



Department for Children, Adults and Health

Headteachers and Chair of Governors of
Infant, Junior, Primary, Secondary, Special
Schools and Alternative Provision,
Principals of Academies

Date: 8th November 2019
Email:
CORPCYPFinance@southglos.
gov.uk

Dear Colleague

SCHOOLS FUNDING ARRANGEMENTS FOR 2020/21

Introduction and Background

This consultation relates to the funding arrangements of primary and secondary maintained schools, academies, special schools and alternative provision for the 2020/21 financial year. It builds on work being undertaken in conjunction with the Schools Forum and all schools on approaches to deal with the implementation of the National Funding Formula and the growing Dedicated Schools Grant (DSG) overspend. School Funding is a very complex area and the recent context of regulation changes, complex funding settlements and complex national spending pressures have added to this complexity. The DfE and the Secretary of State for Education's expectation is that consultations run with schools are sufficiently detailed and transparent to allow schools to make informed choices. While every attempt has been made to simplify this consultation letter as far as is possible nevertheless, to ensure transparency and sufficient understanding of the key issues and their many inter-related elements, this consultation paper does still need to be fairly detailed and lengthy. If you require any clarification on any element of it please do not hesitate to email: Stuart.Thomas@southglos.gov.uk. In addition, two briefing sessions for Governors and Headteachers have also been arranged for:

- Monday 18th November (6-7pm) at Longwell Green Primary School (GOV/19/079)
- Wednesday 20th November (4-5pm) at the Jubilee Centre Bradley Stoke (GOV19/080)

You can book onto those sessions by contacting governor.services@southglos.gov.uk

DSG Levels and the National Funding Formula (NFF)

From 2018/19 to 2019/20 a new schools National Funding Formula (NFF) was introduced by the Government which resulted in growth in South Gloucestershire's DSG allocation of £8.1m. This was a very welcome development but contrasted to the position regarding the High Needs block which had not seen any significant growth in allocation despite local authorities experiencing significant spending pressures relating to supporting children and young people with SEND.

More recently the Government has announced a new funding settlement for Schools covering the period 2020/21 to 2022/23. The settlement announcement has quite complex features and some of the detailed impact will not be known until late December when the government releases final DSG figures for 2020/21 and responds to a number of consultations that are currently live regarding the details of the settlement. What we do know however is that the headline impact for South Gloucestershire from this new funding settlement is:

- expected growth in funding for the Schools Block of £8m for 2020/21 (this £8m is new and on-top of the £8.1m referred to above),
- growth of £2.8m for the High Needs Block for 2020/21,
- a reduction of £0.5m for the Central Services Block for 2020/21 (this affects the Council rather than schools),
- An increase for the Early Years sector of around 1.8%.

The Government has also continued to allow Local Authorities a degree of flexibility to consult with their schools on how this additional funding gets distributed to individual Schools. Options regarding this choice form the basis of the options your School is being consulted upon in this Consultation Paper.

DSG Deficit Recovery Plan

The DSG is the funding the Council receives each year which it then primarily allocates out to Schools in the form of Schools Budget Shares and SEND Top-Ups or spends on supporting SEND pupils in other provision.

In 2015/16 South Gloucestershire's Schools Budget, which is 100% funded by the ring-fenced DSG, overspent by £1.2m and during 2016/17 the cumulative overspend was forecast to reach £6.4m by the end of March 2016/17, and £11.7m by the end of 2018/19. The following table shows the actual build-up of the current DSG Deficit in South Gloucestershire:

DSG Deficit	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
In-Year	1,214	5,274	2,946	2,212	4,752
Cumulative	1,214	6,488	9,434	11,646	16,398

To bring the DSG back into balance, a consultation with all Schools and the Schools Forum resulted in an agreed DSG Deficit Recovery Plan being approved by the Schools Forum and the Council in December 2016, which aimed to bring the DSG back into balance by 2020/21. This plan was based on being able to transfer an additional £2m each year from the Schools Block up to 2020/21.

As previously mentioned the Schools Block benefited by growth of £8.1m over 2018/19 to 2019/20. During the work undertaken to set the 2018/19 Schools Budget the plan was reassessed and due to increasing pressures, the plan was changed to recognise the need to make a transfer of £2.9m from the £8.1m growth for 2018/19. In addition, it was recognised that the plan would need to be delivered over a longer time period. Following a major consultation, Schools and the Schools Forum both supported the transfer of £2.9m. A request to make this significant transfer was made to the Secretary of State for Education who granted approval and this transfer was made. The Schools forum supported the continuation of this transfer in 2019/20 and this support for the SEND Budget of £2.9m was maintained in 2019/20.

To maintain progress towards a balanced DSG a further £3m transfer was consulted on for 2019/20, however following a major Schools, Schools Forum and public consultation this proposal was rejected by Schools and the Schools Forum (but a smaller transfer of £730k was approved by the Schools Forum). This resulted in the Secretary of State not approving a large £3m transfer but confirming that the Council could transfer the extra £730k as agreed by the Forum.

With the prospects of transfers significantly controlled, the main tool left to Councils for creating change to deliver sustainability is to spend less on SEND. The Challenge with this is that statutorily the Council cannot simply reduce funding in a blanket way, as numerous legal rulings have shown that ultimately the SEND support a pupil is entitled to, must be funded by the relevant LA regardless of budget position. In addition, the Council like many other local authorities is committed to ensuring that SEND pupils receive the right level of support they need to thrive and reach their full potential. Success in this context, therefore, requires a different approach than just trying to reduce spending and needs to be focused on working in partnership with schools and school leaders to make meaningful and very difficult system wide change that includes changes to culture, skills, processes, information and guidance and provision. Such changes need time to develop, gain buy-in and traction and require much longer timescales to have an impact on spending and the DSG deficit.

With this changed approach in mind setting the 2019/20 Schools Budget included a new approach to co-produce a new sustainability plan with School Leaders through an enhanced High Needs Working Group (HNWG) overseen by the Schools Forum and ultimately cabinet.

www.southglos.gov.uk/documents/Schools-Forum-Agenda-and-Papers-for-9may19.pdf (item 7 page 35)

The High Needs Working Group has met on a number of occasions and is functioning productively to develop a new longer term plan, with an initial target of setting the 2020/21 Schools Budget to achieve an in-year balance. The draft plan being developed was presented to the schools forum on 4th November 2019

www.southglos.gov.uk/education-and-learning/schools-and-education/financing-schools/the-schools-forum/ (item 7 page 32)

The successes achieved so far through this new approach can be summarised as:

- Secured approval from the Schools Forum and Secretary of State for Education for Transfers of £2.9m thus far on a continuing basis from the Schools Block to support the budget for supporting SEND children and young people,
- Significant improvement in value for money being delivered from the SEND budget helping to maximise the impact of every pound spent,
- Implementation of new Top-Up allocation system that transparently allocates the right level of top-up to allow schools to support their pupils' EHCPs,
- Introduction of 2 large Early Intervention Cluster Pilots with targets for alternatives to EHCPs, investment in early intervention support, targets for improved outcomes (Appendix A Schools Forum 4th November page 24 shows case studies showing the positive impact this initiative is delivering), <https://www.southglos.gov.uk/education-and-learning/schools-and-education/financing-schools/the-schools-forum/>
- Major buy-in and engagement from School Leaders through the HNWG; each Work stream is led by a School Leader with a commitment to champion the changes across the whole sector,
- Better engagement with parent/carers through the HNWG and consultation process,
- Significant capital investment in new local provision e.g. The Chase now provides much needed places for post 16 SLD young people (which had been a major spending area previously), Warmley Park expansion and new Pegasus Free School with potentially 2 more Special Free Schools planned and an increase in resource base provision.

SEND Spending Pressures

The issue of growing SEND spending pressures has become a high profile national matter with many stakeholders and the media reporting on the situation. The Local Government Association has published a research paper that has examined this problem.

www.local.gov.uk/have-we-reached-tipping-point-trends-spending-children-and-young-people-send-england

More recently a welcome positive sign from the DfE and the Government is that Ministers have announced a major review of SEND, looking at 'how the system has evolved, how it can be made to work best for all families and ensure quality of provision is the same across the country. Recognising the importance of joined-up support, it will also explore the role of health care in SEND in collaboration with the Department of Health and Social Care.'

An important point is that the approach currently underway in South Gloucestershire to co-produce an updated sustainability plan with the School's Forum and school

leaders is entirely consistent with the LGA's research conclusions and the approach the DfE has now embarked on. The Council feels it is critically important that the progress made thus far in South Gloucestershire is continued and accelerated.

SEND/DSG SUSTAINABILITY PLAN

As explained previously the Council over recent years has consulted its schools and met other requirements needed in order to transfer some of the growth received for the Schools Block to the High Needs Block allowing this funding to be used to support the SEND budget. For 2020/21 the schools Block will receive growth of another £8m and the Council and the Schools Forum believes it is right to consider transferring further funding to support continuing the progress made on improving the SEND system. At its last meeting the Schools Forum recommended that:

“The Schools Forum supports the continuation of the existing £2.9m as being important to maintain existing levels of support for pupils with SEND and continue existing improvements made to the SEND system to move to a more sustainable system. In addition, the Forum recognises the importance of further investment to SEND and therefore supports consulting all schools on the option to transfer a further £2m to the High Needs Block.”

It is therefore proposed that the £8m growth to the Schools Block for 2020/21 is used in the following way:

*£6m is distributed to school budget shares via the National funding Formula, and
£2m is transferred to the High Needs Block and used to directly fund schools and providers to specifically support pupils with SEND.*

The approach discussed with the Schools Forum would be to invest the £2m in the following ways that would ensure the funding flows directly back to schools/providers but ensures it is controlled and targeted by schools to support system wide change in the SEND system through the following initiatives:

- £1m to continue the Cluster Funding pilots and move it from being a pilot to a permanent feature of the South Gloucestershire SEND system,
- £0.3m to allow the Cluster Boards through the High Risk Group (representatives of school leaders) put in place support to significantly reduce exclusions,
- £0.3m to support SEND pupils in the Early Years sector (initial potential initiatives are set out in Appendix B item 6 Schools Forum 4th November): www.southglos.gov.uk/education-and-learning/schools-and-education/financing-schools/the-schools-forum
- £0.2m to provide an uplift to Special School and Resource Base rates, as they have experienced reductions in their base rates over the last two years,
- £0.2m to be directed by the Schools Forum/HNWG to support System wide change.

Minimum Per Pupil funding levels

A feature of the funding settlement for 2020/21 are the announcements of per pupil funding levels of £3,750 per pupil for the primary sector and £5,000 per pupil for the secondary sector and that has formed the basis of the calculation of the DSG and the level of funding the Council will receive for 2020/21 including the additional £8m. The approach explained previously to transfer another £2m of the £8m growth for 2020/21 will result in £6m being distributed to schools via their school budget shares and this will mean that technically these minimum per pupil levels will not be possible, as even though the £2m transfer will flow back to schools/providers it cannot technically count towards those minimum per pupil levels and so the Secretary of State's approval will be needed both to make the transfers and also to agree minimum per pupil amounts that are below those announced minimums.

Whatever level of transfer is finally decided upon, discussions with the Schools Forum have also centred on the method to be chosen to distribute the remaining funding to schools via school budget shares for 2020/21. In essence there are two main approaches that have been considered as follows:

1. Use the National Funding Formula with no Minimum Per Pupil factor to target funding to individual schools in accordance with the various elements of the NFF (e.g. pupil Nos. deprivations, prior attainment etc),

Or

2. Prioritise the funding to schools that are below the announced minimum per pupil amounts and lift them to, or as close as is possible towards those minimum amounts.

The first option spreads the available funding more evenly to all schools, arguably it targets funding based on need by picking up deprivation and prior attainment measures and by spreading the funding more widely lifts more schools above the minimum per pupil amounts. The second option, results in more funding being directed at fewer schools, which are the schools that are furthest away from the announced minimum per pupil amounts.

Consultation Options

The options you are being consulted upon can be summarised into two elements. Firstly, you being asked to consider different approaches to transferring funding from the Schools Block to support pupils with SEND and secondly to consider how the remaining Schools Block funding is distributed to schools. These options are covered by the following 5 questions/options:

Q1. The Schools Block grew by £8.1m on a continual basis over 2018/19 to 2019/20 and for both of those years the majority of schools and the Schools Forum agreed to transfer £2.9m each year to the high needs Block; **do you agree to continue the existing transfer of £2.9m of the £8.1m growth to the high needs Block to support existing levels of support for the SEND Budget in 2020/21?** This option is exemplified in model 2F and 2U and will require Secretary of State approval.

Q2. The Schools Block will grow again by a further £8m in 2020/21; **do you support £2m of the new growth being transferred to the High Needs Block to be directed back to schools and providers to specifically support SEND pupils as set out in paragraph X of this consultation paper?** (This option is exemplified in model 1F and 1U). This option will require Secretary of State approval for the transfer and for not reaching the announced per pupil amounts.

The Council's strong preference would be for schools to answer **yes to Q1 and Q2** so that we can continue to improve support for children and young people with SEND, continue the work started to improve the SEND system in South Gloucestershire and support the progress towards a more sustainable system.

If the majority of schools answer "NO" to Q1 and Q2 above then the potential impact of that could be no transfer from the schools block and £4.9m being lost to the SEND budget; this option is exemplified in model 3F and 3U.

Whatever level of transfer is adopted as covered by Q1 to Q2 above we wish to seek your view on the method for distributing the Schools Block funding to schools through the NFF:

Q3. Do you agree to allocate the schools block funding to prioritise funding to schools as per the elements of the National Funding Formula (i.e. pupil numbers, deprivation, prior attainment etc)? This approach will require secretary of state approval for not reaching the announced per pupil amounts.

Q4. Do you agree to allocate the schools block funding to prioritise lifting schools that are below the minimum per pupil amounts?

Q5. Do you have any other comments or suggested approaches?

Secretary of State's Approval to Transfer Funding from the Schools Block of the DSG to the High Needs Block.

Consultation responses in favour of questions 1, 2 and 3 by definition will also be expressing a preference for the Council to make a request to the Secretary of State for Education to transfer funding from the Schools Block to the High Needs Block and to set minimum per pupil amounts that are below the announced minimum amounts. A submission to the Secretary of State will be based on the outcome of this consultation and on the formal view of the Schools Forum and it is expected that the Secretary of State's decision to grant approval or not will be heavily influenced by responses to this consultation and the view of the Schools Forum.

If the Council decides to seek the Secretary of States approval for this transfer it has to do so by 28th November 2019 and then a decision from the Secretary of State would be expected sometime in January or February 2020. If the council seeks Secretary of State approval and it is granted, then the Council will consider that alongside the consultation views and a comprehensive equalities impact assessment to make a final decision at a full council meeting on 3rd February 2020.

What you need to do:

You need to consider the proposals outlined in this letter on the school funding arrangements for 2020/21 and return the consultation questionnaire (Section A) by midnight on Wednesday 20th November 2019.

All responses will be considered by the Schools Forum on the 21st November and the Full Council on 3rd February 2020.

If you require any further information please do not hesitate to email CORPCYPFinance@southglos.gov.uk

SECTION A

Schools Funding Arrangements for Financial Year 2020/21

School Name:

.....
Headteacher's Signature

.....
Chair of Governor's Signature

Please email consultation returns to CORPCYPFinance@southglos.gov.uk

Alternatively you may return a paper copy to: South Gloucestershire Council, Chief Executive & Corporate Resource Department, Corporate Finance CYP Support, PO Box 1953, Bristol, BS37 0DB

The deadline for return is midnight Wednesday 20th November 2019

Schools' Funding Arrangements 2020/21

Please tick the relevant boxes:

Question 1

Do you agree to continue the existing transfer of £2.9m from the Schools Block to the High Needs Block to support existing levels of Support for the SEND Budget in 2020/21?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Question 2

Do you support an additional £2m transfer from the £8m growth in 2020/2021 from the Schools Block to the High Needs Block to be directed back to schools and Providers to specifically Support SEND pupils as set out on page 5 of this consultation paper?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Question 3:

Do you agree to allocate the schools block funding to prioritise funding to schools as per the elements of the National Funding Formula (i.e. pupil numbers, deprivation, prior attainment etc.)? This approach will require secretary of state approval for not reaching the announced per pupil amounts.

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Or

Question 4:

Do you agree to allocate the schools block funding to prioritise lifting schools that are below the minimum per pupil amounts?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Question 5:

Do you have any other comments or suggested approaches?