

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	26 November 2019
<b>Reporting Officer:</b>	Tom Wilkinson – Assistant Director Finance Tim Bowman – Assistant Director Education
<b>Subject:</b>	<b>SCHOOLS BLOCK FUNDING FORMULA OPTIONS 2020-21</b>
<b>Report Summary:</b>	A report on the options put forward in consultation to all schools as to how the School Block funding should be allocated for 2020-21.
<b>Recommendations:</b>	Members of Schools' Forum are requested to: <ol style="list-style-type: none"> <li>1. Support the Local Authority in the disapplication to the Secretary of State to transfer 1% from the Schools Block to the High Needs Block.</li> <li>2. Support a transfer of 0.5% from the Schools Block to the High Needs Block if the Secretary of State does not support the 1% transfer.</li> </ol>
<b>Corporate Plan:</b>	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial and policy framework.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure. The financial implications are the subject of the report.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	The Public Sector Equality Duty in section 149 of the Equality Act 2010 requires public bodies take account of equality impact issues when delivering services. Decision makers must have particular regard within this report to the need to advance equality of opportunity between young people who share a relevant protected characteristic and those who do not. The impact of allocating funding from the Schools Block to the High Needs Block will need to be given due regard.
<b>Risk Management:</b>	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
<b>Access to Information:</b>	<b>NON-CONFIDENTIAL</b> <b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>

**Background Information:** The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions



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## 1. INTRODUCTION

- 1.1 The DfE published the national funding formula (NFF) provisional allocations for schools, high needs and central school services for 2020-21 in early October. On 18 October the DfE published the technical notes setting out how they have calculated the provisional allocations and illustrative allocations of NFF at school level.
- 1.2 The technical notes have provided the Local Authority with the information required to produce more detailed school level information for Schools Block Funding for 2020-21.
- 1.3 A consultation on the options set out in this report has been circulated to all schools and Chairs of Governors which will close on 22 November 2019. Due to the timing of the consultation, the results are not able to be published as part of this report but there will be a verbal update at the meeting 26 November and a written report at the Schools' Forum meeting on 17 December 2019.

## 2. PROVISIONAL ALLOCATION FOR 2020-21

- 2.1 Table 1 compares 2020-21 with the 2019-20 position. At this point Early Years allocation has not been released therefore Early Years is excluded from the figures.

**Table 1 – 2019-20 Allocations Compared with 2020-21 Provisional Allocations**

Funding Block	2019-20 £000	2020-21 £000	Increase £000
Schools Block (excluding growth)	161,414	166,736	5,322
High Needs Block	20,782	24,240	3,458
Central School Services Block (CSSB)	925	943	18
<b>Total</b>	<b>183,121</b>	<b>191,920</b>	<b>8,798</b>

- 2.2 There are increases in all blocks for Tameside MBC which is positive. However, the pressures on High Needs exceed the increase we are set to receive as a Local Authority.

## 3. HIGH NEEDS PRESSURE

- 3.1 As reported to Schools Forum in October, the estimated position on High Needs for 2019-20 is an in-year overspend of £5.388m. Whilst the additional funding for 2020-21 is very much welcomed, the additional £3.458m would still leave a shortfall of £1.930m based on current projections. This assumes that we see no further growth in EHCP's, which is unlikely based on current trends of assessment, and does not take into account the 2019-20 expected DSG deficit estimated to be £2.624m. This would mean a cumulative deficit in excess of £4m in 2020/21.
- 3.2 Tameside MBC have seen the largest increase in High Needs Funding in Greater Manchester (GM) with a 16.64% increase as can be seen in **Appendix A** (Table 2) and the 10<sup>th</sup> highest council in England. The highest gain, which could be received is 17% and therefore we are receiving almost the full gain possible.
- 3.3 Table 3 (**Appendix B**) uses a proxy measure to compare the total high needs funding in comparison to the number of EHCPs across GM on a year by year basis. This shows Tameside has had the greatest increase in number of plans in GM. The increase in funding from DFE outlined in Table 2, against the growth in numbers of pupils needing support, we actually have £3,235 less funding available to support each pupil with plan. This is clearly a

proxy measure as the High Needs Budget supports lots of other areas of High Needs demand other than EHCP's including Specialist School provision

- 3.4 As in prior years the DfE have stated we are able to complete a 0.5% transfer from the Schools Block to the High Needs Block with Schools' Forum agreement. As can be seen from the figures in 3.1 and the statistics in table 3, the reality is a 1% transfer is required to support the growing pressure on High Needs alongside other actions. Both Schools Funding Group and Schools Forum have supported the 1% transfer in recent discussions. As previously discussed as Schools' Forum, we will have to complete a disapplication to the Secretary of State in order for us to transfer 1% of Schools Block funding to High Needs.
- 3.5 The 1% transfer will form part of the deficit recovery plan for Tameside, the authority is likely to need to submit to the DFE. This will outline the management action we are taking to reduce the spending. The Council will be looking at some changes outlined in the SEND forward plan, this along with reviewing spend from the High Needs Block to ensure we achieve value for money in all spend areas. The review would cover the SEND support provision provided to schools and a review of rates.

#### **4. FUNDING OPTIONS FOR 2020-21**

- 4.1 The increase in funding in the Schools Block is positive and will allow all schools to see an increase in their pupil led funding.
- 4.2 As reported at Schools' Forum in October, there has been an introduction of the mandatory minimum per pupil funding levels (MPPL) and a minimum funding guarantee (MFG) of +0.5% to +1.84%. This means that all primary schools will receive at least £3,750 and all secondary schools £5,000 (£4,800 KS3 and £5,300 KS4) for MPPL (pupil led funding). It also means that all schools will see at least 0.5% increase on their pupil led funding.
- 4.3 The NFF rates have increased by 4% in all instances, except Free School Meals (FSM) which has increased in line with inflation at 1.84%. All rates have been rounded to the nearest £1. There is a summary table of rates included at **Appendix C** which provides information on the current rates for 2019-20 and the rates for the three options being considered for 2020-21.
- 4.4 Three options have been modelled and the Summary of options is included at **Appendix D**. Schools should note that any figures provided will not be the actual figures received for the 2020-21 financial year. These figures are indicative and subject to change. Once the Local Authority has received the updated census data for October 2019 in December, final calculations will be produced. In all scenarios schools will see an increase in their pupil led funding.
- 4.5 The calculations are based on the October 2018 census data and where the Area Cost Adjustment (ACA) is included the rate used is 1.00545 (previously 1.00535).
- 4.6 The premises elements of funding have been updated to reflect:
- Updated estimates for Business Rates;
  - An uplift in RPIX for PFI of 3.03%;
  - An increased lump sum of 4%.
- 4.7 The overall total for a school may look low or as if it has dropped. This may be due to a reduction in Business Rates which will have nil impact on a schools budget or changes in relation to MFG.
- 4.8 Details of the options modelled are included below.

- **Option 1 – National Funding Formula Rates including Area Cost Adjustment, 1.84% MFG and 3.44% Gains Cap.** This model would only allow us to retain 0.1% to support High Needs. This essentially models the NFF but we have had to cap gains (which NFF doesn't do) in order to afford the model within the provisional allocation. There is no MFG in NFF but this is replaced by a funding floor. This option is not feasible for a transfer to High Needs to occur.
- **Option 2 – National Funding Formula Rates excluding Area Cost Adjustment, 0.5% MFG and 3.4% Gains Cap.** This model would allow us to retain 0.5% to support High Needs and would allow us to transfer schools block funding with the agreement of Schools' Forum.
- **Option 3 – Basic Entitlement at 2.2% increase on 2019-20 NFF rate plus the updated ACA, all other factors National Funding Formula Rates excluding Area Cost Adjustment, 0.5% MFG and 3.4% Gains Cap.** This model would allow us to retain 1% to support High Needs. We have considered how best to support all schools when completing the calculations for this option. In adjusting the Basic Entitlement rate, all schools equally share the reduction in rate to allow the 1% transfer to occur. This is the preferred option to allow the transfer required for High Needs.

## 5. CONCLUSION

- 5.1 Option 1 would only allow us to transfer a minimal amount of funding to the High Needs Block but isn't feasible in supporting the pressure on High Needs. Option 2 would allow a 0.5% transfer and Option 3 would allow a 1% transfer.
- 5.2 Consultation with all schools and academies has been run between 11 November and 22 November via Survey Monkey asking if they support a transfer to the High Needs Block, as Schools would benefit from an increase in pupil led funding and Lump Sum under any of the options we are therefore asking Schools to support Option 3. Consultation questions are as follows:
- 5.3
- Do you agree with option 3 as the proposed funding formula and proposed funding rates for 2020-21?
  - Do you support in principle the Local Authority in submitting a disapplication to the Secretary of State to transfer 1% from the Schools Block to the High Needs Block as per option 3?
  - If the Secretary of State will not approve a 1% transfer, do you support the 0.5% transfer from the Schools Block to the High Needs Block with Schools' Forum approval as per option 2?
- 5.4 Further to the consultation directly with all schools and academies, the Schools Finance Team presented the options to the Primary Heads Meeting 21 November and the papers have been shared with Tameside Association of Secondary Heads Group.
- 5.5 Schools Funding Group supports a 1% transfer from the Schools Block to the High Needs Block to help to start to address the funding shortfall. Schools Forum has previously indicated they also support this approach.
- 5.6 It should be noted that if the final funding announcements result in sufficient funding in the High Needs Block then the block transfer will be reduced or removed entirely.

## 6. RECOMMENDATIONS

- 6.1 As set out at the front of the report.

# APPENDIX A

**Table 2 – Provisional High Needs Allocations and SEN Pupil Data across GM**

Local Authority	HN Funding 19/20 £m	HN Funding 20/21 £m	Increase £m	% Increase	Funding Increase Ranking	LA Deprivation Rank	GM Deprivation Ranking	All SEN pupils								
								2018			2019			% Pupils with SEN Rank	% Increase in All SEN	All SEN % increase rank 2019
								All pupils	SEN Pupils	% Pupils with SEN	All pupils	SEN Pupils	% Pupils with SEN			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Bolton	£35.074	£40.136	£5.06	14.43%	6	48	6	53,697	7,553	14.1%	54,427	7,570	13.9%	9	-0.2%	10
Bury	£30.542	£33.091	£2.55	8.35%	9	88	8	31,400	4,736	15.1%	31,390	5,078	16.2%	3	1.1%	3
Manchester	£76.942	£88.252	£11.31	14.70%	5	3	1	91,647	14,608	15.9%	93,630	15,006	16.0%	4	0.1%	9
Oldham	£33.043	£38.250	£5.21	15.76%	4	25	3	45,070	6,480	14.4%	45,523	6,850	15.0%	7	0.7%	5
Rochdale	£23.812	£27.706	£3.89	16.35%	2	23	2	36,270	5,025	13.9%	36,906	5,626	15.2%	5	1.4%	1
Salford	£33.050	£36.142	£3.09	9.35%	3	35	5	40,278	7,698	19.1%	41,082	8,004	19.5%	1	0.4%	8
Stockport	£31.022	£33.694	£2.67	8.62%	4	108	9	46,052	6,310	13.7%	46,535	6,827	14.7%	8	1.0%	4
<b>Tameside</b>	<b>£20.782</b>	<b>£24.240</b>	<b>£3.46</b>	<b>16.64%</b>	<b>1</b>	<b>31</b>	<b>4</b>	<b>36,584</b>	<b>5,024</b>	<b>13.7%</b>	<b>37,019</b>	<b>5,585</b>	<b>15.1%</b>	<b>6</b>	<b>1.4%</b>	<b>2</b>
Trafford	£26.723	£29.028	£2.30	8.63%	2	133	10	43,212	5,328	12.3%	43,755	5,595	12.8%	10	0.5%	7
Wigan	£29.745	£34.467	£4.72	15.87%	1	84	7	47,009	7,368	15.7%	47,533	7,764	16.3%	2	0.7%	6

(Highest Ranked is 1)

## APPENDIX B

Table 3 – High Needs Pupil Funding Analysis across GM

Local Authority	No. of EHCPs 2018	No. of EHCPs 2019	Increase in EHCPs	% Increase	Rank of total EHCPs	Rank of % increase	Funding per EHCP 2018	Funding per EHCP 2019	£ Difference	% Difference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Bolton	2,067	2,232	165	8%	2	7	£16,968	£17,982	£1,013.8	5.97%
Bury	1,479	1,617	138	9%	9	6	£20,650	£20,465	-£185.4	-0.90%
Manchester	3,676	4,163	487	13%	1	3	£20,931	£21,199	£268.4	1.28%
Oldham	1,718	2,056	338	20%	4	2	£19,233	£18,604	-£629.3	-3.27%
Rochdale	1,599	1,753	154	10%	8	5	£14,892	£15,805	£912.8	6.13%
Salford	1,792	1,889	97	5%	5	9	£18,443	£19,133	£689.7	3.74%
Stockport	2,127	2,195	68	3%	3	10	£14,585	£15,350	£765.7	5.25%
Tameside	977	1,344	367	38%	10	1	£21,271	£18,036	-£3,235.3	-15.21%
Trafford	1,595	1,788	193	12%	7	4	£16,754	£16,235	-£519.3	-3.10%
Wigan	1,680	1,804	124	7%	6	8	£17,706	£19,106	£1,400.4	7.91%