

NORTH YORKSHIRE COUNTY COUNCIL**EXECUTIVE****16 JANUARY 2018****SCHOOLS BUDGET****Report of the Corporate Director – Children and Young People’s Services****1.0 PURPOSE OF REPORT**

- 1.1 This report asks the Executive to agree a number of recommendations relating to school funding for 2018-19, as required by guidance issued by the Department for Education (DfE).
- 1.2 These recommendations include
- Using the DfE’s proposed National Funding Formula (NFF) as a basis for funding schools from April 2018
 - Using approx. £1.6m of additional funding allocated to North Yorkshire to support High Needs cost pressures in 2018-19, as allowed by DfE regulations
- 1.3 These recommendations have been endorsed by schools during a county-wide consultation and agreed by the North Yorkshire Education Partnership.
- 1.4 The report also asks the Executive to agree to continue to lobby central government for a fairer and more equitable funding settlement for schools in North Yorkshire

2.0 BACKGROUND AND ISSUES

- 2.1 In recent months, the Department for Education has released information relating to school funding for 2018-19 and beyond. This brings to an end various announcements and consultations over the past few years regarding a National Funding Formula (NFF).
- 2.2 As part of this, the Government has proposed that a NFF will set every school’s budget (LA maintained and academies) in due course, but for a period before then the NFF would be used to calculate notional school budgets. These notional budgets will then give an overall total for each Local Authority area and LAs and their Schools Forums would have some discretion in allocating funds at individual school level for a limited period. The period of local discretion (known as the “soft NFF”) will be in place for 2018-19 and 2019-20, with the “hard NFF” (where all school budgets will be set by the Department) taking effect sometime after April 2020.
- 2.3 The initial NFF proposals (published in December 2016) suggested that while an extra £7m would be allocated to North Yorkshire, some schools would lose out. In fact the majority of secondary schools (55%) and 10% of primaries would receive

less money under those proposals. The Executive will note that the Council has been prominent in a campaign to deliver a more equitable funding allocation across England and has had some success in persuading government to allocate funds for sparsity and pupil mobility.

- 2.4 We are pleased to note that the DfE has listened to the concerns of this and other councils and the final NFF figures released in the autumn show that no school will lose out. An amount of £1.3bn will be moved from other DfE budgets into school funding to pay for the additional cost incurred because of this.
- 2.5 Officers have been in discussion with the North Yorkshire Education Partnership (Schools Forum) over the past few months to discuss how quickly we should move to the NFF. In those discussions we noted that in previous iterations of the NFF, our main concerns were around some individual factors (particularly sparsity and mobility) and the fact that although more funding would be allocated to North Yorkshire, a number of schools and academies would lose out. As stated above, the final version of the NFF means that no school will lose. We continue to have some concerns around sparsity – particularly for small secondary schools, while mobility will be unchanged for the time being. The DfE has said that it “will continue to work on developing an accurate and robust indicator of mobility, in consultation with key stakeholders.”
- 2.6 At its meeting in October, the Partnership endorsed a move to use the NFF as a basis for funding schools in North Yorkshire from April 2018 while noting that the Council would continue to lobby DfE on the application of both the sparsity and mobility factors before the application of the “hard NFF” sometime after 2020. As is required by DfE regulations, this recommendation was then subject to a consultation exercise with all schools and academies in the county. Further details about this consultation are set out below in section 5.
- 2.7 In practical terms this means that the Council would use the NFF formula factors and replicate the same transitional funding for 2018-19 and 2019-20 as that used by the DfE in the published notional budgets, within the constraints of the final agreed funding envelope.
- 2.8 As part of the transitional funding, the formula will continue to use a Minimum Funding Guarantee (MFG) and members of the Partnership also endorsed using an MFG of 0% where possible¹. This is consistent with the principle of no schools losing under the NFF.
- 2.9 As can be seen below, a significant majority of schools who responded to the consultation supported the two proposals endorsed by the Partnership.

	Yes	No	No answer
Q1 - Use the NFF as a basis for funding schools from April 2018?	91%	9%	0%
Q2 - Where required, a MFG of 0%, and any corresponding funding cap	79%	21%	0%

¹ This means that schools would receive the same amount of funding per pupil in 2018-19 as in 2017-18

- 2.10 At its meeting on 13 December to consider the results of the consultation, the Partnership recommended to the council that, in setting budgets for 2018-19:
- North Yorkshire County Council uses the values set out in the DfE's National Funding Formula, including the various transitional arrangements, and a Minimum Funding Guarantee of 0%, as a basis for funding schools in 2018-19

HIGH NEEDS

- 2.11 The National Funding Formula also introduces new arrangements for funding children with High Needs. In this regard, the impact on the county is less favourable. As suggested by the initial proposals in December 2016, North Yorkshire will see only a very small increase in funding – of around 0.3% in 2018-19, or £142k on a budget of approximately £48 million.
- 2.12 In North Yorkshire, as elsewhere in the country, the pressures on High Needs budgets continue to grow.
- 2.13 The rate of change in the number of Education, Health and Care (EHC) plans funded by North Yorkshire has increased steadily since the implementation of the new SEND reforms from September 2014. There are currently (September 2017) 2,424 Statements or EHC plans funded by North Yorkshire County Council. The biggest need is currently for ASD: 27% (SEMH: 18.5%, MLD: 16.5%, SLCN: 11%, PD: 9.5%, SLD: 8%). In the year to January 2017, North Yorkshire had a 15.7% increase in the number of plans, which was comparable to regional neighbours but higher than the national rate at 12.08%. If the current trend continues, North Yorkshire will have approximately 2,550 statements/plans by 2018. This is a trend experienced by other local authorities.
- 2.14 The impact of significant increases in funded EHC Plans and demands for special school placements places a recurring pressure on the local authority High Needs Block of £4 million. This needs a system-wide review of the whole High Needs Block to ensure that spending delivers financially sustainable and high-quality provision.
- 2.15 The NFF proposals for High Needs means that in future, LAs will be allocated an amount based 50% on historic spending but also 50% via a new formula as below:

	National £m	
Population	1,400	51%
Deprivation	541	20%
Low Attainment	406	15%
Health and Disability	406	15%
	2,753	100%

- 2.16 It is this formula, and its high reliance on deprivation, which means that North Yorkshire is at the bottom of the list in seeing any gain from the additional funding allocated nationally. In the context of the pressures outlined above, the extra £142k seems unlikely to provide much assistance.
- 2.17 The DfE has at least acknowledged the pressures faced across the country and has therefore allowed LAs, with the permission on their School Forums, to use up to 0.5% of the increased Schools Block to support High Needs in 2018-19. This may be replicated in 2019-20, but any continuation of such support for that year would need to be agreed separately. After that the funding will be passed back to the Schools Block for distribution to schools through the NFF.
- 2.18 This would therefore be a temporary measure to enable Local Authorities to work with schools and others to try and manage the financial issues. At its meeting in October, members of the North Yorkshire Education Partnership endorsed a proposal to use 0.5% (or £1.6m) for this purpose in 2018-19. This was therefore included in the autumn consultation with all schools.
- 2.19 Schools that responded were supportive of this proposal as shown below:

Q3 - Use 0.5% of the increased funding in 2018-19 to assist High Needs	Yes	No	No answer
	72%	26%	2%

- 2.20 The Council cannot implement the use of this funding for High Needs without the agreement of the Partnership (Forum) but this agreement was given at a further meeting on 13 December where members of the Partnership agreed:

“that up to 0.5% of the Schools Block can be used to support High Needs and that a further report is brought back to the Partnership/Forum in due course reporting on how we will use this funding and also any support from other sources, such as reserves”

ONGOING WORK

- 2.21 While the NFF means that no school will lose out, a number of concerns remain regarding the detailed application of sparsity and mobility funding, and especially around the allocation of High Needs resources. We note however that the DfE has said that it will continue to work with schools and councils in advance of 2020 and Executive is asked to agree that we will continue to lobby the Department on these issues.

3.0 FINANCIAL IMPLICATIONS

- 3.1 All funding discussed in this paper is part of the Dedicated Schools Grant (DSG) and there is no impact on the Councils’ budget as a result of these recommendations

3.2 There is an impact on individual schools in terms of how the additional funds will be allocated. No school will lose out under the proposals. A comparison of the impact on schools when using the NFF or the current NYCC formula was shown at school level as part of the consultation.

3.3 There are continued pressures on High Needs as set out above.

4.0 LEGAL IMPLICATIONS

4.1 Use of some of the additional funding for High Needs is subject to approval from the North Yorkshire Education Partnership (Schools Forum). This has been given.

5.0 CONSULTATION UNDERTAKEN AND RESPONSES

5.1 A consultation was undertaken with all schools and academies in North Yorkshire, following discussions with the North Yorkshire Education Partnership.

5.2 This consultation lasted from Wednesday 1 November until Tuesday 28 November. There were 58 school responses, as shown below, plus one Diocesan response.

LA Maintained Primary	34
LA Maintained Secondary	7
LA Maintained Special	1
LA Federations - primary	2
LA Federations - cross-phase	1
Academy Trusts	1
Primary Academy	7
Secondary Academy	5
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	58
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5.3 There are 351 primary and secondary schools and academies in North Yorkshire.

6.0 RECOMMENDATIONS

6.1 The Council's Executive is asked to agree:

a) That the Council uses the values set out in the DfE's National Funding Formula, including the various transitional arrangements, and a Minimum Funding Guarantee of 0%, as a basis for funding schools in 2018-19; and

b) That 0.5% of the Schools Block will be used to support High Needs costs in 2018-19; and

c) That the Council will continue to push for a fairer and more equitable funding settlement for schools in North Yorkshire and will work with the DfE to finalise arrangements for allocating mobility and sparsity funding prior to full implementation of the NFF, expected in 2020. We will also continue to lobby for a fairer settlement of High Needs resources.

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COUNTY HALL
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December 2017

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Background Documents:

Reports to the North Yorkshire Education Partnership:

- 26 January 2017
- 15 March 2017
- 14 September 2017
- 19 October 2017
- 13 December 2017

<http://cyps.northyorks.gov.uk/nyep-meetings-and-agendas>