**Schools’ Forum**

**Item No. 7**

|  |  |
| --- | --- |
| **Report title:** | **Fair Funding Consultation/National Funding Formula** |
| **Date of meeting:** | **22 November 2019** |

**Executive summary**

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| --- |
| This report sets out the proposed changes to the funding distribution formula of the Schools Block of the Dedicated Schools Grant (DSG) from April 2020.  Schools Forum are asked to:   * Consider and comment on the proposed changes to the distribution formula of the Schools Block of the Dedicated Schools Grant. * Consider and comment on the movement of funding to the High Needs Block. * Vote on continuation of the movement of 0.5% from the Schools Block to the High Needs Block. |

The Department of Education announced arrangements for the 2020/21 National Funding Formula on the [www.gov.uk](http://www.gov.uk) website on 11 October 2019. This followed the Education Secretary’s one-year spending review in September 2019, announcing a cash increase compared to 2019/20 of £2.6bn to core schools funding in 2020/21, with an increase of £4.8bn and £7.1bn in 2021/22 and 2022/23 respectively.

The Government have promised almost £1.5bn per year to cover increased pension costs.

The new funding arrangements have increased Norfolk’s Dedicated Schools Grant (DSG) indicative allocation by £27.8m.

Norfolk’s latest indicative Schools Block DSG allocation for 2020/21 is £496.195m (excluding growth), compared to £478.609m received in 2019/20 (excluding growth). An increase of £17.6m.

The DfE announcement on the 11th October indicates that Norfolk’s High Needs Block (HNB) will increase by approximately £10.2m for 2020/21. This increase has only been confirmed for 2020/21 at this time, leaving uncertainty regarding the base level of HNB for future years. This increase alone will not immediately resolve the ongoing High Needs Block overspend pressure due to the level of cumulative deficit, the anticipated ongoing commitments, and the uncertainty regarding future year’s HNB base funding.

On the 11th October, as well as issuing the National Funding Formula tables for schools and high needs for 2020/21, the Department of Education (DfE) also issued a Consultation on revised arrangements for the DSG.

The DFE is consulting on changing the conditions of grant and regulations applying to the Dedicated Schools Grant (DSG), to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities.

It also clarifies that any deficit an authority may have on its DSG account is expected to be carried forward and is not required to be covered by the authority’s general reserves.

Norfolk proposes to continue moving schools towards full implementation of the DfE’s National Funding Formula unit values, using a Minimum Funding Guarantee and Cap for those schools that would be funded at a higher level under the local formula than they would be under the NFF.

The Local Authority is also seeking support from Schools Forum for the ongoing transfer of funding from the Schools Block to the High Needs Block in 2020/21 to meet the ongoing pressures of the High Needs Block.

**Summary of NFF Changes in 2020/21**

The illustration below shows the factors within the National Funding Formula.



The table below shows the comparison of 2019/20 NFF funding rates currently used within the Norfolk funding formula and the proposed 2020/21 NFF funding rates for distribution of the additional £17.6m Schools Block DSG that the Local Authority is expecting to receive.

|  |  |  |
| --- | --- | --- |
| **Funding Factor** | **2019/20 Formula** | **2020/21 Proposed Formula** |
|  | **(£ NFF unit rates)** | **(£ NFF unit rates)** |
|  |  |  |
| **Age Weighted Pupil Unit** |  |  |
| Primary | 2,747 | 2,857 |
| Key Stage 3 | 3,863 | 4,018 |
| Key Stage 4 | 4,386 | 4,561 |
| **Minimum Per Pupil Funding** |  |  |
| Primary | 3,500 | 3,750 |
| Secondary | 4,800 | 5,000 |
| **Additional Needs Funding** |  |  |
| Primary FSM | 440 | 450 |
| Secondary FSM | 440 | 450 |
| Primary FSM6 | 540 | 560 |
| Secondary FSM6 | 785 | 815 |
| Primary IDACI A | 575 | 600 |
| Primary IDACI B | 420 | 435 |
| Primary IDACI C | 390 | 405 |
| Primary IDACI D | 360 | 375 |
| Primary IDACI E | 240 | 250 |
| Primary IDACI F | 200 | 210 |
| Secondary IDACI A | 810 | 840 |
| Secondary IDACI B | 600 | 625 |
| Secondary IDACI C | 560 | 580 |
| Secondary IDACI D | 515 | 535 |
| Secondary IDACI E | 390 | 405 |
| Secondary IDACI F | 290 | 300 |
| **Low Prior Attainment** |  |  |
| Primary LPA | 1,022 | 1,065 |
| Secondary LPA | 1,550 | 1,610 |
| **EAL** |  |  |
| Primary EAL | 515 | 535 |
| Secondary EAL | 1,385 | 1,440 |
| **Mobility** |  |  |
| Primary Mobility | Not used | 875 |
| Secondary Mobility | Not used | 1,250 |
| **Lump Sum** |  |  |
| Primary Lump Sum | 110,000 | 114,400 |
| Secondary Lump Sum | 110,000 | 114,400 |
| **Sparsity** |  |  |
| Primary Sparsity | 25,000 | 26,000 |
| Secondary Sparsity | 65,000 | 67,600 |

The DfE have announced in their ‘Schools Revenue Funding 2020 to 2021 Operational Guide’ that the following changes will be made to the 2020/21 National Funding Formula:

* New factor financial values and technical changes attached to the National Funding Formula individual funding factors, as shown in the above table.
* Minimum per-pupil levels of £3,750 for primary schools and £5,000 for secondary schools. The DfE intend to make the new minimum per-pupil funding levels a mandatory factor in the local formula (we already implement this in Norfolk).
* The funding paid to the Local Authority will be set at + 1.84% to protect pupil-led funding in real terms.
* The remaining funding factors paid to the Local Authority will benefit from an increase of 4% with the exceptions of free school meals factor, which will be increased at inflation, and premises funding which will be allocated at local authority level based on actual spend in 2019/20 plus RPIX.
* Local authorities will have the freedom to set the Minimum Funding Guarantee in the local formulae between +0.5% and +1.84% per pupil, as well as to use a gains cap.

The consultation technical paper modelling shared with schools was based on data from the October 2018 census (including any adjustments that were funded as estimates for September 2019 in the 2019/20 budget share) and did not take any further pupil growth into account. Final formula allocations to schools will change with October 2019 census pupil numbers.

The illustrative NFF figures provided by the DFE to schools in October 2019 differed from the LA consultation modelling for a number of reasons;

* The DfE uses General Annual Grant (GAG) data for the 2019/20 baseline of some academies, instead of the data submitted within the 2019/20 APT by the Local Authority;
* There may be historical baseline differences between the DfE’s NFF calculation and the Local Authority’s actual baselines due to the use of GAG data instead of APT data;
* Local MFG and capping arrangements in previous years and within the 2020/21 proposals will differ to those used in NFF illustrative allocations;
* There may be differences in estimated Rates funding between DfE illustrative allocations and Local Authority calculations for some schools (the LA has used the initial 2019/20 Rates allocation figures);
* Transfers of funding agreed between Schools Block and High Needs Block in previous years, which will have affected overall funding levels of the baselines;
* Proposed transfers of funding between Schools Block and High Needs Block in 2020/21 which affect the level of funding available to distribute.

Norfolk proposes to continue moving schools towards full implementation of the DfE’s National Funding Formula unit values, using a Minimum Funding Guarantee of +1.84% and a Cap.

**Dedicated Schools Grant (DSG) Recovery Plan Update**

On the 11th October the DFE launched a consultation on changing the conditions of grant and regulations applying to the Dedicated Schools Grant (DSG), to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** |
| High Needs Block Allocation | 80.462 | 81.822 | 81.839 | 82.664 | 83.492 | 84.324 |
| 0.5% Schools’ Block Transfer | 2.365 | 2.410 | 2.434 | 2.459 | 2.483 | 2.508 |
| Additional Schools’ Block Transfer | 0.000 | 4.580 | 4.580 | 4.580 | 4.580 | 4.580 |
| NCC General Fund Contribution |  | 2.000 | 3.000 | 3.000 | 3.000 | 3.000 |
| Schools, Early Years and Central Services Blocks Underspend | 4.090 |  |  |  |  |  |
| **Total Resources Available** | **86.917** | **90.812** | **91.854** | **92.702** | **93.555** | **94.412** |
|  |  |  |  |  |  |  |
| Placement Budget brought forward |  | 80.488 | 83.478 | 82.765 | 78.285 | 76.865 |
| Demographics and unmet demand |  | 5.196 | 6.748 | 5.206 | 5.206 | 5.206 |
| Demand Management \* |  | 0.000 | 0.000 | -1.080 | -2.931 | -4.620 |
| Savings \* |  | -2.207 | -7.411 | -8.556 | -3.644 | -1.853 |
| Sub-Total Placement Costs | 80.488 | 83.478 | 82.815 | 78.385 | 77.015 | 75.749 |
| Pupil specific supplementary High Needs SEND funding in mainstream schools - includes Element 3 SEND and exceptional circumstances funding | 6.075 | 8.439 | 8.439 | 8.439 | 8.439 | 8.439 |
| Start-up Costs |  | 0.500 | 0.500 |  |  |  |
| Speech and Language | 0.771 | 1.004 | 1.004 | 1.004 | 1.004 | 1.004 |
| Sensory Support | 1.624 | 1.624 | 1.624 | 1.624 | 1.624 | 1.624 |
| YOT | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 |
| CAMHS | 0.251 | 0.251 | 0.251 | 0.251 | 0.251 | 0.251 |
| LA Posts | 0.774 | 0.774 | 0.774 | 0.774 | 0.774 | 0.774 |
| Fines Income \* | -0.999 | -0.900 | -0.900 | -0.900 | -0.900 | -0.900 |
| Other services | 0.447 | 0.447 | 0.447 | 0.447 | 0.447 | 0.447 |
| Repay overdrawn position |  |  |  | 2.300 | 4.600 | 6.700 |
| **Total expenditure** | **89.722** | **95.907** | 95.244 | 92.614 | 93.545 | 94.378 |
|  |  |  |  |  |  |  |
| **Surplus (+)/Deficit (-)** | **-2.804** | **-5.095** | **-3.390** | **0.089** | **0.011** | **0.034** |

It also clarifies that any deficit an authority may have on its DSG account is expected to be carried forward and is not required to be covered by the authority’s general reserves, this has an impact on the DSG Recovery plan that was presented to Schools Forum in June 2019.

The financial assumptions, modelling and implications contained within that 5-year recovery plan, below in Table 1 were:

* 1% increase per annum in the HNB allocation;
* Increasing the number of maintained specialist provision to increase quality and reduce placement costs;
* Increased investment in early invention funding and Specialist Resource Base provision to reduce needs escalating and, therefore, reduce demand on places in special school provision;
* Continued movement between the Schools’ Block and the HNB of 0.5% plus the additional £4.58m agreed by the Secretary of State for the 2019/20 financial year;
* Continued NCC General Fund support to the HNB of £3m per annum.

**Table 1: Norfolk’s Current Recovery Plan (*provided to Schools’ Forum in May 2019 and submitted to DfE in June 2019*)**

\*These 3 rows are income/savings with a positive effect on the High Needs block.

**Table 2: Cumulative Deficit projection**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Brought Forward** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** |
| **Cumulative Deficit** | **-8.087** | **-10.887** | **-15.982** | **-19.372** | **-16.983** | **-12.373** | **-5.639** |

Following the Government’s Spending Review in September, the DfE in October issued indicative DSG funding to Local Authorities, including an indicative HNB funding increase for Norfolk of £10.2m in 2020/21. The LA has revised the 5-year DSG recovery plan, with a view to recovering the DSG deficit within the next 3 years (as originally required by the DfE).

On the 11th October, the DfE also announced a consultation on the ring-fencing and grant conditions of the DSG, which seeks to clarify that Local Authorities are not required to cover DSG deficits from other LA funds and that deficits need to be recovered from future Schools (DSG) funding. Therefore, to reflect the impact of the proposed changes, the planned contributions from the LA’s General Fund to the DSG have been removed from the revised DSG recovery plan.

The revised DSG recovery plan is shown in the table below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** |
| High Needs Block Allocation | 80.462 | 81.822 | 92.087 | 92.912 | 93.740 | 94.572 |
| 0.5% Schools’ Block Transfer | 2.365 | 2.410 | 2.481 | 2.506 | 2.531 | 0.000 |
| Additional Schools’ Block Transfer | 0.000 | 4.580 | 2.500 | 2.500 | 2.500 | 0.000 |
| NCC General Fund Contribution |  | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Schools, Early Years and Central Services Blocks Underspend | 4.090 |  |  |  |  |  |
| **Total Resources Available** | **86.917** | **88.812** | **97.068** | **97.918** | **98.771** | **94.572** |
|  |  |  |  |  |  |  |
| Placement Budget brought forward |  | 80.488 | 83.478 | 82.815 | 78.385 | 77.015 |
| Demographics and unmet demand |  | 5.617 | 6.748 | 5.206 | 5.206 | 5.206 |
| Demand Management \* |  | 0.000 | 0.000 | -1.080 | -2.931 | -4.620 |
| Savings \* |  | -2.207 | -7.411 | -8.556 | -3.644 | -1.853 |
| Sub-Total Placement Costs | 80.488 | 83.899 | 82.815 | 78.385 | 77.015 | 75.749 |
| Pupil specific supplementary High Needs SEND funding in mainstream schools - includes Element 3 SEND and exceptional circumstances funding | 6.075 | 8.439 | 8.439 | 8.439 | 8.439 | 8.439 |
| Start-up Costs | 0.000 | 0.500 | 0.500 | 0.000 | 0.000 | 0.000 |
| Speech and Language | 0.771 | 1.004 | 1.004 | 1.004 | 1.004 | 1.004 |
| Sensory Support | 1.624 | 1.624 | 1.624 | 1.624 | 1.624 | 1.624 |
| YOT | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 |
| CAMHS | 0.251 | 0.251 | 0.251 | 0.251 | 0.251 | 0.251 |
| LA Posts | 0.774 | 0.774 | 0.774 | 0.774 | 0.774 | 0.774 |
| Fines Income \* | -0.999 | -0.900 | -0.900 | -0.900 | -0.900 | -0.900 |
| Other services | 0.447 | 0.447 | 0.447 | 0.447 | 0.447 | 0.447 |
| Repay overdrawn position |  |  | 1.825 | 7.604 | 9.826 | 0.000 |
| **Total expenditure** | **89.722** | **96.328** | **97.069** | **97.918** | **98.771** | **87.678** |
|  |  |  |  |  |  |  |
| **Surplus (+)/Deficit (-)** | **-2.804** | **-7.516** | **0.000** | **0.000** | **0.000** | **6.894** |
| \*These 3 rows are income/savings with a positive effect on the High Needs block. | | | | |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Brought Forward** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023/24** |
| **Cumulative Deficit** | **-8.087** | **-10.887** | **-18.403** | **-16.578** | **-8.974** | **0.852** | **7.746** |

The revised recovery plan projects that the High Needs Block will balance in-year from 2020/21 onwards, and that the DSG deficit will be fully recovered by 2022/23, assuming a continuing (but reduced) transfer from the Schools Block to the High Needs Block for the next 3 years. The cumulative deficit position is forecast to have reached £18.4m by the end of 2019/20 and, as this is a ring-fenced grant, the deficit will need to be repaid over a number of future years. This deficit will be identified separately within the Council’s accounts from the Council’s general reserves, as per the DfE guidance.

It should be noted that if the movement of funding from the School’s Block to the High Needs Block is not agreed, or if it is only partially agreed, then there will be a delay as to when an in-year sustainable position will be achieved, and the repayment of the cumulative deficit will be delayed.

Although the consultation on the grant conditions proposes that there will be no call upon NCC General Fund to repay the principal of the outstanding cumulative deficit, the General Fund still bears the hidden cost of lost interest whilst the County Council ‘bank rolls’ the deficit. This estimated cost to the end of 2018/19 is approx. £0.2-0.3m, with the future cost of the LA’s preferred option estimated at £0.8-1.6m (based upon the current, low interest rates).

The financial modelling is based upon the best available information at the time of preparation and some elements of the transformation planned are further through the planning cycle than other elements. For example, detailed plans for new Special School provision is well-underway allowing the financial modelling to take account of the planned movement of places from independent to maintained special schools.

There are updates on both the transformation programme and the DSG Recovery Plan scheduled within the Schools’ Forum Forward Plan for the 2019/20 academic year. As detailed planning continues, the local authority will review the validity of the assumptions made and will make appropriate updates to the place and financial modelling for future years.

**Further transfer of funds between Schools Block and High Needs Block**

The DfE have indicated that Norfolk’s share of increased High Needs Block funding should be in the region of £10.2m for 2020/21. The Local Authority is very conscious of the budget challenges across the whole DSG and, in particular, the financial challenges facing Norfolk schools. The authority is conscious of the need to support schools to invest in SEND provision within their schools, but also faces the ongoing challenge of a legacy in Norfolk of a high percentage of SEND identification, high permanent exclusion rates and a high % of children being educated in special schools.

The Local Authority does not find the current situation comfortable where the mainstream Norfolk school system will potentially have reduced funding due to historic underfunding of high needs pressures. However, the Local Authority also has a duty to ensure good financial management of the High Needs Block.

Therefore, as ongoing transfers between the Schools Block and High Needs Block are suggested to expedite recovery of the DSG deficit, the Local Authority is minded to submit an application for the movement between blocks to the Department of Education by the 28 November on the following basis:

* Continue with the 0.5% (£2.481m) Schools Block transfer at individual school level. A transfer of 0.5% will require a vote of Members of the Schools’ Forum.
* A further transfer of £2.5m as a high-level estimate of the amount required to recover the DSG deficit within the next 3 years (reduced from £4.58m in 2019/20).

Any further transfer requires consultation with Schools’ Forum, but the decision rests with the Secretary of State. The Local Authority is required to submit a full business case in the form of a ‘disapplication request’ by the 28th November 2019 if the LA requires a decision of the Secretary of State for either:

1. a block transfer above 0.5% where the Forum has supported a 0.5% transfer; or,
2. any block transfer not supported by the Forum.

**Funding Formula Options 2020/21**

Summary of Options

A summary of the different options for funding schools in 2020/21 is given in the table below, followed by more detailed written explanations.

Please note: All modelling is based on October 2018 data; actual budgets will be issued using October 2019 census data and may change significantly if the number of pupils differs.

For individual school detail, please refer to the detailed technical papers that were issued alongside this consultation.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Option 1** | **Option 2** | **Option 3** |
|  | **NFF** | **NFF** | **NFF** |
|  | **2020/21** | **2020/21** | **2020/21** |
| **Additional £2.5 m moved to High Needs Block** | **** | **** | **** |
| **0.5% of Schools Block moved to High Needs Block** | **** | **** | **** |
| **MFG protection to school budgets of +1.84%** | **** | **** | **** |
| **Funding cap on gainers under NFF** | **+3.92%** | **+5.51%** | **+23.3%** |
| **2019/20 Minimum Per-Pupil Funding Levels** | **** | **** | **** |

**Option 1**

**Implementation of DfE’s National Funding Formula unit rates and methodologies, with a transfer £4.981m of Schools Block (0.5% plus a further £2.5m as per the LA’s revised DSG recovery plan) to High Needs Block.  The Minimum Funding Guarantee would be set at +1.84% and there would need to be an estimated funding cap of +3.92%.**

Norfolk’s current DSG Recovery Plan is underpinned by two key elements:

* through the £120m capital investment to build new special schools, specialist resources bases and to develop student support hubs
* the assumption of ongoing transfers of funding between the Schools Block and High Needs Block.

A transfer of more than 0.5% will require the Local Authority to submit a disapplication request to the Secretary of State. In doing so the LA will need to demonstrate with a business case that this is the best possible option, in the short-term, taking account of the announcements from government in October of £780m nationally for SEND and a ‘levelling up’ of school funding through the Schools Block.

The benefits to the Norfolk-wide Education System are:

* All schools are expected to gain funding compared to 2019/20 despite the transfer on a like-for-like basis (e.g. assuming no change in pupil numbers)
* the whole system will be demonstrating a responsible approach to good financial management, recognising the impact of higher than average SEND identification and the impact that this has had on High Needs pressures historically, whilst also implementing a transformation programme that will improve educational provision and outcomes for children and young people whilst addressing the ongoing budget pressures;

**Option 2**

**Implementation of DfE’s National Funding Formula unit rates and methodologies, with a transfer £2.481m of Schools Block (0.5%) to High Needs Block.  The Minimum Funding Guarantee would be set at +1.84% and there would need to be an estimated funding cap of +5.51%.**

Norfolk’s current DSG Recovery Plan is underpinned by two key elements:

* through the £120m capital investment to build new special schools, specialist resources bases and to develop student support hubs
* the assumption of ongoing transfers of funding between the Schools Block and High Needs Block.

The High Needs Block and the Schools Block will increase in 2020/21 following announcements from government in October of £780m nationally for SEND and a ‘levelling up’ of school funding.

On the basis of current forecast pressures, this would lead to an in-year deficit in 2020/21 and a cumulative outstanding deficit of c.£19m by the end of 2020/21.

If this level of block transfer continued for 2021/22 and 2022/23, it is expected that the cumulative deficit would not be repaid until 2023/24.

**Option 3**

**Implementation of DfE’s National Funding Formula unit rates and methodologies.  The Minimum Funding Guarantee would be set at +1.84% and there would need to be an estimated funding cap of +23.33%.**

Norfolk’s current DSG Recovery Plan is underpinned by two key elements:

* through the £120m capital investment to build new special schools, specialist resources bases and to develop student support hubs
* the assumption of ongoing transfers of funding between the Schools Block and High Needs Block.

The High Needs Block and the Schools Block will increase in 2020/21 following announcements from government in October of £780m nationally for SEND and a ‘levelling up’ of school funding.

On the basis of current forecast pressures, this would lead to an in-year deficit in 2020/21 and a cumulative outstanding deficit of c.£21.5m by the end of 2020/21.

If Norfolk continued with no block transfer beyond 2020/21, it is expected that there would still be a cumulative deficit in excess of £7m outstanding at the end of 2023/24.

**Consultation**

A survey was held with schools from Friday 25th October to Friday 8th November. A previous survey was launched on the Friday 4th October but following the DfE’s 2020/21 National Funding Formula announcement on the 11 October, the Local Authority assessed the new information received and agreed with the Chair of the Schools Forum to withdraw the existing Fair Funding Consultation for 2020/21.

The Local Authority received 86 completed responses on the survey held with schools, 69 of the responses were from primary (including infant and junior), 10 secondary, 0 special schools and the remaining 7 were recorded as ‘Other/Diocesan Board’.

The overall ranking of the options following consultation is as follows:

|  |  |  |
| --- | --- | --- |
| **Option** | **Overall Rank** | **Votes** |
| Option 1 - Implementation of the NFF unit rates and methodologies, with a 0.5% transfer to the High Needs Block, plus a further £2.5m | Joint 2nd | 8 |
| Option 2 - Implementation of NFF unit rates and methodologies, with a 0.5% transfer to the High Needs Block | Joint 2nd | 8 |
| Option 3 – Implementation of the NFF unit rates and methodologies | 1st | 70 |

There was a stronger preference for Option 3, implementing the NFF unit rates and methodologies without the transfer of any funding from the Schools Block to High Needs Block.

Below is a summary of the consultation responses.

**Summary of comments in favour of moving funding to the High Needs Block.**

‘Priority needs to be given to clearing the High Needs deficit’

‘We understand the rationale behind the need for an increased transfer to the High Needs Block in addition to the 0.5%. In the interests of responsible financial management and with the proposed increase in funding from Central Government, this seems an ideal opportunity to remove in-year deficits and a cumulative deficit. We hope that the aim is then that mainstream schools will no longer need to top up HN funding and can instead use that money to focus on providing for HN children within their schools, thus reducing the number of children needing places at Special Schools.’

‘Norfolk's SEND resources are too stretched to tackle school support and higher than average exclusions’

‘This seems to be the most equitable solution bearing in mind the challenge to address high need funding and provision in Norfolk.

However, we appreciate that we will continue to struggle to meet the needs of mainstream pupils in our schools because of reduced funding. Making the decision to support this option has been very difficult as it comes at a cost to our children's education and wellbeing, which is the primary responsibility of the LA.’

‘This option [Option 1] also allows for the largest transfer between DSG and the High Needs Block. We experience first-hand the pressures of not being funded correctly for students that have high SEN requirements so this movement in funding would be welcomed. This model will also allow the LA to fully implement their transformational project, which could lead to a better support structure for students at risk of permanent exclusion plus a more equitable approach to SEN.’

‘Option 2 is the fairest option, as it ensures that mainstream schools receive much-needed additional funds to enable them to adequately support SEND pupils, but at the same time the overspend is paid off.’

**Summary of comments against movement of funding to the High Needs Block.**

‘The National Funding Formula should be implemented fully without additional top-slicing. This will ensure fairer levels of funding for individual schools who are currently underfunded. When schools were consulted last year, there was no indication that further transfers of funds from Schools Block to High Needs may be made this year. Removing funds from individual schools clearly reduces their capacity to meet the needs of pupils on roll.’

‘We do not believe that Norfolk’s repayment plan has enough evidence or validity to support the transfer of additional funds to the High Needs Black at a time when schools are faced with unprecedented uncertainty in funding. This is a particularly an issue for small schools within Norfolk with under 80 students. Option 3 would allow all schools to receive the maximum funding available therefore providing more financial certainty; impacting financial decision making, particularly staffing.’

‘The financial impact of option 1 would leave this school requiring to make staff redundant. Last year I supported the move of extra money to the high needs block based on it being for 1 year. With the financial strains on schools I cannot support that this year. With greater funding in schools I would believe that we could support the high needs pupils in schools better hence not requiring the High Needs block to the same extent- (Proactive work rather than reactive work).’

‘On-going contributions are unsustainably propping the HNB. This cannot continue to happen when school budgets are so pushed in all other areas. The % increase from central government funding is also now greater and therefore the total amount allocated to the HNB from government will be increased. Schools should not be expected to do this when they do not have the funds they needs themselves’

‘Schools must receive the full benefit of any funding increases offered.’

‘While we understand the rationale behind the need to support High Needs, we are very concerned that so much funding that is really for Schools, is being siphoned off. Special Needs in Primary schools, in particular, is not being supported adequately. Primary schools are having to use considerable funds from their general budget to support EHCP's as the finding from the LA does not cover the support required/described as part of the plan. This siphoning off from school budgets has been happening in many local authorities and should not be happening, particularly to the degree you are suggesting in option 1. Head Teachers across the country, where this is happening, have registered their extreme concern and this is what we are doing.’

‘We need more funding in our budget to support all of our children including children with SEN needs and other vulnerable groups. An increase in our budget would help to maintain our staffing to ensure this would happen.’

‘Option 3 will help our small school survive.’

‘Option 1 would devastate our finances and option 2 would too.’

**Summary of general comments**

‘I support a maximum of 0.5% to the High needs block as it is already receiving £10m from the DFE’

‘[Option 3] Indicates the most funding for my own school.’

‘The idea of Fair funding is to make sure all schools across the country are funded fairly no matter what region they are in. Norfolk schools should not lose out in this because of legacy poor management of the High Needs block.’

**Proposal**

It is proposed to implement the unit values and methodologies of the National Funding Formula for the financial year 2020/21, and use the new rates for the minimum per pupil funding levels for primary and secondary. Although there is no clear date for full implementation, the DfE are very clear that this is their policy. By working towards the NFF with a Minimum Funding Guarantee we are able to move school towards the NFF in a measured way.

The High Needs Block increase of £10.2m for 2020/21 has only been confirmed for 2020/21 at this time, leaving uncertainty regarding the base level of HNB for future years. This increase alone will not immediately resolve the ongoing High Needs Block overspend pressure due to the level of cumulative deficit, the anticipated ongoing commitments, and the uncertainty regarding future year’s HNB base funding.

Norfolk’s current DSG Recovery Plan is underpinned by two key elements:

* through the £120m capital investment to build new special schools, specialist resources bases and to develop student support hubs
* the assumption of ongoing transfers of funding between the Schools Block and High Needs Block (0.5% plus a further transfer of £2.5m [previous assumption before additional funding announcements of £4.58m in line with the 2019/20 movement])

The Local Authority are minded to submit an application to the Secretary of State for a transfer of £2.5m and, if necessary, the movement of the 0.5% (if Schools Forum vote against the 0.5% movement). In doing so the LA will be required to demonstrate with a business case that this is the best possible option, in the short-term, taking account of the announcements from government in October of £780m nationally for SEND and a ‘levelling up’ of school funding through the Schools Block.

The benefits to the Norfolk-wide Education System are:

* All schools are expected to gain funding compared to 2019/20 despite the funding transfer on a like-for-like basis (e.g. assuming no change in pupil numbers)
* the whole system will be demonstrating a responsible approach to good financial management, recognising the impact of higher than average SEND identification and the impact that this has had on High Needs pressures historically, whilst also implementing a transformation programme that will improve educational provision and outcomes for children and young people whilst addressing the ongoing budget pressures.

**Useful Links**

[NFF Tables for Schools & High Needs 2020/21](https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2020-to-2021)

(<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2020-to-2021>)

[Consultation: Changing the Dedicated Schools Grant](https://www.gov.uk/government/consultations/consultation-on-changing-the-dedicated-schools-grant)

(<https://www.gov.uk/government/consultations/consultation-on-changing-the-dedicated-schools-grant>)