

Title of meeting: Schools Forum

Date of meeting: 12 February 2020

Subject: Dedicated Schools Grant Budget 2020-21

Report by: Alison Jeffery, Director Children Families and Education

Wards affected: All

Key decision: No

Full Council decision: No

1 Purpose of report

1.1 The purpose of the report is to:

- a. inform Schools Forum of the initial determination of the schools budget (including individual schools budgets) for 2020-21 and to seek the necessary approvals and endorsements required

2 Recommendations

2.1 It is recommended that Schools Forum:

- a. **Endorse the initial determination of the Schools Budget for 2020-21 as set out in Appendix 1.**
- b. **Endorse the 2020-21 Special School, Inclusion Centre and Alternative Provision places as set out in Appendix 2.**
- c. **Endorse the 2020-21 Element 3 Top-up rates for The Harbour Special School, Inclusion Centres (including the addition of an Element 3 Top-up at Trafalgar Inclusion Centre), and Alternative Provision settings as set out in Appendix 3.**
- d. **Endorse the Solent Academies Trust proposal to increase the 2020-21 Element 3 Top-up rates for Solent Academies Trust to include either:**
 - i. **An increase of 1.84% as set out in Table A in Appendix 7, or**
 - ii. **An increase of 5.25% as set out in Table B in Appendix 7.**

- e. **Endorse the proposal that any carry-forward balances from 2019-20 be used to assist with the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2020-21.**
- f. **Endorse the local funding arrangements in respect of the 2, 3 and 4 year old early years provision for 2020-21 as set out in section 8 and Appendix 8.**

3 Background

- 3.1 The Dedicated Schools Grant (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 School and Early Years Finance (England) Regulations 2020 require each local authority, by no later than 28th February 2020, to:
 - a. Make an initial determination of its schools budget; and
 - b. Give notice of that determination to the governing bodies of the schools which it maintains.
- 3.3 The Cabinet Member has already agreed, and Schools Forum has endorsed, the following principles in respect of the revenue funding arrangements for mainstream schools in 2020-21, which are summarised below:-
 - a. To implement the National Funding Formula (NFF) for primary schools
 - b. To implement a the minimum funding guarantee plus 1.84% for mainstream schools
 - c. To retain the Schools Block at its given value i.e. no transfer to the High Needs Block.
 - d. To calculate funding allocations in accordance with the NFF unit values plus the area cost of adjustment.
 - e. To adopt the Minimum Funding Levels (MFLs) as recommended by the Department for Education (DfE).
 - f. In addition, two disapplication requests, submitted to, and subsequently approved by, the ESFA, were agreed as being appropriate.
 - g. The submission of the authority proforma tool (APT) to the Education and Funding Skills Agency (ESFA) by the statutory deadline of 21 January 2020.
 - h. The budget to be held centrally for the payment of central licences negotiated nationally for all schools by the Secretary of State.
- 3.4 In addition Schools Forum has approved and the Cabinet Member endorsed the following:

- a. The Growth fund criteria for 2020-21 and secondary values
 - b. Centrally held budgets specifically:
 - Schools Forum
 - Admissions
 - Duties retained by the local authority for all schools.
 - c. The carry forward of the final balance of the Schools Specific Contingency Fund from 2019-20 to 2020-21 to be used for the same purpose.
- 3.5 This report provides Schools Forum with the background and proposed changes to the High Needs block and Early Years Block for 2020-21.

4 Financial Context

- 4.1 As in previous years, the pressures on the High Needs budget continue to grow. During this financial year, as part of the regular budget monitoring reports, growing pressures have been highlighted in a range of areas, most noticeably on out of city placements and the Element 3 top-up funding paid to mainstream schools.
- 4.2 Financial modelling of the pressures in September 2019 identified that if the High Needs Pressures continued to grow at the same percentage rates as in recent years the authority would be experiencing a £2m gap in high needs funding compared to 2019-20 funding, which could have to be met through the use of the schools block.
- 4.3 At the end of August 2019 the Government announced additional funding for schools over a three year period, £2.6bn for 2020-21, £4.8bn for 2021-22 and £7.1bn for 2022-23. It has since been confirmed that this included an additional £780m for High Needs in 2020-21 to support children with special educational needs and disabilities (SEND).
- 4.4 Whilst the increase in schools funding for the following three financial years has been announced, how the funding will be allocated and the proportion that will be directed to high needs has only been confirmed for 2020-21. The authority will continue to work with schools to ensure a move to a more inclusive city ensuring that the high needs funding is focused where it can make the greatest impact whilst remaining within the resources available.

5 Dedicated Schools Grant

- 5.1 The determination of the 2020-21 Dedicated Schools Grant and Schools budgets is set out in Appendix 1.
- 5.2 On the 19 December 2019, the ESFA announced the Dedicated Schools Grant allocation for Portsmouth for 2020-21.

- 5.3 The overall DSG allocation includes the funding for both Maintained schools and Academies although Portsmouth City Council will only receive the funding for the Maintained schools as Academies receive this direct from the Education and Skills Funding Agency (ESFA).
- 5.4 In October 2019 the DfE released the indicative funding for 2020-21 based on the National Funding Formula and the October 2018 census data. The funding allocation has been updated for the October 2019 census and reflects the growth in pupil numbers seen both in mainstream schools and high needs settings across the city. The table below sets out the funding allocation for 2019-20 and the provisional funding allocation for 2020-21. It confirms that Portsmouth's allocation of the £2.6bn additional funding equates to £11.5m.

Block funding	2019-20 ¹	2020-21	Variance	
	£	£	£	%
Schools Block	116,084,679	123,752,614	7,667,935	7%
Central School Services Block	825,483	856,419	30,936	4%
High Needs Block	21,174,134	24,759,016	3,584,882	17%
Early Years Block	14,175,471	14,415,543	240,072	2%
Total	152,259,767	163,783,592	11,523,825	8%

- 5.5 The amount expected to be received directly by Portsmouth City Council is £73.2²m, excluding funding for academies. The funding received directly will continue to change during the year as schools convert to Academy status, since they will receive their funding directly from the Education Funding Agency rather than from the Council. Table 2 below sets out the DSG funding allocation for 2020-21.

DSG Funding	2020-21			
	Indicative funding inc. Academies	Provisional funding inc. Academies	Academy impact	Provisional exc. Academies
	£,000	£,000	£,000	£,000
Schools Block	120,706	123,753	(82,808)	40,945
Central School Services Block	841	856	0	826
High Needs Block*	24,502	24,759	(7,585) ³	17,174
Early Years Block**	14,399	14,416	0	14,416
TOTAL	160,448	163,784	(90,393)	73,391

* This is a provisional allocation which will be updated later in the year for import/export.

** This is a provisional allocation which will be updated later in the year; it reflects the January 2019 census.

¹ As at November 2019

² Includes expected reduction in import/export adjustment as set out in paragraph 5.8.

³ Assumes that The Harbour School will convert to academy status on 1 February 2020.

Import/export adjustment

- 5.6 The national funding formula for allocating local authorities' High Needs Block funding, includes an adjustment for the number of high needs pupils that are imported to Portsmouth Schools or exported to other local authority schools. The adjustment is based on the pupils recorded on the January school census and the individual learner records for Post 16 pupils and uses the following data to identify any changes in the import/export calculation:
- Pupils with top-up funding in mainstream schools and academies
 - Pupils in special schools and academies
 - Pupils in non-maintained special schools
 - Students in Special Post 16 Institutions (SPI)
 - Students with Top-up funding in further education institutions.
- 5.7 An allocation of £198,000 was made to the December 2019 indicative High Needs Block funding for 2020-21, to reflect the shift in census data between January 2018 and January 2019, showing that Portsmouth moved from being a net exporter to a net importer of high needs places.
- 5.8 The December 2019 high needs allocation will be adjusted in July 2020 for any changes in pupils from the January 2020 census. The authority is aware of one adjustment to the import/export for 2020-21 which relates to the correction of the home authority for a post-16 specialist provider that has sat with Portsmouth but will be removed by September 2020. This adjustment is likely to make the authority a net exporter and an expected reduction in funding of £234,000 has been factored into the 2020-21 funding allocation.
- 5.9 It is not currently possible to predict any further changes in 2020-21 funding, so any variance will need to be managed through the use of DSG balances. Work is underway to develop a robust methodology for estimating this adjustment in future.

6 High Needs Block

Comparison to mainstream school funding

- 6.1 When setting the mainstream school budgets the authority was able to set a minimum funding guarantee per pupil of plus 1.84 %. This ensured that mainstream school schools received at least an additional 1.84% per pupil funding when compared to the 2019-20 baseline.
- 6.2 As part of the funding to Special Schools, Inclusion Centres and Alternative Provision settings in 2020-21 it is proposed to increase the Element 3 top-up rates for each of the bands by plus 1.84%. In addition it is proposed to pay a local uplift to the £10,000 place funding received by Special Schools and AP settings of plus 1.84%. Where Inclusion

Centres receive two rates of place funding (£6,000 for occupied places and £10,000 for unoccupied places) it is proposed that both rates receive a local uplift of plus 1.84%. It is proposed that the increases are paid from April 2020. The impact of these proposals are set out in Appendix 2 (additional place funding) and Appendix 3 Element 3 Top-up rates.

Place Funding

Special School place changes

- 6.3 There are no proposed place changes at The Harbour School and Redwood Park Academy.
- 6.4 It is proposed to formalise the arrangement for commissioning additional places (7) paid locally to Mary Rose Academy by increasing the commissioned places recouped and paid direct to the academies by the DfE, which, if approved by them, will be implemented from September 2020. This is purely a process change and has no impact on the authority's high needs place budget.
- 6.5 The budget reflects the full year impact of the expansion of Cliffdale Primary Academy to accommodate the pupils formally attending the Willows Centre for Children and the additional 10 places for pupils that started at Cliffdale in September 2019.
- 6.6 Discussions are currently underway with the Solent Academies Trust regarding an additional 20 places required for September 2020. At the time of setting the budget it is unclear where these places will be located therefore the budget contains provision for the additional places but has not been identified against a particular school. The location of the places will be clarified when the budget is revised in July 2020.
- 6.7 Appendix 2 sets out the Special School places for 2020-21.

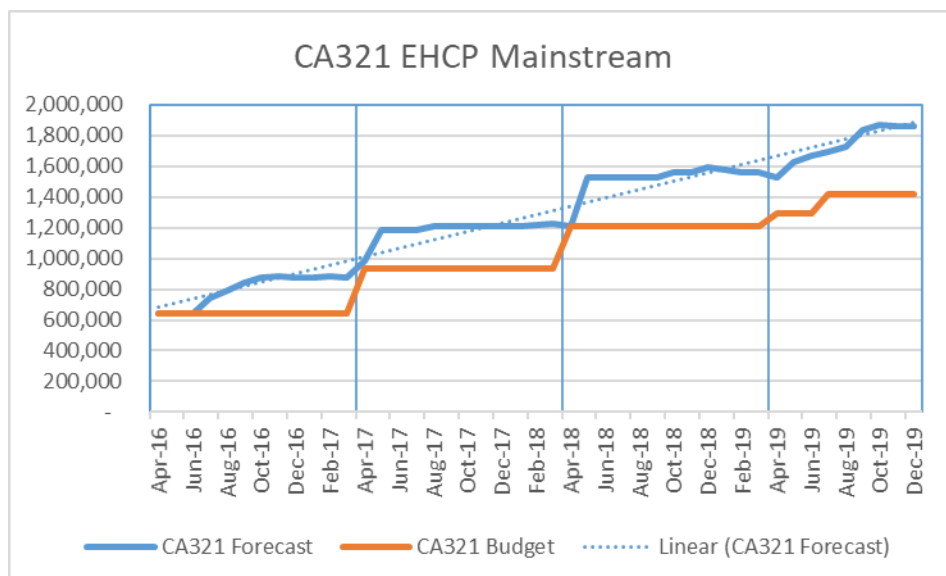
Inclusion Centre and Alternative Provision place changes

- 6.8 The 2020-21 budget contains a nett increase (eight) in the number of places at Inclusion Centres from September 2020. Appendix 2 sets out the commissioned places for 2020-21.
- 6.9 There are no proposals to change the number of Alternative provision places in 2020-21. Appendix 2 sets out the commissioned places for 2020-21.

Element 3 Top-up Funding

Pupils with SEND in mainstream schools

6.10 Over recent years the costs and numbers of pupils with SEND attending mainstream schools in receipt of Element 3 top-up funding has increased. Analysis has shown a year on year increase and despite using the latest information when setting the budget in previous years, expenditure has exceeded the budget resulting in annual overspends. The graph below illustrates the budget and forecast/actual year end position for the period April 2016 to December 2019.



6.11 Previously we have been able to partially offset any overspend through the use of the brought forward balance from previous years. The additional funding has enabled the authority to set this budget based on the data known as at November 2019 and include a 4% level of growth in pupil numbers and a 22% growth in costs due to level of need for the 2020-21 financial year.

6.12 As the authority implements the Inclusion agenda this area of expenditure is expected to grow over coming years and the authority will need to work with schools to develop a banding methodology for funding and monitoring mainstream pupils with SEND which will ensure the level of funding provides an appropriate level of support within the resources available to the authority.

Special Schools, Inclusion Centres and Alternative Provision Settings

6.13 In line with paragraphs 6.1 to 6.3 above the element 3 top-up rates for special schools, Inclusion Centres and AP settings have been increased by 1.84%, the resulting top-up value has been rounded to the nearest £10.

Appendix 2 sets out the element 3 top-up rates for 2020-21 payable from 1 April 2020.

Trafalgar Academy

- 6.14 The authority is changing the scope of the support provided by the Trafalgar Inclusion Centre from September 2020. The change will include the additional requirement for a qualified teacher as part of the Inclusion Centre offer which will enable the authority to place pupils with Autism who are not yet ready to access mainstream lessons, this will reduce the need to seek independent placements outside of the city.
- 6.15 To reflect the change in scope the authority is proposing to introduce an Element 3 top-up rate of £2,780 (currently £0.00) from September 2020. The additional cost for the financial year 2020-21 will be £17,800 with a full year effect of £30,600.

Solent Academies Trust

- 6.16 As set out in previous reports the authority has been working with Solent Academies Trust following a request for increased funding. This has been a complex process as Solent Academies Trust is a Multi Academy Trust, and has its own accountability structures, and Portsmouth City Council does not have access to detailed budgets and forecasts. Therefore the authority is unable to undertake the deep dive analysis as previously completed with maintained schools.
- 6.17 To date a number of reviews have been undertaken and shared between the authority and the Trust, these include:
- A high level analysis of the Trust's 2020-21 budget by Portsmouth City Council using the DfE Special free school template. The review identified all the budgets to be within benchmarking parameters, apart from staffing costs which were slightly outside. The review was done for the Trust overall, and not for the individual schools.
 - The results of a School Resource Management Advisor (SRMA) financial review, the report concluded that the school had identified and implemented savings to manage their costs and is included in Appendix 4.
 - The results of an independent review carried out by an external consultant of a sample of pupils from the Trust to assess the level of need as set out in the Education Health and Care plan against the provision provided by the Trust. The review concluded that the pupils reviewed were on the correct band and that the ratio of teachers and support staff provided reflects the level of staff required to keep the children safe and to enable learning to take place and is included in Appendix 5.

- A summary to help Schools Forum and Cabinet Member understand the current position has been provided by the Trust and is included at Appendix 6. This sets out the background to the financial pressures that the Trust has been faced with and the actions they have taken to manage their costs and bring expenditure back into line.
- 6.18 In total the Trust has requested an additional £350,000 included as part of an increase in Element 3 Top-up rates. The 1.84% increase provides £190,000 of this, which leaves a gap of £160,000. Appendix 7 sets out the revised Element 3 top-up rates that would need to be implemented from April 2020 to provide the additional funding.
- 6.19 Schools Forum's view is sought before any proposals go to the Cabinet Member for Education for approval.

Out of City Placements

- 6.20 The expenditure on Out of City placements continues to increase and the 2020-21 forecast position suggests an overspend in the region of £515,200⁴. On the basis that the current placements will continue into 2020-21, the budget provision for Out of City pupils has been increased by £612,000 or 25%, to £2.976m.
- 6.21 The overall number of children and young people placed out of city has increased throughout the year to 48 (from 36) but remains relatively low when compared to the national picture. Whilst the pupil numbers have increased there have been a number of placements where the costs have reduced either due to a change in the provision or confirmation of the split between Education and social care. As a result there is a lower average annual cost per placement since the start of the year, this has decreased during the year from £60,454 to £58,311.
- 6.22 The remodelling of specialist provision within the City and the introduction of the Special Free School for Autism will reduce the need to place children Out of the City in the future. However it is envisaged that without changing processes, this will be an area of increasing pressure during 2020-21. The proposals set out in paragraphs 6.29 to 6.31 regarding the SEND "Monitoring and Review" Hub are intended to support the reduction of the pupils having to be placed Out of City. This has the benefit of maximising the funding available within the Portsmouth schools economy.
- 6.23 The Out of City budget also includes anticipated costs relating to the pupils placed by Child and Adolescent Mental Health Services (CAMHS) for 11 pupils at an average cost of £5,564 per placement.

⁴ Underlying pressure as at December 2019 following the removal of prior year accruals

Post 16 Element 3 top-up and place funding

- 6.24 At the start of the 2019-20 academic year (September 2019) the Post-16 Colleges in the City saw an increase (76) in the number of pupils with Education Health and Care Plans moving in to further education. Portsmouth City Council as the home authority is responsible for paying the place funding (Element 2) for these pupils irrespective of where they live at a cost of £6,000. This has been funded through the Post-16 Element 3 Top-up budget which is currently forecast to overspend by £108,000.
- 6.25 Following discussions with the Colleges these additional places are now built into the place funding which will be recouped by the Department for Education and paid directly to the Colleges from September 2020.
- 6.26 The total additional cost of the place funding for these pupils is £456,000, however as neighbouring local authorities are now responsible for the place funding when Portsmouth pupils attend Post-16 Colleges in other local authority areas, this additional cost is partially offset by the reduction in Element 2 Portsmouth was paying.
- 6.27 Therefore the 2020-21 Post-16 Element 3 top-up budget has been increased (£115,400) to cover the cost of the element 2 place funding for the period April to July 2020 for which the authority will pay locally. In addition the Post -16 place funding budget has been increased (£200,000) to cover the recoupment by the DfE from August 2020 to March 2021.
- 6.28 As set out in Section 5 the Import/Export adjustment to the High Needs Block may provide funding to support these increases in Post-16 provision, but at this stage it is not possible to predict the overall adjustment.

Hospital and Medical Education

- 6.29 The authority commissions the Harbour School to provide tuition to those pupils who are in hospital, or unable to attend school due to a decision made by a medical practitioner. The funding for 2020-21 remains at £660,000 for this provision.
- 6.30 In addition the authority has been investigating opportunities to support pupils with medical needs who are unable to attend school to participate in classroom lessons through the use of technological solutions Experience from other local authorities is showing that the use of AV1 Robots alongside the traditional support offered by medical tuition teams is improving pupil participation and reducing isolation for individuals. It is therefore proposed to set aside £12,100 to support this pilot in 2020-21.
- 6.31 A further report will be brought to schools forum in July 2020 to set out the details of the pilot.

Early Years Complex Needs Inclusion Fund

- 6.32 In February 2019 Schools Forum endorsed and Cabinet member approved the set up an Early Years Complex Needs Inclusion Fund from September 2019. This enabled the authority to support those Early Years' pupils with complex needs in mainstream settings enabling a wider provision of services, following the closure of Willows Centre for Children.
- 6.33 The initial budget was set in September 2019 for 7 months at £52,500 (£90,000 per annum) based on the known complex needs pupils at the time. The fund has been operating since September 2019 and has supported 63 pupils to remain in/attend mainstream settings. Since the fund was established the numbers of pupils accessing the fund has been higher than originally predicted and the 2019-20 budget is forecast to overspend by £74,000.
- 6.34 To ensure the authority is able to continue to support early years' pupils with complex needs it is proposed to increase this budget to £200,000 per annum.

SEND Hub

- 6.35 The authority is proposing to set aside funding (£180,000) to provide a SEND "Monitoring and Review" Hub. The funding will enable us to recruit additional staff to focus on delivering the 'monitoring and review' function, working on behalf of Schools Forum to ensure value for money within the high needs provision both in the City and with Out of City providers. The team will work as part of the SEN team.
- 6.36 The purpose of these posts will be to focus on annual reviews of EHCPs to ensure that:
- The support specified within the EHCP is being delivered and is achieving the intended outcomes
 - The EHCP is being funded at the correct level, in line with the child's needs
 - Where there is evidence to suggest that the support required should be reduced or an EHCP should be ceased, then this is actioned
 - All out of city placements are proactively reviewed to ensure that plans are in place for when these children's needs can be met within the city.
 - Ensure timescales are met for responding to requests for changes in provision following annual review meetings, as well as amending or ceasing EHCPs, where this is appropriate.
- 6.37 It is expected that this spend to save initiative will help to cap the increase in costs seen across the High Needs sector by ensuring the appropriate level of funding to meet support requirements. It is proposed that the

initiative will run for two financial years starting from April 2020 and that progress reports will be brought back to Schools Forum.

Other High Needs Budgets

6.38 The funding for the Portage, Outreach and the Sensory Impairment (SI) Service budgets have been increased. These budgets have been subsidised by the authority over recent years due to the pressures within the High Needs budgets. The increased funding (£27,600) takes these budgets back to a cost neutral position for the Education Department for 2020-21.

7 Early Years Block

7.1 Funding provided by the Department for Education for the Council's Early Years Block of the Dedicated Schools Grant (DSG) has remained stable since April 2017. For the financial years 2017-18 and 2018-19 this was passed to settings as set out in the table below. In 2019-20 the Council reviewed the allocation funding to recognise the pressures faced by early years and childcare settings. We reduced the value of the growth contingency (the money we have to pay for the growing number of funded children during the year) and reduced the centrally allocated funding (the money the council uses to deliver early years and childcare services). This helped us to increase the hourly rate paid to providers.

7.2 The table below shows how the funding was distributed to settings in the City between 2017 and 2020.

	2017-18 & 2018-19		2019-20	
	3 and 4 year olds	2 year olds	3 and 4 year olds	2 year olds
	£	£	£	£
Basic hourly rate per pupil	4.09	5.03	4.17	5.04
Deprivation average hourly rate	0.20	-	0.20	-
SEN Inclusion fund	0.04	0.04	0.04	0.04
Growth contingency	0.13	0.13	0.06	0.13
Total funding passed to settings	4.46	5.20	4.47	5.21
Central retained funding	0.23	0.23	0.22	0.22
Total	4.69	5.43	4.69	5.43

7.3 The current growth contingency covers the in-year cost of additional pupils over and above those funded by the Department for Education. The table below shows the number of additional pupils this funding will cover for 2019-20.

Number of Full Time Equivalent (15 hours) pupils covered by the growth contingency 2019-20			
	2019-20		
	£	Hours	FTE
2 year olds	48,100	9,544	17
3 & 4 year old	153,200	35,057	62
Total	201,300	44,601	78

Additional funding 2020-21.

- 7.4 On 7 November 2019 the government announced additional funding to local authorities Dedicated Schools Grant Early Years Block of £0.08 per hour for two, three and four year olds. This equated to an additional £233,920 of funding for Portsmouth, based on January 2019 census figures.
- 7.5 The 2020-21 funding allocation will be adjusted for the number of pupils in an Early Years setting as at the January 2020 Early Years census in July 2020. However, the number of pupils the authority funds fluctuates in the year, and this will be different to the funding it receives.

Two, three and four year old proposals

- 7.6 The council could pass the full amount of the additional funding directly to settings by increasing the value of the hourly rate. However, by doing this the number of pupils that the council is able to cover using the growth contingency would reduce. This would put further pressure on Early Years' DSG budgets. The council needs to ensure that they are able to fund the same number of Full Time Equivalent (FTE) pupils through the growth contingency in 2020-21 as in 2019-20.
- 7.7 For the council to continue to fund the same level of growth it would need to increase the hourly rate paid to settings by £0.04 and retain £0.04 for the growth contingency.
- 7.8 The council recognises the financial pressures on settings. We are also conscious that any end of year deficit in the DSG may require a reduction in funding to settings in future years.
- 7.9 The Council consulted with Early Years' settings on the proposal to increase the hourly rate to two, three and four year olds by £0.06 and increase the growth contingency by £0.02 per hour. The consultation started on 7 January 2020 and closed on 24 January 2020. In total 31 (15.5%) responses were received from a total of 200 providers contacted. Of the 31 responses, 24 (77%) agreed with the proposal and 7 (22.6%) disagreed with the proposal. Those providers who disagreed with the proposal took time to provide comments explaining why they disagreed

and setting out the pressures that Early Years' providers are seeing particularly with the increase in the minimum wage and living wage. The ammonised comments are included in Appendix 9.

- 7.10 Since the consultation started on 7 January the authority has now received the final data set for the funding provided to early years settings as at the end of December 2019. This combined with the comments from providers has changed the proposals for 2020-21.

Two year olds

- 7.11 The data set is showing a decrease in the number of eligible two year olds pupils attending settings in the autumn term when compared to previous years. This information has been overlaid with recent data regarding birth rates in the City which is showing a decrease in the number of live births. In light of this new data it is expected that number of eligible two year olds is likely to decrease over 2020-21, thus reducing the requirement to hold a growth contingency at the same level as in previous years.
- 7.12 It is therefore proposed to pass the full £0.08 additional funding increasing the two year old hourly rate to £5.12 from April 2020.
- 7.13 It should be noted that as the pupil numbers decrease the authorities funding will also reduce on a lagged basis, thus the level of growth contingency will reduce. As the forecast pupil numbers do not take account of any housing developments that may take place over the coming years. It is important that the authority retains a small growth contingency to manage any future increase in pupils due to new housing. Therefore it is proposed that no change is made to the proportion of hourly funded rate for the authority retained for the growth.
- 7.14 As at the December 2019 monitoring and data the number of 3 and 4 years attending early years' settings continue to grow and a proportion of the growth contingency has been used to pay settings for the additional pupil numbers. Whilst the number of two year olds are reducing we do not expect this population decrease to be seen in the three and four year old pupil numbers until 2021-22. In light of this and in recognition of the financial pressures felt by providers we are proposing to increase the three and four year old hourly rate by £0.07 to £4.24 from April 2020, retaining £0.01 to support the continued growth in this area.
- 7.15 In view of the changing early years population the value of the contingency fund and the hourly rates will be reviewed on an annual basis. Appendix 8 sets out the proposed two, three and four year old rates for 2020-21, for implementation from 1 April 2020.

8 Reasons for recommendations

- 8.1 The recommendations within this report seek to allocate DSG resources appropriately and fairly, to provide the best possible outcomes for pupils in the City. They are consistent with the requirements that are contained within the School and Early Years Finance (England) Regulations 2020. Local Authorities will be required to make an initial determination of their schools' budget no later than the 28th February 2020.

9 Integrated impact assessment

- 9.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity

10 Legal implications

- 10.1 The School and Early Years Finance (England) Regulations 2020 require local authorities to make an initial determination of their Schools Budget by the 28th February 2020. The recommendations in this report have regard to the requirements described in central government Operational Guidance and contained in those updated regulations and in particular identify elements of the proposals in respect of which Schools Forum's specific approval or endorsement is required.

11 Director of Finance's comments

- 11.1 Financial comments have been included within the body of the report.

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Signed by:

Appendices:

- Appendix 1 Dedicated Schools Grant Original Budget 2020-21
- Appendix 2 - Special School, Inclusion Centre and Alternative Provision places 2020-21
- Appendix 3 - Element 3 Top-up 2020-21
- Appendix 4 - School Resource Management Advisor report to Solent Academies Trust
- Appendix 5 - Review to assess the level of need as set out in the Education Health and Care plans against the provision at Solent Academies Trust
- Appendix 6 - Solent Academies Trust Background to the current financial position
- Appendix 7 - Solent Academies Trust Element 3 Top-up rates 2020-21.

Appendix 8 - Early Years funding 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
School revenue funding 2020 to 2021 - operational guide (updated December 2019)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf
Schools Block national funding formula: technical note (October 2019)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844007/2020-21_NFF_schools_block_technical_note.pdf
High Needs funding 2020 to 2021 operational guide (updated October 2019)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837971/Operational_guide.pdf
Early Years Entitlements: local authority funding of providers: Operational Guide 2020-21 (December 2019)	https://www.gov.uk/government/publications/early-years-funding-2020-2021
Early Years national Funding Formula: Technical Note (updated December 2019)	https://www.gov.uk/government/publications/early-years-funding-2020-2021/early-years-national-funding-formula-technical-note-for-2020-21
The School and Early Years Finance (England) Regulations	www.legislation.gov.uk
School revenue funding working papers	Children, Families and Education Finance Team

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

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

Appendix 1 Dedicated Schools Grant 2020-21 Original Budget

	2019-201 Schools Budget July 2019 (Inc. Academies)	Proposed Budget Revisions	2020-21 Schools Budget January 2020 (Inc. Academies)	2020-21 Schools Budget January 2020 (Ex. Academies)
	£000	£000	£000	£000
Schools Block				
Individual Schools Budgets (ISB)				
Primary	65,978	2,041	68,019	27,302
Secondary	49,453	5,181	54,634	12,543
Total ISB	115,431	7,221	122,653	39,845
De-Delegated and Central Budgets				
Growth Fund	754	649	1,403	1,403
De-delegated Budgets	142	(142)	0	0
Academy Conversions	25	(25)	0	0
Other Schools Block Sub Total	921	482	1,403	1,403
Total Schools Block	116,352	7,704	124,056	41,248
Central School Services Block				
Schools Forum	16	0	16	16
Admissions	307	27	333	333
Licences (negotiated by DfE)	126	(2)	124	124
ESG retained duties	377	7	384	384
Central School Services Block Total	826	31	856	856
Early Years Block				
3 & 4 Year Old Provision ¹	11,502	328	11,829	11,829
2 Year Old Provision	1,994	(51)	1,943	1,943
Central Expenditure on under 5's	642	1	643	643
Early Years Block Total	14,138	278	14,416	14,416
High Needs Block				
Individual Schools Budgets				
Special School Place Funding	5,597	138	5,735	244
Resource Unit Place Funding	522	76	598	374
Alternative Provision Place Funding	1,210	0	1,210	40
Total ISB	7,329	214	7,543	658
Element 3 Top-up funding	9,440	1,860	11,300	11,300
Out of City Placements	2,365	612	2,977	2,977
SEN Support Service	675	203	877	877
Medical Education	660	12	672	672
Outreach Services	187	5	192	192
Fair Access Protocol	60	0	60	60
Early Yrs. Complex Needs Inc. fund	53	148	200	200
Post-16 high needs places	504	200	704	0
Other High Needs block sub total	13,943	3,039	16,982	16,278
Total High Needs block	21,272	3,253	24,525	16,936
Total Expenditure	152,587	11,266	163,853	73,456

	2019-201 Schools Budget July 2019 (Inc. Academies)	Proposed Budget Revisions	2020-21 Schools Budget January 2020 (Inc. Academies)	2020-21 Schools Budget January 2020 (Ex. Academies)
Income				
Schools Block	(116,211)	(7,845)	(124,056)	(41,248)
Central Schools Services Block	(826)	(31)	(856)	(856)
Early Years Block	(14,138)	(278)	(14,416)	(14,416)
High Needs Block	(20,943)	(3,582)	(24,525)	(16,936)
DSG Income^{2,3}	(152,117)	(11,736)	(163,853)	(73,456)
One-off use of Carry Forward	(471)	471	0	0
Total Income	(152,587)	(11,266)	(163,853)	(73,456)

¹Includes early years pupil premium

²2020-21 per ESFA allocations December 2019

³ Includes reimbursement of Growth funding for Academy schools

Appendix 2 - Special School, Inclusion Centre and Alternative Provision Places 2020-21

Special School Place 2020-21				
	Places 2020-21		1.84% top-up	
Special School	Apr 20 to Aug 20	Sept 20 to Mar 21	Apr 20 to Aug 20	Sept 20 to Mar 21
Mary Rose Academy	145	152	11,117	16,315
Cliffdale Primary Academy	146	146	11,193	15,671
Cliffdale Willows Centre	18	18	1,380	1,932
Redwood Park Academy	141	141	10,810	15,134
The Harbour School	95	95	7,283	10,197
Total Special School Places	545	552	41,783	59,249
Additional places agreed and paid locally				
Mary Rose Academy	7	0	537	0
Cliffdale Primary Academy	10	10	7,67	1,073
Solent Academies Trust (To be confirmed)	0	20	0	2,147
Total additional places	17	30	611	3,220
Total Special school places	562	582	42,394	62,469

Inclusion Centre and Alternative Provision Places 2020-21			
	Places 2020-21		1.84% top-up
Inclusion Centre	Apr 20 to Aug 20	Sept 20 to Mar 21	Apr 20 to Mar 21⁵
Devonshire Infant	8	10	1,251
Milton Park Primary	14	16	1,914
Portsdown Primary	9	10	1,251
Southsea Infant	7	8	957
Victory Primary	23	23	2,539
Northern Parade Junior	5	4	442
Trafalgar	8	11	1,582
St Edmunds	9	9	1,067
Total Inclusion Centre Places	83	91	11,003
Alternative Provision			
The Harbour School	105	105	19,320
Flying Bull Primary Academy	12	12	2,208
Flying Bull Primary Academy (Emergency Places)	4	4	736
Total Alternative Provision Places	121	121	22,264

⁵ A breakdown between occupied and unoccupied places will be provide with the Inclusion Centre budget shares, no later than 28 February 2020.

Appendix 3 - Element 3 Top-up rates 2020-21

	The Harbour Special School	
	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21
	£	£
Band A	21,283	21,670
Band B	11,898	12,120
Band C	10,051	10,240
Band D	8,529	8,690
Band E	6,630	6,750
Band F	4,014	4,090
Band G	3,101	3,160
Band H	1,446	1,470
Stamshaw	28,190	28,710
Core	8,500	8,660
Enhanced	11,200	11,410
Exceptional	21,200	21,590
Highly Exceptional	28,190	28,710

Alternative Provision

	2019-20 £	2020-21 £
Flying Bull	6,000	6,110
Harbour	8,000	8,150

Inclusion Centres

	2019-20 £	2020-21 £
Devonshire Infant	1,934	1,970
Milton Park	8,476	8,630
Northern Parade Junior	0	0
Portsdown	1,934	1,970
Southsea Infant	2,731	2,780
Victory	1,934	1,970
St Edmunds	0	0
Trafalgar	0	2,780

Appendix 4 Schools Resource Manager Advisor report to Solent Academies Trust.

See separate file

Appendix 5

Review of a sample of pupils from the three Solent Academy Trust (SAT) schools to assess the level of need as set out in the Education, Health and Care Plans (EHCPs), against the provision provided by the SAT.

1. Background

Three of the SAT schools were visited, namely Mary Rose Academy, Cliffdale Academy and Redwood Park Academy. It was agreed after a discussion with the executive head-teacher of the trust that there was not a requirement to visit the pupils at Lantern Academy as the children there were on 'highly exceptional' funding for complex PMLD, severe challenging behaviour and autism.

2. Work Undertaken

The visits to each of the three schools comprised 3 activities:

A comprehensive learning walk accompanied by either the executive head teacher or the head of school

Detailed scrutiny of a selection of EHCPs and annual review documentation

Analysis with the executive head and the head of school of the profile of children within each class and the level of support available

3. Findings

The executive head and heads of school were concerned about the delay in changes to the bands the children were on, even though these had been agreed, and the subsequent lag in the additional funding being paid. There also seemed to be discrepancies between the banding the school thought the pupils were on and the PCC information. There was an acknowledgement that steps are being taken by PCC to resolve this.

The executive head-teacher felt that many of the children were underfunded, and also that the banding rates themselves were too low to enable proper provision to be made. Observation of the children in class and the samples of EHCPs and annual review documentation did not indicate a lack of provision. The children seen did require high levels of close supervision and interaction from adults, but this was as would be expected in special schools of these designations. Teachers and support staff were seen working flexibly and efficiently to meet the specific needs of the children and to enable learning to take place.

It was explained that to help manage the budget, some provision has been reduced, for example sensory integration at Redwood. This has been stopped entirely now.

The learning walk and discussions with the heads of school evidenced the care that is taken in each of the schools to group the children carefully in classes with other children to optimise learning opportunities and to keep the children safe and supported. Support staff in particular were able to work flexibly so that, for example, children who required two to one support at different points in the day, received this support without having to wait.

The day of the visit to Cliffdale Academy coincided with this school rehearsing for their Christmas performance so one class was being covered by a member of staff and two classes had been joined together. Nevertheless, the children were still receiving adequate levels of supervision and support.

The head of school at Redwood Park explained that some classes now had 12 pupils and there was concern about the level of support. No evidence was seen during the learning walk all children not being adequately supported but the head of school appreciates the effort and expertise of her skilled and experienced staff team. During the learning walk we saw a group of 7 pupils being taught by a teaching assistant as the teacher was absent, and the second teaching assistant was temporarily helping another class to refocus a group of pupils who had all had a difficult start to the school day - each child needing at least a 1:1 staff ratio to get them back into the class and focused. This same class was revisited at the conclusion of the learning walk, and the pupils were back in class and had settled to their work.

The executive head-teacher shared several examples of steps taken to manage the budget constraints, whilst maintaining the high staff ratios the special schools of this nature require.

4. Scrutiny of evidence

During the visit to the three schools, samples of EHCPs and Annual Review documentation were scrutinised and matched against the banded funding information. Written evidence was made available for two random pupils for each of the bandings at each school. In the evidence tables below, the pupils have been anonymised. A * denotes that there was evidence specifically matching the relevant descriptors and/or the provision in their Annual Review documentation and in some cases their EHCPs,

5. Mary Rose Academy Banding Review

Mary Rose Academy is a designated special school which caters for children between 2 and 19 years of age who have profound and multiple learning difficulties, or severe and complex needs, and who may also have Autism. Children may have a complexity of special educational needs including physical disabilities, complex medical conditions and varying degrees of sensory impairment.

CORE		Child A	Child B
Descriptor	Pupils will have severe, complex, and life-long difficulties/disabilities.	*	*
	Pupils will have learning difficulties which may co-exist with a medical condition and/or physical disabilities or sensory difficulties and may include sensory processing difficulties.	*	*

CORE		Child A	Child B
	Pupils may also have social communication and interaction difficulties or Autism.	*	*
	There may be associated social, emotional and behaviour difficulties and/or additional mental health difficulties.	*	*
Provision	Specialist provision in a class within a staffing ratio of 1:2.	AR specifies full time 1:1	*
	Staff will have high levels of expertise in meeting the needs of pupils with severe and complex learning difficulties and/or Autism.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with medical needs and physical disabilities.	*	*
	Staff will have high levels of expertise in order to provide personal care, administering of medication and support for eating, moving and handing.	*	*

ENHANCED		Child C	Child D
Descriptor	Pupils will have profound, multiple and lifelong learning difficulties/disabilities.	*	*
	Some pupils will also have severe social communication difficulties or Autism.	*	*
	These learning difficulties/disabilities will co-exist with significant medical needs and/or physical disability and/or sensory processing difficulties.	*	*
	Pupils may have significant multi-sensory impairment requiring a specialist programme and support.	*	*
	There may be associated social, emotional and behaviour difficulties and/or mental health difficulties.	*	*
Provision	Specialist provision in a class with a staffing ratio between 1:2 and 1:1.	*	At least 1:3, 1:1 for sensory needs
	Staff will have a high level of expertise in meeting the needs of pupils with severe and complex	*	*

ENHANCED		Child C	Child D
	learning difficulties and/or Autism and associated challenging behaviour.		
	Staff will have high levels of expertise in meeting the needs of pupils with profound and multiple learning difficulties.	*	*
	Staff will have a high level of expertise in meeting the needs of pupils with significant medical needs and physical disabilities.	*	*
	Staff will have high levels of expertise in order to provide personal care, administering of medication and support for eating, moving and handling.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with multi-sensory impairment.	*	*
	There may be a need for increased levels of specialist resourcing e.g. specialist communication aids/seating/standing equipment	PECS	*

EXCEPTIONAL		Child E	Child F
Descriptor	Pupils will have profound, multiple and lifelong learning difficulties.	*	*
	Some pupils will have severe social communication difficulties or Autism.	*	*
	Some pupils will have learning difficulties which co-exist with significant medical needs and/or physical disability and/or sensory processing difficulties.	*	*
	Some pupils will have multi-sensory impairment requiring a specialist programme and support.		*
	Some pupils will have associated social, emotional and behaviour difficulties and/or mental health issues.	*	Difficulty managing emotions and behaviour
	Significant, complex and/or life-limiting medical conditions.		*

EXCEPTIONAL		Child E	Child F
	Extremely challenging behaviour which can be a risk to themselves or others.	*	
Provision	Specialist provision in a class with a staffing ratio of 1:1 and 2:1 for some activities.	1:1 at all times	1:1 all day
	Staff will have high levels of expertise in meeting the needs of pupils with the most profound and complex learning difficulties, medical and sensory needs.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with the most severe multi-sensory impairments.		*
	Staff will have high levels of expertise in meeting the needs of pupils with the most profound learning difficulties and autism and associated challenging behaviour.	*	*
	There may be a need for increased levels of specialist resourcing e.g. specialist communication aids / seating / standing equipment.		*

There are no criteria in this format for pupils on 'highly exceptional' funding. Paperwork for two pupils receiving this 'highly exceptional' funding was considered against the exceptional criteria. There was evidence that one of these children had extreme challenging behaviour, he could not spend time with other pupils, needed frequent sensory input could only make tiny steps in learning. The second pupil in this band had a tracheostomy, needed oxygen at night, needed two on one support for his complex health needs can only communicate at a yes/no level via symbols.

6. Cliffdale Academy Banding Review

Cliffdale Primary Academy is a designated special school which caters for children between 4 and 11 years of age who have complex learning difficulties and who may also have severe Autism.

CORE		Child A	Child B
Descriptor	Pupils will have severe and complex learning difficulties.	*	*
	Some pupils will also have communication and interaction difficulties: speech, language and	*	*

CORE		Child A	Child B
	communication difficulties or Autism.		
	There may also be some associated social, emotional and behaviour difficulties and/or additional mental health difficulties.	*	*
	Pupils are ambulant, interactive and can meet most of their own personal care needs with minimal supervision.	*	Only just
Provision	Specialist provision within a class with adult pupil ratio of 1:3.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with severe and complex learning difficulties, speech, language and communications needs or Autism.	*	*
	Staff may be needed to provide support with personal care, administering of medication and support for eating.	*	*

ENHANCED		Child C	Child D
Descriptor	Pupils will have severe or complex lifelong learning difficulties.	*	*
	Pupils will have communication and interaction difficulties, speech, language and communication difficulties or severe Autism and may have sensory processing difficulties.	*	*
	Some pupils will have associated social, emotional and behaviour difficulties and/or additional mental health difficulties.		
	Some pupils will have a medical condition and/or physical disability or sensory impairment.	*	*
	Some pupils will need support with their personal care needs,	*	*

ENHANCED		Child C	Child D
	administering of medication and support for eating, moving and handling.		
Provision	Specialist provision in a class with a staffing ratio of 1:2.	*	*
	Staff will have a high level of expertise and experience in meeting the needs of pupils with severe and complex learning difficulties and associated behaviour difficulties.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with severe Autism and social communication needs.		
	Staff will have high levels of expertise in order to provide personal care, administering of medication and support for eating, moving and handling.	*	*

EXCEPTIONAL		Child E	Child F
Descriptor	Pupils will have severe and complex lifelong learning difficulties.	*	*
	Pupils will have communication and interaction difficulties, speech, language and communication difficulties or severe Autism and may have sensory processing difficulties.	*	*
	Some pupils will have associated social, emotional and behaviour difficulties and/or additional mental health difficulties.	*	*
	Some pupils will have a medical condition and/or physical disability or sensory impairment.	*	*
	Some pupils will need support with their personal care needs, administering of medication and support for eating, moving and handling.	*	*

EXCEPTIONAL		Child E	Child F
	Challenging behaviour which requires an entirely personalised programme.	*	*
	Challenging behaviour which can be a risk to themselves or others.	*	*
Provision	Specialist provision in class with a staffing ratio of 1:1 and 2:1 for some activities.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with severe Autism and sensory processing difficulties.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with severe Autism and associated challenging behaviour.	*	*
	Staff will have high levels of expertise in order to provide personal care, administration of medication and support for eating.	*	*

7. Redwood Park Academy Banding Review

Redwood Park Academy is a designated special school which caters for children between 11 and 16 years of age who have complex learning difficulties and who may also have severe Autism.

CORE		Child A	Child B
Descriptor	Pupils have severe, complex learning difficulties.	*	
	Pupils may also have communication and interaction difficulties: speech, language and communication difficulties, social communication difficulties or Autism.	*	
	Pupils are ambulant, interactive and can meet their own personal care needs.	*	
	There may be some associated social, emotional and behaviour difficulties and/or additional mental health difficulties.	*	

CORE		Child A	Child B
Provision	Specialist provision within a class with adult pupil ratio of 1:3.	*	
	Staff will have high levels of expertise in meeting the needs of pupils with severe learning difficulties, speech, language and communication difficulties.	*	

ENHANCED		Child C	Child D
Descriptor	Pupils will experience severe and complex lifelong learning difficulties.	*	*
	Pupils will have communication and interaction difficulties, speech, language and communication difficulties or severe Autism and may have sensory processing difficulties.	*	*
	Some pupils will have associated social, emotional and behaviour difficulties/disabilities and/or additional mental health difficulties.	*	*
	Pupils are ambulant, interactive and can meet most of their own personal care needs with minimal supervision.	*	*
Provision	Specialist provision in a class with a staffing ratio of 1:2.	1:1 needed	*
	Staff will have a high level of expertise in meeting the needs of pupils with severe and complex learning difficulties and associated behaviour difficulties.	*	*
	Staff have high levels of expertise in meeting the needs of pupils with severe and complex learning difficulties and associated social, emotional and mental health difficulties.	*	*
	Staff will have high levels of expertise in meeting the needs of	*	*

ENHANCED		Child C	Child D
	pupils with severe autism and social communication needs.		

EXCEPTIONAL		Child E	Child F
Descriptor	Pupils will have severe and complex lifelong learning difficulties.	*	
	Pupils will have communication and interaction difficulties, speech, language and communication difficulties or severe autism and may have sensory processing difficulties.	*	*
	Some pupils will have associated social, emotional and behaviour difficulties and/or additional mental health difficulties.	*	*
	Some pupils will need support with their personal care needs.		
Provision	As above and, in addition, pupils will require at least 1:1 adult support and a highly personalised curriculum.	*	*
	Specialist provision in a class with a staffing ratio of 1:1 and 2:1 for some activities.		
	Staff will have high levels of expertise in meeting the needs of pupils with severe Autism and sensory processing difficulties.	*	*
	Staff will have high levels of expertise in meeting the needs of pupils with severe Autism and associated challenging behaviour.	*	*
	Staff will have high levels of expertise in order to provide personal care, administering medication and support for eating.		

Child E above would probably meet the criteria for 'highly exceptional' funding, but this band is not available for pupils attending Redwood Park School.

There are no entries for Child B above as the core criteria did not match the evidence presented in the documentation for the child. When double checked, it transpired this child was on enhanced funding. This was reassuring evidence that the matching exercise was worthwhile and accurate.

8. Recommendations and Conclusions

- Transfer all remaining band ABC etc. pupils onto the new banding system to aid clarity.
- Ensure accurate banding information is clearly referenced in ALL annual review paperwork, as there were some Annual Review reports seen with this information missing.
- Carry out a thorough checking exercise as there were several discrepancies between the banding the school thought a child was on/should be on, and the amount of funding being received.
- Ensure a consistent understanding of the process when a different banding is requested at an annual review meeting, as there was a lack of clarity as to how this was agreed and subsequently actioned,
- Consider, following the demise of P levels, what other systems might be appropriate for those pupils working below the level of year 1 of the national curriculum, acknowledging the individual needs of children placed in special educational provision.
- Consideration needs to be given to the 'bulge class' on exceptional funding at Cliffdale, as when this group of pupils reach year 6, it is unlikely there will be space at Mary Rose to accommodate them.
- Evidence seen at the three schools within the Solent Academies Trust showed that the children are on the correct banding levels, and that the high ratio of teachers and support staff is needed to both keep the children safe, and enable learning to take place.
- Evidence seen during the school visits indicated there was sufficient funding to provide appropriate staffing levels and resources for the pupils. Although the scope of this review did not include a detailed analysis of the trust's finances.
- PCC to consider working with neighbouring authorities to 'moderate' banding systems and the associated levels of funding afforded to each band.

Liz Flaherty
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Appendix 6 - Solent Academies Trust - Background to current financial position



Title:	Appendix 6 – background to deficit and action taken to manage costs
Date:	28 th January 2020
Prepared By:	Alison Beane, Executive Headteacher

Concerns related to the funding of pupils across the Trust have grown over time, mostly due to the increased complexity of needs of our pupils and the associated costs, especially related to staffing.

MATs are not permitted to run at a loss and any in-year deficits have to be covered by drawing on previously accumulated reserves.

In spite of tight budgetary control, in both 17/18 and 18/19 expenditure exceeded income received and the resulting projected deficits had to be covered by drawing on the SAT's modest reserves. These have now more or less vanished. No money has been spent on facilities or resources that are vital to the well-being of our pupils such as the sensory rooms, the Mary Rose hydrotherapy pool, communication aids, essential specialist equipment for pupils with physical disabilities and outdoor play areas. Specialist teaching posts in science, art, PE and drama have also been lost to reduce costs and the number of TA posts has also been cut. Yet still it is providing impossible to balance the in-year budget.

The main reason for this is the increasing complexity of need of a growing proportion of SAT pupils, as evidenced in their EHC plans. The cost of meeting the needs of many of these pupils, which can only be met by employing additional staff and/or purchasing specialist equipment, now exceeds the income received for the pupils concerned. This is the main reason why in recent years it has been impossible to maintain a balanced budget.

Reasons for current Trust financial situation can broadly be defined as:-

1. Staffing Costs
2. Funding reductions
3. Unpredictability

1. Staffing Costs

As with all educational settings the impact of increased staff costs which have not been fully funded have resulted in an in year deficit and reducing reserves over the last 3 years

Due to the nature of SAT staffing costs make up 80% of total expenditure across the trust which increased the impact of changes in comparison with other educational settings. The major factors resulting in increased costs are:

- Increased complexity of need of pupils requiring higher staffing levels
- Increased support staff costs following the NJC agreement
- Minimum increase of 2% across the support staff pay award scale points, with the increases for TAs being between 5% - 8% on previous years.
- Teacher Pay Award 2019; only 1.75% of the 2.75% agreed has been funded. Teacher Pension Award not fully funded; grant applicable but only from April 2020. The salaries and pensions contributions for teaching staff disadvantage special needs schools because of their lower staff-pupil ratios.

2. Funding Reductions

- The baseline funding of £10,000 per pupil has not been increased for 7 years
- Outreach reduction from £150,000 to £30,000 at extremely short notice
- Funding of CPA pupils moving to RPA for a significant number has resulted in a reduction in top up funding. This has totalled £70,000 in the last 2years

3. Unpredictability

Safeguarding; e.g. pupils with exceptional needs requiring high TA ratios vs funding, pupils with complex medical needs such as the need for tracheostomies and suction, pupils on BiPAP, pupils with challenging behaviours who would otherwise need independent specialist provision requiring 1:1 or even 2:1 or 3:1 support. Numbers of our pupils have 2:1 or 3:1 support when taken out into the community in the evenings and at weekends.

Impact on reserves

The Trust's reserves have reduced by almost £183,000 since 31st August 2017.

Mary Rose Academy deficit increased from £78,283 as at 31.8.18 to £203,251 as at 31.8.19. This deficit is caused by a combination of the fact that the top up funding is not providing sufficient resource to meet the needs of the most complex pupils, some with significant medical and/or behavioural needs. In order to keep pupils safe and to meet the needs of their EHCPs, expenditure on staffing for these pupils exceeded income

Redwood Park Academy were carrying a small surplus as at 31.8.18 of £1,491. This has been reduced to a deficit of £43,022 as at 31.8.19. Again, top up funding issues have caused over expenditure on staffing to ensure pupil safety.

The evidence to support has been provided and costings for the full cost of each pupil placement calculated showing the gap for each individual pupil.

Actions taken

In order to address the significant in year deficits and reducing reserves a review of all income and expenditure has taken place to identify areas of potential savings.

Alongside an internal review the ESFA carried out an SMRA review which confirmed the actions already taken by the Trust and working with a consultant to ensure that the staffing and resourcing to deliver the curriculum is appropriate and efficient which was also confirmed.

Staffing

In order to reduce staffing costs, the trust have adopted the following procedures:

- Not filling vacancies for extended period (class teachers, Senior IT Technician, Estates Manager, CFOO, Admin Manager @ CPA, etc.).
- Not replacing like-for-like, e.g. CPA Finance Officer role absorbed into another role, LGA Admin Manager, LGA Finance Officer.
- Reducing TAs to the absolute minimum

Other Expenditure

- Change in finance system has meant a saving of (£15k).
- Reduction in use of external specialist services e.g. OT sensory integration,
- Reduction in all curriculum budgets and IT to an absolute minimum. No development
- Cap on agency where possible with all decisions made around pupil and staff safety
- Review of SLAs to reduce costs (e.g. premises, HR, payroll etc.).

SRMA Review

- External report produced by ESFA.
- This included completing benchmarking metrics, where the independent report finds: *“The metrics do not highlight any significant areas to address in respect of the curriculum model, when compared with similar schools.”*
- 2 areas for suggested improvement were Premises & Agency.
 - Premises relates to nature and condition of building at Littlegreen
 - Agency costs
- The final report showed savings of only £35,380. Achieved by the employment of cover supervisors to replace to the high agency costs. Whilst on paper this appears to be a realistic solution and one which the trust is already working towards there is an issue of employment of suitably skilled staff in a saturated market.
- Report highlights time-lag between a change in the support required for children and agreement from the LA on payment

Strategic forecasts

- The Trust 3-year strategic forecast shows increasing staffing costs of 18% over the next 2 years to meet the complex needs of current pupils. A predicted in year deficit for 19/20 of £302,503 will take unrestricted reserves into a deficit of £69,609 which will not be fully recovered in the following year.



SAT 3 Year Budget - BFRY3				
	Original Budget	Revised Budget		
Income	TOTAL	TOTAL	Year 2	Year 3
	19/20	19/20	20/21	21/22
Total Income	13,357,552	13,133,042	14,549,344	15,860,316
Expenditure	TOTAL	TOTAL	TOTAL	TOTAL
Total Staffing	10,652,659	10,888,200	11,717,925	12,611,790
Total Other Expenditure	2,546,893	2,547,345	2,801,582	3,081,741
Total Expenditure	13,199,552	13,435,545	14,519,507	15,693,530
In Year Surplus/Deficit	158,000	- 302,503	29,837	166,786
BF Surplus/Deficit	232,894	232,894	- 69,609	- 39,772
CFSurplus/Deficit	390,894	- 69,609	- 39,772	127,014

Appendix 7 - Solent Academies Trust Element 3 Top-up rates

Table A - Element 3 Top-up rates increased by 1.84%								
	Cliffdale		Cliffdale Willows Centre		Mary Rose		Redwood	
	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21
	£	£	£	£	£	£	£	£
Band A	18,834	19,180	19,461	19,820	19,461	19,820	21,283	21,670
Band B	10,486	10,680	11,246	11,450	11,246	11,450	11,898	12,120
Band C	8,844	9,010	9,629	9,810	9,629	9,810	10,051	10,240
Band D	7,491	7,630	8,299	8,450	8,299	8,450	8,529	8,690
Band E	5,802	5,910	6,636	6,760	6,636	6,760	6,630	6,750
Band F	3,475	3,540	4,346	4,430	4,346	4,430	4,014	4,090
Band G	2,663	2,710	3,547	3,610	3,547	3,610	3,101	3,160
Band H	1,191	1,210	2,098	2,140	2,098	2,140	1,446	1,470
Core	5,500	5,600	8,500	8,660	8,500	8,660	3,800	3,870
Enhanced	9,700	9,880	11,200	11,410	11,200	11,410	9,000	9,170
Exceptional	18,800	19,150	19,400	19,760	19,400	19,760	18,800	19,150
Highly Exceptional	-	-	-	-	-	-	-	-
Highly Exceptional ⁶ - 3+	-	-	-	-	30,000	30,550	-	-
Highly Exceptional ⁷ - 1/2	-	-	-	-	45,000	45,830	-	-

⁶ Element 3 Top-up paid for any subsequent pupils (3+) attending the highly exceptional class (where agreed by the local authority)

⁷ Element 3 Top-up paid for the first two pupils attending the highly exceptional class (where agreed by the local authority)

Appendix 7 continued

Table B Element 3 Top-up rates increased to provide additional funding								
	Cliffdale		Cliffdale Willows Centre		Mary Rose		Redwood	
	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21	Element 3 Top up rates 2019-20	Element 3 Top up rates 2020-21
	£	£	£	£	£	£	£	£
Band A	18,834	19,820	19,461	20,480	19,461	20,480	21,283	22,400
Band B	10,486	11,040	11,246	11,840	11,246	11,840	11,898	12,520
Band C	8,844	9,310	9,629	10,130	9,629	10,130	10,051	10,580
Band D	7,491	7,880	8,299	8,730	8,299	8,730	8,529	8,980
Band E	5,802	6,110	6,636	6,980	6,636	6,980	6,630	6,980
Band F	3,475	3,660	4,346	4,570	4,346	4,570	4,014	4,220
Band G	2,663	2,800	3,547	3,730	3,547	3,730	3,101	3,260
Band H	1,191	1,250	2,098	2,210	2,098	2,210	1,446	1,520
Core	5,500	5,790	8,500	8,950	8,500	8,950	3,800	4,000
Enhanced	9,700	10,210	11,200	11,790	11,200	11,790	9,000	9,470
Exceptional	18,800	19,790	19,400	20,420	19,400	20,420	18,800	19,790
Highly Exceptional	-	-	-	-	-	-	-	-
Highly Exceptional ⁸ - 3+	-	-	-	-	30,000	31,580	-	-
Highly Exceptional ⁹ - 1/2	-	-	-	-	45,000	47,360	-	-

⁸ Element 3 Top-up paid for any subsequent pupils (3+) attending the highly exceptional class (where agreed by the local authority)

⁹ Element 3 Top-up paid for the first two pupils attending the highly exceptional class (where agreed by the local authority)

Appendix 8
Early years funding 2020-21

2019-20 and 2020-21 allocation of the funded hourly rate for 2, 3 and 4 year olds								
	2019-20				2020-21			
	3 and 4 year olds		2 year olds		3 and 4 year olds		2 year olds	
	£	%	£	%	£	%	£	%
Basic hourly rate per pupil	4.17	88.9	5.04	92.8	4.24	88.9	5.12	92.9
Deprivation average hourly rate	0.20	4.3	-		0.20	4.2	-	
SEN Inclusion fund	0.04	0.8	0.04	0.7	0.04	0.8	0.04	0.7
Growth fund	0.06	1.3	0.13	2.4	0.07	1.5	0.13	2.4
Total funding passed to settings	4.47	95.3	5.21	95.9	4.55	95.4	5.29	96.0
Central retained funding	0.22	4.7	0.22	4.1	0.22	4.6	0.22	4.0
Total	4.69	100	5.43	100	4.77	100	5.51	100

Appendix 9 - Early Years consultation comments

Type of provision	Comments
PVI provider	<p>I'm more than happy to give further information as to why we have replied no to the suggested 25% proposed reduction of the funding offered if that helps us and other nurseries continue.</p> <p>The offer of only 6p will leave us even further out of pocket on the wages to deliver the funded hours than we already are given the relentless annual and previous biannual increases in the minimum wage whilst the funding rate has remained frozen since 2017.</p> <p>A 6p increase will mean an actual increase of 48p for 3 & 4 year olds and 24p for 2 year olds for ratios.</p> <p>The min wage increase in 2020 is 51p an hour, leaving us with a loss of 3p and 27p for 3 & 4 year olds and 2 year olds.</p> <p>Over the 15 hour a week entitlement that's 45p and £4.05 and over the 38 weeks it equates to £17.10 and £153.90.</p> <p>These calculations are based on the member of staff being at full ratio for both age groups and we both know that isn't always the case, it also doesn't take into consideration the hours worked when the children are not present to complete forms and cleaning etc. plus management hours needed to run the setting and other outgoings such as pensions we now have to deal with alongside an increase of every other cost associated with running a pre-school/nursery.</p> <p>The minimum wage since the funded rate was frozen in 2017 has increased by £1.52 per hour as of April and we also have pension payments for most staff adding another 25p to the payroll costs. That's an overall increase of £1.77 for a qualified member of staff in costs and only 7p in funding in the same time frame.</p> <p>We now have to pay for training that was previously supplied by PCC to remain legally open for business and contributions to allow us to train apprentices to keep the sector in qualified staff as ours and every study indicates that qualified/well trained staff led to better outcomes for the children. These are just two of the issues as listing them all would take forever that we now have to contend with that we didn't before, but all for the same money from PCC/DFE.</p> <p>The changes calculated on just the 15 hours x 38 weeks is £1008.9 for increased wages versus an £8.40 and £4.20 increase in funding for 3 & 4 yr olds and 2yr olds respectively. Over the two main settings and the preschool that's approximately £8071.20 for the level 3's working directly with the children and £1710 for apprentices for 2020 compared to 2017 totalling approx. £25k just in added payroll expenses over the last 3 years and a further £9781.20 for 2020. These increases are making the delivery of our outstanding childcare very challenging to maintain and has led to us questioning remaining in the sector if more funding isn't allocated in the near future as it's becoming unsustainable.</p> <p>I would also like to enquire if all the contingency money withheld to date has been spent and if so what has it been spent on? As I'm unaware of any updates on this money that was allocated for funding and on quick calculations I believe it to be a figure in the region of £600,000.00 since 2017. Forgive me if this figure is incorrect as I said I'm not in possession of the actual number of funded children over the last 3 years but it is a subject that's come to light and been reported on various media outlets that city councils have forwarded this underspend back to the nurseries in the form of a one off payment J</p> <p>Sorry that wasn't a brief answer (HAHA) but the 8p wasn't enough and 6p even less so. I am sure you are fully aware of this anyway.</p>



Type of provision	Comments
PVI provider	I have made a case that with anything less than the full 8p, I will have no option but to pass these costs on to the paying parent in increased fees, which I am reluctant to do as we only increased them in September last year. However, with the increased NMW and NLW in April, this year, with only a 6p increase on the funding, it will become a necessity. We will also have to look at the delivery of our funded hours and also what consumables we charge for. If you would like childcare providers in the City to remain sustainable, I would urge you to look at the rate you pay us and ensure that the absolute maximum is passed through to us, whether that be from within the growth fund or the centrally retained funds.
PVI provider	As a childcare provider I am already struggling on the rate I receive currently, which falls well below my hourly rate of £5.75 for under 3's and £5.50 for over 3's. This has already had an impact on all decisions we take regarding staff, training, resources etc. and despite numerous changes to the structure of the business and an increase in child occupancy from 50 to 60 to take on extra funded children, it remains a constant battle.
PVI provider	<p>Sorry it has taken me a while to write this email, we have been given an 8 pence increase for our funding yet Portsmouth Council are giving the providers 6 pence of the money.</p> <p>As you are aware myself and a few other providers have been trying to get our funding increased for many years, if we are given 8 pence then 8 pence is what we should be getting not 6 pence.</p> <p>Since I built the new preschool my business rates have rocketed to over £1000 per month, the national minimum wage increases each year, this year being 6.2%, we have to pay 3% towards pensions, which this month was over £500, we have mortgage to pay, the list goes on.</p> <p>I don't charge any extra so my parents get all the funded sessions for free unless they do extra hours, at present I don't charge additional services as we are not allowed to make it compulsory it has to be voluntary, so for me personally unless all are paying it you can offer any additional services as I would end up having another bill.</p> <p>Funding is 38 weeks most PVL settings are all year round so we have to stretch the funding to make it realistically work, for our settings%</p> <p>The council need to be working with the government to getting us all a funding rate that is more realistic.</p> <p>I do not agree with us getting 6 pence we should be having the full amount which we have been given.</p>
Childminder	My response to the consultation is no I do not agree. Providers need all of the additional funding to offer high quality care.
PVI provider	However this increase does not help with the National Minimum wage increase in April 2020, meaning we will still be financially unsustainable.



Type of provision	Comments
Childminder	I am emailing my response as NO! Whilst the money into Portsmouth is low many local authorities have passed the full 8p per hour on to providers. I am well aware of the dedicated schools grant and the formula of the Early Years National Funding Formula. I am well aware the whole system is flooded and central government need to realise the importance of both the need to invest in early years and the pressures local authorities face. Unfortunately 6p per hour will not help providers to offer high quality care and education. I would ask that the cabinet member looks carefully at this decision. As a childminder in an area of deprivation I am unable to charge my families top ups and do not want to cut the quality of care. I feel torn between providing good quality care and education or making my own family suffer financially. It is wrong the government sets the ratio and the funding rate with no idea of the impact.
PVI provider	I would like a commitment that if the growth contingency fund ends up not being used, that the £0.02 that has been allocated to the growth fund is then placed onto the base rate. Thank you for continuing to work prudently and responsibly with public funds.