain funding at the current levels for the whole Trust, there may be an increase in overall funding. Based on the banding exercise carried undertaken for all special schools in September 2017 a notional estimate of £50,000 has been set aside for this.

3.26. The authority has received confirmation from the DfE regarding the building of a new 66 place Special Free school at Wymering. Whilst the DfE will be funding the building of the School, the authority is responsible for funding the 60 places and the Element 3 Top-up for the pupils that attend the school.

3.27. Current DfE guidelines suggest that the place funding will be included in the DSG grant in the first year of opening. However the authority will not receive

funding for the additional pupils as part of its Dedicated Schools Grant until the following financial year. Therefore the carry forward would need to cover the initial academic year's element 3 top-up of approximately £1.2m.

3.28. The potential impact on the carry forward of these activities is set out in the table below.

<b>Table 6 - Potential call on 2018-19 carry forward</b>		
	<b>£m</b>	<b>£m</b>
<b>Forecast position as at 30 June 2019</b>		<b>2.637</b>
<b>Other potential pressures (awaiting confirmation - not included within the June forecast balance)</b>		
Willows closing balance	(0.100)	
Increased levels of need for pupils attending special schools	(0.289)	
<b>Estimated DSG reserves 2019-20</b>		<b>2.248</b>
Solent Academies Trust banding review	(0.050)	
Increased level of need for pupils attending special schools - full year effect	(0.362)	
Wymering Free School (Element 3 top-up funding)	(1.320)	
<b>Estimated future DSG reserves</b>		<b>0.516</b>

3.29. The balance of £0.516 equates to 0.34%<sup>1</sup> of the authorities DSG funding. Putting the authority at risk of not being able to meet future pressures.

3.30. There are a number of uncertainties regarding future DSG funding, for example the 2020-21 spending review, the SEND call for evidence, which may impact on the funding received in future years. The Children Families and Education Finance team is working with the Education Department and schools to manage the position. Proposals will be brought to future Cabinet Member and Schools Forum meetings following consultation with schools.

#### **4. Reasons for recommendations**

4.1. It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast outturn for 2019-20 as at the end of the first quarter, 30 June 2019.

#### **5. Equality impact assessment**

5.1. An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

#### **6. Legal implications**

6.1. There are no legal implications arising directly from the recommendations contained within this report

<sup>1</sup> Dedicated Schools Grant total value of £152,241,766, including academies

**7. Director of Finance's comments**

7.1. Financial comments are contained within the body of the report

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Signed by:

**Appendices:**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:

<b>Title of meeting:</b>	Schools Forum
<b>Date of meeting:</b>	17 December 2019
<b>Subject:</b>	Dedicated Schools Grant 2019-20 Quarter 2 budget monitoring
<b>Report by:</b>	Chris Ward, Director of Finance and Section 151 Officer
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

- 1.1. The purpose of this report is to inform Schools Forum of the projected revenue expenditure of the Dedicated Schools Grant (DSG) for the current financial year 2019-20 as at the end of September 2019.

## 2. Recommendations

It is recommended that Schools Forum:

- 2.1. Notes the forecast year-end budget position for the Dedicated Schools Grant as at 30 September 2019, together with the associated explanations contained within this report.
- 2.2. endorses the necessary adjustments to Dedicated Schools Grant to reflect:
  - Early years budgets and DSG income budget, to reflect the adjustment in grant funding due to pupil number changes, as set out in paragraphs 3.30 and 3.31.

## 3. Background

- 3.1. The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. The original DSG budget for the financial year 2019-20, was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2019. Further budget adjustments were agreed by the Cabinet Member and endorsed by Schools Forum in July 2019. This report

provides Schools Forum with the latest forecast estimate of the year-end outturn as at 30 September 2019.

3.3. Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30 September 2019.

<b>Table 1 - Dedicated Schools Grant</b>				
	<b>Original budget 2019-20 £000's</b>	<b>Revised Budget 2019-20 £000's</b>	<b>Projected outturn 2019-20 £000's</b>	<b>Projected over / (under) spend £000's</b>
<b>Income</b>				
DSG Brought forward 2018-19	0	(3,138)	(3,138)	0
DSG and other specific grants	(72,309)	(70,263)	(70,263)	0
<b>Total Income</b>	<b>(72,309)</b>	<b>(73,401)</b>	<b>(73,401)</b>	<b>0</b>
<b>Expenditure</b>				
Primary ISB	28,753	26,672	26,493	(179)
Secondary ISB	11,680	11,680	11,680	0
Special school place funding	1,578	1,411	1,436	25
Inclusion Centre Place funding	302	307	307	0
Alternative provision place funding	1,090	1,090	1,090	0
<b>Total Delegated</b>	<b>43,403</b>	<b>41,159</b>	<b>41,006</b>	<b>(153)</b>
De-delegated and central budgets	1,580	1,746	1,421	(325)
Early Years	14,138	14,176	14,242	66
High Needs	13,189	13,652	14,432	780
<b>Total Expenditure</b>	<b>72,309</b>	<b>70,734</b>	<b>71,101</b>	<b>367</b>
<b>DSG Carried forward</b>	<b>0</b>	<b>2,668</b>	<b>2,300</b>	<b>(367)</b>

#### **Academy conversions / school closures**

3.4. There have not been any academy conversions since the quarter one report was communicated in July 2019. However, Willows Nursery closed on 30<sup>th</sup> August 2019 and Cliffdale Academy has expanded to accommodate the pupils. The revised budget, approved by Schools Forum and Cabinet Member in July 2019, reflects this change.

#### **Individual schools budget**

3.5. The budgets for the Diocese schools were overstated by £179,000 which related to the NNDR rates at the start of the financial year. The schools agreed to an adjustment of their allocations to correct their financial position and this was actioned in July 2019. An adjustment to the budget for the NNDR rates for the affected schools will be included in the schools budgets for the next financial year.



### **Special School places**

- 3.6. The forecast overspend on Special School places is due to additional pupil placements over the commissioned place numbers at Mary Rose and Cliffdale, which were required to stop Out of City Placements needing to be made. It is assumed the places will continue until the end of the financial year, however, the forecast may be revised as further information becomes available.

### **De-delegated and Central Budgets**

- 3.7. The growth fund allocations have been issued to all eligible schools and academies meeting the criteria for 2019-20. Three maintained schools and nine academies received growth funding for the financial year 2019-20 and no further payments are expected. This will result in a £319,000 underspend compared to budget.

The remaining £6,000 underspend is due to DfE centrally negotiated licenses costs which were £6,000 less than the estimated budget.

### **Early Years Block**

- 3.8. The nursery budget is forecast to overspend by a net £66,200. The second quarter's accounts contain the final summer term payments to early years' providers, and estimated payments for the autumn and spring terms.
- 3.9. Table 2 below provides a breakdown of the forecast overspend. There is an expected overspend for three and four year old place funding due to an increase in pupil numbers over the summer term and the growth contingency fund has been utilised in order to reduce the impact of the predicted overspend.
- 3.10 This forecast for the three and four year old universal hours also includes £100,000 relating to the estimated final balance determination following the closure of Willows Nursery. Should there be any change in the forecast figure once the value has been finalised, this will be reported in quarter three.
- 3.11 The additional costs for eligible three and four year old pupil premium have further contributed to the overspend as the summer term actuals reflect the increase in pupil numbers seen in the place funding, and estimates for autumn and spring are higher than previously projected and are in line with the increase in the place funding forecasts.

<b>Table 2 Early Years Forecast</b>			
	<b>Total 2019-20</b>		
	<b>Budget 2019-20</b>	<b>Forecast</b>	<b>Variance (Under) / Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Two year olds	1,865,300	1,762,200	(103,100)
Two year old contingency growth fund	117,100	117,100	0
Three & four year olds universal hrs	7,924,200	8,121,500	197,300
Willows Nursery Closure Costs	0	100,000	100,000
Three and four year olds additional hours	3,236,800	3,239,600	2,800
Three & four year old contingency growth fund	153,200	0	(153,200)
Three & four year olds Pupil Premium	127,800	150,200	22,400
<b>Total</b>	<b>13,424,400</b>	<b>13,490,600</b>	<b>66,200</b>

### High Needs Block

3.12 The summer term class lists for Special Schools, Inclusion Units and Alternative Provision (AP) settings across the City were fully validated and paid during the second quarter and estimated Element 3 payments for the autumn term have been paid to schools and included in the Quarter 2 forecasts. This included payments for 20 additional pupils at Mary Rose and Cliffdale for Children who started school in September 2019.

3.13 Table 3 below summarises the forecast outturn position for the high needs block, explanations for which are set out in the following paragraphs.

<b>Table 3 - High Needs Budget</b>	<b>2019-20 Revised budget</b>	<b>Forecast Outturn as at 30 Sept 19</b>	<b>Forecast (under)/ overspend</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Element 3 Top up	9,653,000	9,969,200	316,200
Out of City providers	2,365,100	2,895,800	530,700
Permanent exclusion recharge	0	(67,300)	(67,300)
EYs Complex Needs Inclusion Fund	52,500	52,500	0
SEN support services	674,700	674,700	0
Medical Education	660,000	660,000	0
Outreach	186,900	186,900	0
Fair Access Protocol	60,000	60,000	0
<b>Total High Needs Block</b>	<b>14,330,700</b>	<b>14,720,000</b>	<b>779,600</b>

### Element 3 Top-up

3.14 Table 4 below breaks down the forecast overspend position for the Element 3 Top up funding as at the end of September 2019.

<b>Table 4 - Element 3 Top-up</b>	<b>2019-20 Revised budget</b>	<b>Forecast Out turn as at 30 Sept 19</b>	<b>Forecast (under)/over spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>
EHCP Mainstream	1,413,600	1,832,100	418,500
Element 3 Top Up Special Schools	6,258,700	6,151,900	(106,800)
Element 3 Top Up - Resource Units	215,100	210,800	(4,300)
Element 3 Top Up - AP	213,700	222,500	8,800
Post 16 Special Educational Needs	1,122,000	1,122,000	0
Element 3 Top Up - OLA School	429,900	429,900	0
<b>Total Element 3 Top-up</b>	<b>9,653,000</b>	<b>9,969,200</b>	<b>316,200</b>

- 3.15 The September 2019 in-take of Post 16 pupils will not be agreed and finalised with Colleges until after October 2019, when pupil destinations are confirmed. Therefore the forecast position will be updated in the third quarter following receipt of the final data which is expected to be available in December 2019.
- 3.16 In July 2019, the high needs allocation funding was adjusted through the Import/Export adjustment. This has provided an additional £213,000 which is included in the revised budget figure for Post 16 Special Educational Needs.
- 3.17 The forecast position for pupils at mainstream schools with Education Health and Care Plans (EHCPs), is showing a predicted overspend of £418,500 due to an increase in both pupil numbers and average costs. The forecast position includes any changes to pupils with EHC Plans up to the end of September 2019 along with the expected growth over the remaining months of the academic year. The forecast also includes Communicator costs for the full year.
- 3.18 There has been a net increase of 31 mainstream pupils with EHCPs compared to the first quarter. The average cost per pupil has increased from £3,465 at the end of the first quarter to £3,537 at the end of quarter two.
- 3.19 The summer class lists have been received for the Alternative Provision and Resource Units resulting in a small net overspend of £4,500.

### **Out of City Placements**

- 3.20 Out of City placements are split between:
- Independent and Specialist provision
  - Child and Adolescent Mental Health Services (CAMHS).
- 3.21 Table 5 below provides a breakdown of the forecast position for each element.

	<b>Budget</b>		<b>Forecast position</b>		<b>Variance</b>	
	<b>£</b>	<b>Pupils</b>	<b>£</b>	<b>Pupils</b>	<b>£</b>	<b>Pupils</b>
Independent & Specialist providers	2,337,700	36	2,836,100	46	498,400	10
CAMHS	27,400	7	59,700	10	32,300	3
<b>Total</b>	<b>2,365,100</b>	<b>43</b>	<b>2,895,800</b>	<b>56</b>	<b>530,700</b>	<b>13</b>

### **Independent and specialist provision**

- 3.22 The budget is currently forecast to overspend by £498,400. This is due to an additional 10 pupils above the budgeted numbers for which funding is being paid. This represents an increase of five pupils from quarter 1. However, the average cost of these places has fallen by £3,257 reflecting the change in the level of need of some pupils in independent and specialist provisioned places.
- 3.23 Within Quarter 2 there was one new placement with a cost of £40,000, and two placements where costs were increased by £104,000. The overspend is partially offset by two pupils who turned 18 within the quarter, the responsibility for whom was transferred to Adult Social Care, and one pupil whose placement ceased which has helped to contribute to the £76,000 offsetting reduction.
- 3.24 The forecast includes some growth in numbers, with a projected cost of £418,500.

### **Child and Adolescent Mental Health Services (CAMHS)**

- 3.25 There are currently 10 Pupils where the authority is expecting to fund a CAMHS placement at an estimated total cost £59,700; this is £32,300 over budget. This is an increase of three pupils compared to seven reported in Quarter 1. The estimate is based on the average cost per pupil paid in 2018-19 of £6,900, compared to a budgeted cost of £3,900.

### **Permanent Exclusion Recharge**

- 3.27 The credit of £67,300 represents the proportion of permanent exclusion income from schools where pupils have been placed in an alternative provision setting for a period of time before moving to a new mainstream placement. This is an annual contribution to the element 3 top-up costs.

### **Early Years Complex Needs Inclusion Fund**

- 3.28 With the closure of Willows the number of early years high needs nursery places reduced. To support early years' pupils with high needs in mainstream nursery settings the early years complex needs fund was set

up. This was funded from a small saving from the closure of Willows and the use of the carry forward.

### Grant funding

3.29 The DSG grant funding includes adjustments made for academy recoupment, high needs, early years and post 16 place recoupment. Table 5 sets out the adjustments to the funding blocks with the explanations detailed in the paragraphs below.

<b>DSG Funding Blocks</b>	<b>March 19 allocation (excluding academies)</b>	<b>July 2019 allocation (excluding academies)</b>	<b>Revised DSG allocation (excluding academies)</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Schools Block	40,143	39,131	(1,012)
Central School Services Block	825	825	0
Early Years Block 2018-19	14,138	14,176	38
High Needs Block	16,207	16,372	165
<b>Total DSG</b>	<b>71,313</b>	<b>70,504</b>	<b>(809)</b>

3.30 The schools block figures above include the recoupment for Stamshaw Infants and Meredith Infants academy conversions which were not adjusted in the DSG allocations in April 2019, but have been reflected in the outturn figures for quarter 2 as presented in Table 1.

3.31 In July 2019, the DfE confirmed the final allocation of the 2019-20 early years block based on the January 2019 census data. This provided a net increase (£38,000) in funding due to an increase in the number of 3 and 4 year olds accessing the additional hours of nursery funding which was offset by a decrease in the number of 2 year olds accessing early education in the City.

<b>Allocation Month</b>	<b>2019/20 PTE 3 &amp; 4 Year Old Universal Hours</b>	<b>2019/20 PTE 3 &amp; 4 Year Old Universal Hours</b>	<b>2019/20 PTE 2 Year Old Child Numbers</b>
March 2019	3,275	1,171	677
July 2019	3,181	1,299	649
<b>Change in Pupil Numbers</b>	<b>(94)</b>	<b>128</b>	<b>(28)</b>

3.32 The majority of the increase in the high needs block allocation relates to the import/export pupil number changes. As part of the methodology for funding the local authority under the high needs block national funding formula the DfE adjusts for the net number of pupils placed in Portsmouth high needs settings by other local authorities compared to Portsmouth pupils placed in other local authority schools.

3.33 When the original allocation was received in March 2019 the Authority was a net exporter and as a consequence received a funding reduction of £33,000 based on the January 2018 school census and the 2017-18 individual learner record (ILR) submitted for post 16 pupils.

3.34 In July 2019 the allocation was updated for the January 2019 school census and the 2017-18 ILR return, this adjustment moved the authority from a net exporter to a net importer, increasing the funding by £213,000. As the additional funding relates to post 16 places this is recouped from us passed directly to the post 16 setting.

#### **Carry forward balance**

3.35 As at the 30 September 2019 the forecast carry forward has reduced to £2.3m from £2.6m reported in Quarter 1, which reflects the decisions made by Cabinet Member and endorsed by Schools Forum to use the brought forward balance to manage pressures in the high needs block.

#### **4. Reasons for recommendations**

4.1 It is recommended that Schools Forum notes the contents of the report in respect of the financial forecast outturn for 2019-20 as at the end of the second quarter, 30 September 2019.

#### **5. Equality impact assessment**

5.1 An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

#### **6. Legal implications**

6.1 There are no legal implications arising directly from the recommendations contained within this report

#### **7. Director of Finance's comments**

7.1 Financial comments are contained within the body of the report

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Signed by:

**Appendices:**

**Background list of documents: Section 100D of the Local Government Act 1972**

The information upon which this report has been based has been drawn from a variety of sources: however much of the information used is held in budget files prepared by the children and Education Finance Team. Please contact Beverley Pennekett, Finance Manager, if required.

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:

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