

2020-21 School Funding Formula Stage 2

**Consultation
Autumn 2019**



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).

Table 1 - Per pupil and MFG Impact of each option						
	APT total to fund transfer to High Needs Block	MFG Rate	Funding released	Per pupil amount	% of Schools Block	Section reference
		%	£	£	%	
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	
	MFG and per pupil impact of 0.5% school block and -1.5% MGF					
	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/
- 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 ¹	1,980,060	553	3,579	423,855
Mar-21 ²	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.

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

² 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.

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

- 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.

Table 5 - impact of banding on school budgets	
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	-£3,527

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.

Table 6 - Impact of banding on EHCP mainstream funding including growth						
Bands	Range	Current cost	FTE	% of FTE	Band Value	Total Cost
		£			£	£
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
Total		2,107,371	486	100%		1,945,063
Net change						(277,311)
Average cost per pupil		4,336				4,002

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.

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

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

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

⁵ 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 ⁶	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.

⁶ Forecast based on July 2019 data.

Table 9 - Analysis of Special School Element 3 top-up 2014-15 to 2018-19									
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 ⁷	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.

⁷ 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.

Table 10 - Solent Academies Trust - Trust wide banding system				
	Options			
	Option a £	Option b £	Option c £	Option d £
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
Additional cost	0	0	335,312	594,812
MFG Adjustment	0	0	-0.35%	-0.63%
Per pupil impact	0	0	£13.18	£23.48
Percentage of Schools Block	0	0	0.29%	0.51%

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.

Table 11 - 2019-20 allocation of the funded hourly rate for 2, 3 and 4 year olds				
	3 and 4 year olds		2 year olds	
	£	%	£	%
Early Years block hourly funding rate	4.69	100	5.43	100
Allocation of funding				
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
Total funding passed to settings	4.47	95.31	5.21	95.95
Central retained funding	0.22	4.69	0.22	4.05
Total	4.69	100.00	5.43	100.00

Table 12 - 2020-21 Proposed allocation of the funded hourly rate for 2, 3 and 4 year olds				
	3 and 4 year olds		2 year olds	
	£	%	£	%
Early Years block hourly funding rate	4.69	100	5.43	100
Transfer to the High Needs Block	0.02	0.43	0.02	0.37
Hourly rate available for Early years block	4.67	99.57	5.41	99.63
Allocation of funding				
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
Total funding passed to settings	4.47	95.72	5.21	96.30
Central retained funding	0.20	4.28	0.20	3.70
Total	4.67	100.00	5.41	100.00

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.

Table 13 - Growth funding available from the DfE as part of the Schools Block					
	2019-20	2020-21	2021-22	2022-23	2023-24
	£	£	£	£	£
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)
Funding available for Growth	653,200	421,550	419,750	419,750	419,750
Plus recoupment reduction for Apr to Aug Academy Growth	101,200	191,400	244,400	244,400	161,300
Total Growth Fund	754,400	612,950	664,150	664,150	581,050

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%⁸, 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

⁸ 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.

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

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.

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

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

Table 17 - Growth fund option 4				
	Banded Lump Sum			
	Financial Year			
	19-20	20-21	21-22	21-23
	£	£	£	£
Total cost per year	435,063	606,200	667,450	520,450
Funding available	754,400	612,950	664,150	664,150
(Surplus) / Deficit	(319,338)	(6,750)	3,300	(143,700)
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 allocation⁹) 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%.

⁹ 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.

Table 18 - 2020-21 pressures and percentage of funding required from Schools Block					
Option no.	Pressures to meet 2020-21	No adjustments	% of Schools Block	With adjustments	% of Schools Block
		£	%	£	%
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%
Total High Needs Block		2,355,094	2.03%	1,857,103	1.60%
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%
Gross requirement		2,674,744	2.30%	1,999,153	1.72%

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.

Table 19 - Per pupil and MFG Impact of each option					
	APT total to fund transfer to High Needs Block	MFG Rate	Funding released	Per pupil amount	% of Schools Block
		%	£	£	%
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
MFG and per pupil impact of 0.5% school block and -1.5% MGF					
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
- 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:

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>Primary Maintained 1 - 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>Primary Maintained 2 - 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>Academy Trust 1 - 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>Primary Maintained 3 - 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	

Please add any further comments -

Secondary Academy 1 - I don't understand how this can be affordable in light of questions 3 & 5.

Academy Trust 1 - see 1 above

Primary Maintained 3 - Tentatively agree given the current funding available. 0% MFG given rising costs will impact the quality of education.

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

Please add any further comments -

Secondary Academy 1 - 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.

Primary Maintained 1 - See comments under 1.

Academy Trust 1 - If it is necessary to change from 0% then the MFG would be the best place to adjust this.

Primary Maintained 2 - same as comments in question 1

Primary Maintained 3 - 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 -

Secondary Academy 1 - 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.

Academy Trust 1 - As set out in table C.

Primary Maintained 3 - Yes, however I do not agree with a model which proposes minus percentages.

Academy Trust 2 - 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:

High Needs Funding Proposals			
Mainstream Education Health and Care plans - section 3.3 and 3.4			
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"> 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: 	Y	N
	<ul style="list-style-type: none"> 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. 	Y	N
Please add any further comments			
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	N
Please add any further comments			

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	N
Please add any further comments			
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"> Using a weighted based on the current top-up values and at no extra cost to the authority. (Section 3.7.4 b) Or: 	Y	N
	<ul style="list-style-type: none"> 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: 	Y	N
	<ul style="list-style-type: none"> 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. 	Y	N
Please add any further comments			

Special Schools - Place funding - Section 3.8			
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			
Post 16 Colleges - Section 3.9			
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			
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	N
Please add any further comments			

Schools Block proposals		
Growth funding - Secondary Schools - Section 4		
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.	
	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	