

Wiltshire Council

Children's Select Committee

10 March 2020

Schools Funding Briefing Background and Update on Schools Funding

How schools are funded

1. Schools funding which includes spending on local authority maintained and academy schools as well as spending on pupils with high needs (special educational needs and disability) early years and central school services are funded by a separate ringfenced grant from the DfE; called the dedicated schools grant (DSG.) The grant has four blocks:
 - a. Schools Block – funds mainstream schools – this is delegated (physically passed) to schools and governing bodies of maintained schools have formal responsibility for the financial management of schools. This funds 232 Mainstream Schools (202 primary and 30 secondary schools.)
 - i. 122 Maintained Primary schools
 - ii. 4 Maintained Secondary schools
 - iii. 80 Primary Academy Schools
 - iv. 26 Secondary Academy Schools
 - b. Central Block – for services to all schools (maintained or academy), e.g. Admissions, Strategic Property Planning, School Funding and all retained by the local authority to fund statutory functions in respect of schools.
 - c. High Needs Block – Special schools, Resource bases, ELPs, NPAs, SEN Support Teams, independent and non-school provision.
 - d. Early Years Block – Nurseries and early years settings, funding for 2-year olds and 3&4-year olds plus partial funding of some central teams making payments, assuring quality and sufficiency of provision.
2. Each Block has a separate formula and is accounted for separately

Setting the Schools budget

3. Schools Forum comprises heads, governing body nursery and post 16 representatives. The forum acts as a consultative body on some issues and a decision-making body on others. The forum agrees any changes from the national funding formula such as transfers between blocks, the local authority propose the high needs, central and early years block budgets. The decision

making is agreed at the January meeting and this is ratified by Full Council in February of each year.

4. As a ringfenced grant, any underspend or overspend is accounted for in the local authority balance sheet. The forecast DSG deficit balance at the end of this financial year is £9.5m. This is of significant concern for the local authority and Schools Forum.
5. Following significant lobbying and budget pressure at national level, allocations were increased by the most significant sum in the past decade for the 2020-21 financial year:

	2019-20 £M	2020-21 £M	Increase £M	Increase %
Schools Block (with further larger, increases committed in 21/22 and 22/23)	275.215	293.143	17.628	6.4%
Central Services Block	2.570	2.480	(0.091)	n/a
High Needs block	47.092	51.996	4.904	10.4%
Early Years Block	26.769	26.884	0.115	0.43%
TOTAL FUNDING	351.646	374.503	22.857	6.5%

High Needs Pressures

6. Whilst this increase in funding is most welcome, the local demand on the high needs block, driven by parental or school / professional requests for an education health and care plan (EHCP) and additional support and resources arising from these is rising at a rate much higher than the funded level.
7. The number of EHCPs has more than doubled since 2014 following the legislative changes to the 2014 Children and Families Act including extending support for vulnerable children and young people from birth to 25 years.
8. Pressure on local specialist provision has therefore increased and specialist place numbers have been extended. Schools have told us that as their funding was reduced, they could not afford to offer support to pupils with SEND from within their schools block funding.
9. The local authority has developed a long-term recovery plan which has been shared with Schools Forum and a future updated version will be shared with the DfE in June 2020.

Comparison to Other Local Authorities

10. Local Many other local authorities are in similar positions, many with far greater deficits. A piece of work has been carried out by Wiltshire to compare funding per pupil at national level.
11. Out of a total 149 local authorities, Wiltshire is the 15th lowest (worst) funded local authority for schools block funding per pupil.
12. Wiltshire is the 105th lowest (worst) funded local authority for HN block funding per pupil which sounds reasonable however, our funding would need to be multiplied 8 times to equal the maximum funded local authority i.e.: the difference between funding levels is highly inequitable. This is because significant part of the formula is based on historical “statement numbers” and we were once low comparators for this.
13. Wiltshire is the 48th lowest (worst) funded local authority for EY block funding per pupil and many of our providers have raised concerns with us around rising costs such as rent, rates and staffing pay increases which the government hourly rates do not cover.

Progress to Date

14. In autumn 2018, the local authority set up the HNB working group, comprising head and local authority officers, collecting insight and recommending an independent review.
15. The Director Education assumed the strategic lead for SEND at the end of 2018 and commissioned ISOS partnership consultants in January 2019 to review HNB in consultation with school leaders, parents/carers, health and local authority officers.
16. The final report and recommendations were presented to Schools Forum in Autumn 2019. The CCG have appointed a DCO oversee health input and contributions and have funded a part time worker to oversee health input, responding to disputes and family concerns where health provision plays a large part of the care.
17. SENCO networks have been relaunched, and termly headteacher briefings inform and update school leaders.
18. In September 2019, At the local authority, a consultant headteacher has been seconded to lead on Inclusion in Schools, the SEN team moved to Education and Skills in January 2020 and a new post, the Head of SEN and Inclusion was created which means alignment to early years, school effectiveness and employment and skills. The new SEND and inclusion strategy is in draft following consultation and the SEND board has been re-established.

19. Significant investment has been made into additional specialist places in response to the push from mainstream into specialist provision:
 - a. 400 place System of Excellence / Special School provision in the North (£33m commitment from the local authority)
 - b. SEMH/ASD Free School in the South (£12m DfE) planned opening September 2022
 - c. Springfield satellite south – 32 new places
 - d. Additional resource base places – 47 new places planned
 - e. Special School places – 56 new places (including those at Sarum satellite)

Strategic Financial Recovery Plan

20. There are three themes to the plan; inclusive practice in schools, place planning & projects.
21. The consultant headteacher is leading on developing inclusive practice in schools (support, challenge, empower and innovate) with training and support for professionals in schools, appropriate structures and an ability to access early preventative support quickly.
22. Place planning is increasing local capacity at specialist level as above and thirdly, a range of projects in the recovery plan covering a range of workstreams from review of placements to digital training and support solutions.
23. Although each of these workstreams has a savings target attached with the overall total recovery target being £4.953m.

A legislative Change to Accounting for DSG

24. Following an autumn consultation, the DfE announced a significant change to the way local authorities account for DSG which will come into effect for the 2019/20 financial year end. As the 2020-21 budget has been agreed by the forum, the impact will be on schools budget setting for the 2021-22 financial year.
25. The impact of these statutory provisions will be that a local authority with a DSG deficit from the previous year must either:
 - a. carry the whole of the deficit forward to be dealt with in the schools budget for the new financial year, deducting all of it under regulation 8(7)(a) from the money available for that financial year;
 - b. carry part of the deficit forward into the new financial year and the rest of it into the following financial year, using regulation 8(7)(b);
 - c. carry all of it into the following financial year, using regulation 8(7)(c);
 - d. apply to the Secretary of State under regulation 8(8) for authorisation to disregard the requirements in regulation 8(7) if it wishes to fund any part of the deficit from a source other than the DSG

26. The DfE's intention is to clarify the local authority's statutory duty - that a deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the local authority not to do this.

Recovery plans for DSG deficits

27. Where a local authority has an overall deficit on DSG of 1% or more at the end of the 2018 to 2019 financial year, it must by 30 June 2019 submit a recovery plan to the Department for Education (DfE), setting out how it plans to bring the overall DSG account into balance within a maximum of three years.
28. In exceptional cases, the local authority may propose to leave some of the accumulated deficit outstanding, where it is not practicable to do otherwise. The recovery plan should be discussed and, if possible, agreed with the schools forum, and will require CFO sign off prior to submission to DfE.
29. The recovery plan shared at Schools Forum in December 2019 is attached as appendix 1 for information.

Impact on Schools

30. This is a considerable change in practice. Schools Forum and the local authority have a solid strategic working relationship with robust and challenging discussion around transfers between blocks.
31. For the 2019-20 and 2020-21 financial years transfers have been agreed in order to fund high needs pupils but only on the agreement that the local authority implement a robust recovery plan.
32. This legislative change will mean that Schools Forum members could in the future, be asked to transfer a voluntary transfer of in year budget as well as adhering the new legislation to take account for DSG deficits from previous years.

19/20 Financial Year	1. £2.2m transfer agreed between Schools Block & High Needs Block	Agreed as a one-off transfer only
20/21 Financial Year	1. £2.065m transfer agreed between Schools Block & High Needs Block plus 2. Growth fund set at the DfE's funded level of £2.6m. The forecast use of this is estimated at £1m which means, we are planning on a £1.6m underspend which will help offset pressure in 2020-21 financial year or be available in future years.	Agreed following recovery planning

33. The recovery plan in appendix 1 will need to be updated in order to adhere to the changes in legislation. This will be taken forward through the high needs block

working group comprising heads and local authority officers and shared with Schools Forum in March 2020.

34. Officers are concerned that the schools will not benefit as the government intended from increased school funding levels and additional pressure will be felt acutely by those rural schools with falling numbers on roll as well as those schools already managing deficit budgets themselves.

Impact on the Local Authority

35. The change in legislation has reduced the long term risk of financial exposure to the local authority. The DSG deficit reserve remains in the balance sheet, cash flowed by the local authority for the remainder of 2019-20 and all of 2020-21.

Conclusion

36. The additional grant for schools funding is most welcome however, demand pressures continue, and the authority's recovery plan will need further development pending the DfE's legislative change.
37. Local authority officers, schools forum and the high needs working group will continue to work together in strategic partnership to tackle the challenging presenting issues.

Helean Hughes
Director Education and Skills

Report Author: Marie Taylor, Head of Finance, Childrens Services
Tel: 01225 712539 Email: marie.taylor@wiltshire.gov.uk

Appendix 1 - recovery plan shared at Schools Forum in December 2019 (to follow)