

Schools Forum

10 March 2022

Funding Update

Since last meeting

- ESFA approval given for Coventry's funding formula
 - Budget shares issued to mainstream schools (21st Feb)
- 21/22 Early Years DSG Update
 - 5/12ths May 2021 census
 - 4/12ths October 2021 census
 - Remaining 3/12ths January 2022 census will be published in July 22
- January 2022 census – *provisional nos*
 - Updates 22/23 DSG (Early Years)
- Further work on High Needs budget setting, including:
 - 2022/23 Disproportionate SEN (report)
- Further work on Early Years budget setting
 - Hourly funding rates for 2022/23 (report)

Data Changes

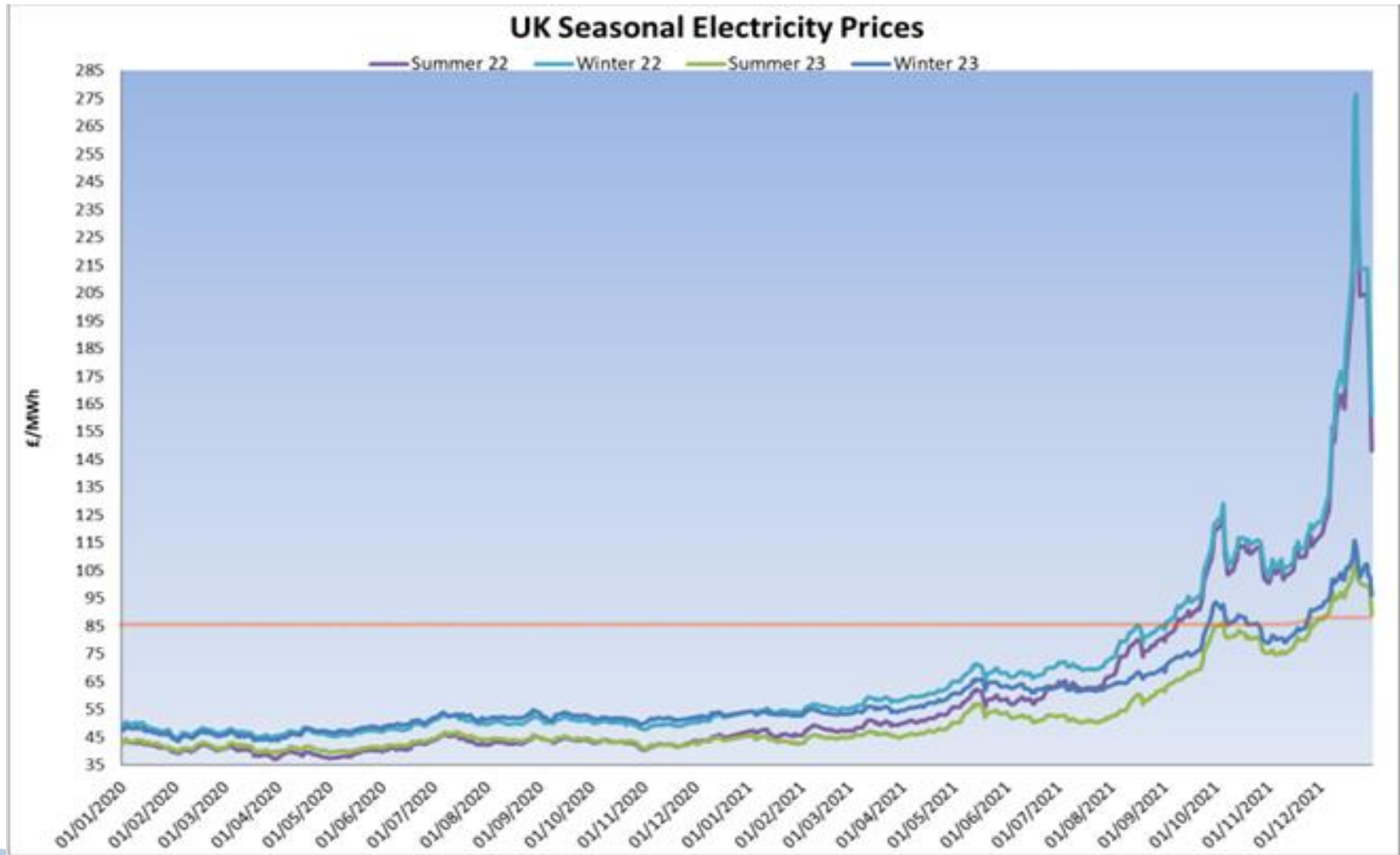
- *Provisional* Early Years Block 2 year olds –
Jan-22 nos - increase of 72 FTEs vs Jan-21 (12.7%)
- *Provisional* Early Years Block 3 and 4 year olds –
Jan-22 nos - increase of 129 FTE vs Jan-21 (3.1%)
- DSG Impact for Early Years Block – an increase of
£830k for 22/23 (after 2022/23 DSG rate increase)
 - See later EY section

Indicative 2022/23 DSG as @ March

Coventry City Council DSG PPR - 2022/23

	Early Years Block (£000)	Schools Block & Growth (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)	Movement since January (£000)
1 <u>21/22 Total resources (at budget setting)</u>	21,368	264,208	3,454	52,988	342,018	0
1.1 Removal of one-off reserve funding 21/22		(450)			(450)	0
1.2 Pupil number adjustment (Jan-21)	35			45	80	0
1.3 Pupil number changes (May-22 & Oct-22)	389				389	389
21/22 DSG (current)	21,792	263,758	3,454	53,033	342,038	389
2 <u>Changes to forecast DSG resource</u>						
2.1 Pupil number changes (Oct-21 & Jan-22)	830	2,888	16	403	4,137	830
2.2 National funding formula increase	579	6,007	(313)	4,423	10,695	0
2.3 Formulaic growth fund allocation change		684			684	0
22/23 DSG (estimated)	23,201	273,337	3,157	57,859	357,554	1,219
3 <u>Additional non-DSG resource</u>						
3.1 22/23 Contribution from DSG reserves		450			450	450
3.2 22/23 Supplementary High Needs Funding				2,091	2,091	2,091
22/23 Total resources (estimated)	23,201	273,787	3,157	59,950	360,095	3,760

Energy Inflation



Energy inflation

- Significant increase on the previous historic peak.
- High prices are predicted to be the new normal
- Impact of the current conflict means a high level of uncertainty
- Very important to consider your contract status
 - Fixed term – until when
 - Variable rate
 - Council Procurement contract

Council Energy Contract

- Can join any time from now to see the benefit from October for electricity, April for gas.
- The LA's electricity contract expires in October 2024 & gas in April 2023
- From October 2021 schools on the Council contract saw an average increase of 34% compared to market average of 76%
- Council buys it's energy in advance
 - Currently purchased 30% of electricity requirement
 - If the remaining 70% costs the same as that 30%, electricity cost would increase by ca 70%.
- Contact energy management for more information
 - energymanagement@Coventry.gov.uk

Early Years Formula & Central budgets (refer to report)

Early Years Funding

- Early Years National Funding Formula (EYNFF) requires LA's to pass on a minimum of 95% of DSG Early Years funding direct to providers.
- This 95% is used for:
 - Universal hourly base rates for all providers
 - Universal hourly deprivation rate for providers (3&4 year olds)
 - The SEN Inclusion Fund (SENIF)
- Remaining 5% can be centrally retained – used for:
 - Central staffing for Early Years
 - Work on sufficiency of quality places for all eligible children
 - Access to workforce development for the EY sector
 - Funding local criteria 2 year olds

EY Budget Setting (background)

- Way the LA was allocated Early Years funding changed in 2021/22
 - Based on termly headcounts due to Jan census not being representative
 - Funding received more matches funding distributed more closely
- Go back to the previous method in 2022/23
 - Funding rates normally set based on status quo – the assumption that DSG census numbers will equal numbers we need to fund
 - DSG Jan 22 5/12s, Jan 23 7/12s
 - We pay providers based on actual participation across the 3 terms (can be higher or lower).
 - Any over / underspend is managed as part of the DSG budget monitoring process (rather than holding a contingency budget)
 - The aim of this is to maximise funding passed out to providers

SEN Inclusion Fund (SENIF)

- Designed to ensure no child have their access to their free early year's entitlement restricted or denied because of SEN or disability.
- Value of SENIF has been £200k for the past 3 years.
- Significant increase in demand in 2021/22
 - Pandemic has caused SEN demand increase, particularly in EY
- Budget needs to increase to £300k in 2022/23

Increase to SENIF Funding

- We forecast that we can increase SENIF to £300k whilst still passing on the full 95% of hourly rate increase the LA has received
- Historic underspends on Early Years DSG due to the difference between how funding is allocated to LA (Jan census) and how funding is paid to providers (actual hours)
- Awareness of the financial difficulties providers are facing
- Subject to review in 2022/23. If budget position worsens, future funding rates could be impacted.

EY Budget Setting (2022/23)

- DSG funding rate increases
 - 17p per hour increase for 3 & 4 year olds
 - 21p per hour increase for 2 year olds
- We propose to increase 22/23 provider funding rates
 - 3 & 4 year olds – Base rate = £4.21 (£4.05 21/22); Dep rate = £1.26 (£1.22 21/22)
 - 2 year olds – Base rate = £5.29 (£5.09 21/22)

	2 YO	3&4 YO
Breakdown of £ rate	£	£
Av. provider rate	5.29	4.49
Centrally retained	0.14	0.24
Local criteria 2YO	0.14	-
SEN Inclusion fund	0.04	0.04
Total Hourly Rate	5.61	4.77
Subsidy	-	- 0.04
DSG funding rate	5.61	4.73

Early Years Central Expenditure

Centrally retained expenditure:	£000
Staffing Costs	954
Maintained Nursery De-Delegation	30
Marketing	24
IT Systems	11
Sustainability	25
Total	1,044
Other expenditure impacting on hourly rates:	£000
Local Criteria 2 Year Olds	84
SEN Inclusion Fund	300
Total	384
Total Expenditure	1,428

Decision – Central Expenditure

- The Schools Forum should approve the retention of 3&4 year old funding for central costs at £959k (5.0% based on the budgeted level of funding) which is within the 5% limit set by the DfE.
- The Schools Forum should approve the retention of 2 year old funding for central costs at £86k (2.53% based on the budgeted level of funding)

Voting: All

Decision – paid out Central Expenditure

- The Schools Forum should give a view on the continuation of an increased £300k SEN inclusion fund for 2, 3 and 4 year olds in 2022/23. Further details for this fund are in the report.
- The Schools Forum should give a view on continued funding of ‘Local Criteria 2 Year Olds’ at an estimated cost of £84k as part of Coventry’s Early Years Strategy. (This is the balance of the 2 year old ‘equivalent’ to the 5% central allowance)
- **Voting: All**

NB: Technically as this is not ‘centrally retained’ the LA can decide. We would however appreciate the steer and support of the Schools Forum

High Needs Budget

Schools Forum Responsibilities and way forward

- Schools Forum should be consulted annually on
 - arrangements for pupils with SEN (commissioned places)
 - Arrangements for use of PRUs and Education Otherwise including commissioning and funding arrangements
- Schools Forum have no specific approval or consultative role in relation to High Needs central expenditure, but it is good practice to share

Overview

- NFF – Coventry gains through HN-NFF for 3rd year
 - £4.8M for 2022/23
 - £2.1m Supplementary High Needs Funding
- 21/22 - £2.8M budget held for SEND system priorities
 - This is unspent/paused to fund future SEND strategy
 - However full-year provision costs are forecast to overspend because of increased demand
- Significant increase in demand/activity (and cost) in 21/22 (and projected further increases for 22/23)
 - Special School placements new demand and extended retention
 - Band 5/6 top-up for mainstream schools
 - External placements (all age) within the independent/non-maintained sector (high cost)
 - Demand focus remains SEMH and ASC
 - Further Education

High Needs Budget Budget Setting

- Budget setting is in draft stage
- Statutory demand is non-negotiable priority
- We have therefore brought a balanced budget across high needs with a number of assumptions to enable:
 - Issuing of provision funding to schools and providers
 - Setting budget prior to 22/23 & submission of statistical returns

Budget Setting – Special Schools

- Additional special school places to be commissioned and funded across city – based on current and future need
 - We have budgeted for an extra 12 confirmed places from Sep 2022 and absorbed the full year affect of +76 places (21/22 growth)
 - Budget includes an assumption that an additional 16 places will be created from Sep 2022
 - Capacity to commission additional special school placements within the City is limited by physical infrastructure. The budget includes an assumption that an additional 16 places will be created from Sep 2022
- Top-ups
 - Special top-ups to increase by 4%
 - This covers:
 - 2% (in line with maintained schools minimum uplift);
 - increase in NI contributions for the Health & Social Care Levy
 - wider inflationary costs (as per schools supplementary fund)

Special School Commissioned Places

- Forecast budget includes anticipated increase of +28 commissioned places by (Sept 22)

Special Schools	20/21 places	21/22 places	Places change	22/23 Places	Places change
Castle Wood	156	160	4	160	0
Kingsbury Academy	84	92	8	92	0
Riverbank	179	188	9	200	12
Corley	122	129	7	129	0
Tiverton	95	110	15	110	0
Baginton Fields	116	118	2	118	0
Sherbourne Fields	192	220	28	220	0
Woodfield	152	155	3	155	0
To be allocated	0	0	0	16	16
Total	1096	1172	76	1200	28

High Needs Budget Setting

- Demand continues to grow locally, regionally and nationally
- EHC Plans increase Jan 21 to Jan 22 ↑10%
- Underpinned by a significant increase in demand across all areas of SEN in 2021/22 and ↑ in average unit costs
- School readiness has been significantly impacted by Covid and FE retention(catch-up) ladening the system
- Unanticipated demand has led to a forecast overspend on high needs provision of £1.7m 2021/22.
- Increase in demand is predicted to continue into 2022/23, with an anticipated demand +460 EHCPs issued (+17% from Jan 22)

High Needs budget Setting 2022/23 and full year impact 2023/24

Item	Budget Required		Comments
	2022/23	2023/24	
	£000	£000	
Provision for Pupils			
Special School Places	409	526	Part Year and Full Year impact of September 21 and 22
Special School Top-up Increase	668	854	Funds projected overspend
Special School Top-up Inflation	494	494	4% to match mainstream minimum increase and Heath & Social Care Levy
Mainstream Top-up Increase	1,527	2,177	Funds current and projected overspend
External Placements	2,572	2,967	Funds current and projected overspend
Further Education	432	432	Funds current and projected overspend
Other Pupil Provision	327	370	HN Inclusion, EY top up, personal budgets and hospital education
	6,429	7,821	
Other Provision			
Staffing	30	30	Central Services pay inflation
Technical	18	18	Technical adjustments (disproportionate SEN increase, use of one-off grants)
Accelerated Booster Classes (ABC)	154	154	
2022/23 ERP Funding Review	47	80	
Early Years HLTA's	108	108	
Autism & Behaviour (Integration & Transition Support)	100	100	
Inclusion Programme (SEND Senior Advisor & Training)	98	98	
Speech and Language Therapy	72	96	
	626	684	
Additional Budget Resource	9,717	9,717	
Remaining	2,662	1,213	Remaining budget resource allocation to be determined

High Need Budget Setting

- After accounting for the statutory demand led activity pressures set out on the preceding slides, we are left with an unallocated £2.7M resource.
 - This sounds significant, BUT...
- Full year effect of 2022/23 changes (an extra £1.45M)
- Future delivery of Special SEMH on Woodlands site
- SEND Green paper due to be published in March 2022.
- Conversations have begun on changing the strategic direction in Coventry to target resources more effectively (early intervention stage and age)

Remaining funding considerations

Overview of current thematic:

- Early Years – school readiness
- SEMH - KS1 Rapid Response/extended 'Keys/Gateway' service offer
- Extended ASC ERP provision
- Future SEMH specialist places
- Future other special school places
- Increased resource for new mainstream banded model

Underpinned by a refresh of the Inclusion Strategy

Way Forward

- Partnership review of our strategic direction, taking into account the direction of the Green paper
- Education Partnership to agree additional priorities to be delivered within the remaining resource envelope (one year projects)
- Implementation of a revised banded model for SEN 'top-up' resource in mainstream schools (April 2022)
- Targeted review to reduce our growing dependency on external provision through a strategy of reinvestment

Disproportionate SEN (refer to report)

Disproportionate SEN

- Refer to report
- To support those schools with significant levels of SEN within their school population in comparison with notional funding
- Allocations are determined in advance of the beginning of the financial year and will be calculated on formulaic basis
- Proposal to change the eligibility criteria

How does SEN Funding work?

- Element 1 – this is the basic entitlement funding that schools receive in their budget shares for all pupils.
- Element 2 – this is the amount of funding (up to £6k) that a school must contribute towards the additional needs of each high needs pupil on the school role.
 - This funding comes from within the school's budget; it is not separately identified within the budget share but from proportions of other pupil-led factors – it is termed 'notional SEN'.
- Element 3 – this is the amount of funding above element 2 that the Local Authority contributes to the costs of high needs pupils – this is the top-up funding.
- *NB elements 1 and 2 equate to the £10K place funding in special*

How did the fund work?

- Funding allocated where the expected level of 'element 2' funding is not matched by the level of non-basic entitlement notional SEN (the level of funding allocated would be the difference between these two figures)
- Funding will be allocated where the overall level of Education, Health and Care Plans (EHCPs) as a proportion of the school's total pupil population is in excess of 2% (the level of funding allocated would be equal to £6k per EHCP pupil above the 2% threshold)*

* Subject to affordability of the fund

How will the fund work?

- Proposing to change the second method of accessing this funding.
- The disproportionate SEN methodology was agreed in 2018/19
 - Pupils with EHCPs made up 0.7% of total pupils in mainstream settings
 - In 2021/22 that has increased to 1.5%
- This route to disproportionate SEN was designed to give funding to schools who have an overall high proportion on children with EHCPs
- Given the increase in the number of pupils who now have ECHPs, the previous 2% threshold no longer represents a high proportion
- Proposal is to increase this threshold to 2.5%

How will the funding work?

- If a school is eligible for funding under both of the above mechanisms, the level of funding allocated will be the higher of the two amounts, not the sum of both amounts.
- The fund is only available for mainstream schools, as special schools are funded under different arrangements
- Under the new proposals fund size increases by £26k
 - 30 schools would receive funding - 27 primary, 3 secondary (21/22 – 27 primary, 3 secondary)

Decision – Disproportionate SEN Fund

- **The Schools Forum should agree the operation of the disproportionate SEN Fund**

Voting: All

*NB Technically as this is high needs provision the Local Authority can decide.
We would however appreciate the steer and support of the Schools Forum*

Funding update continued...

Coventry City Council DSG PPR - 2022/23

	Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)	Movement since January (£000)
Total increase in resources (estimated)	1,833	9,579	(297)	6,961	18,077	4,632
3 Adjustments to Base Budget/Technical Adjustments						
3.1 Remove 21/22 expenditure supported by reserves		(450)			(450)	0
3.2 Reduced expenditure - historic commitments; Imp/exp			(313)		(313)	0
3.3 Pay related central staff				30	30	30
3.4 National Funding Formula increase	968	5,723		46	6,737	0
3.5 Pupil number changes	865	3,047	9	45	3,966	831
3.6 Pupil data changes		763			763	0
3.7 Historic Factors (PFI & NNDR)		(70)			(70)	0
3.8 School Licences			7		7	(1)
3.9 Explicit Growth Fund increase		684			684	0
3.10 Full year effect of 21/22 HN commissioned places				246	246	0
3.11 High needs commissioned places from Sept 22 (7/12ths)				70	70	70
3.12 Release unallocated DSG: 21/22 Formula surplus		(47)			(47)	0
3.13 Coventry Education Improvement Commissioning Pot		450			450	450
3.14 2021/22 High Needs Holding Pot				(2,801)	(2,801)	(2,801)
3.15 2021/22 Activity Pressures				1,694	1,694	1,694
3.16 2022/23 Growth in Provision				3,879	3,879	3,879
3.17 2022/23 Special Schools Top-up Inflation				494	494	494
3.18 Increase to Disproportionate SEN				26	26	26
3.19 2022/23 SEN Proposals and Technical Adjustments				570	570	570
Remaining resources for Budget Proposals	0	(521)	0	2,662	2,141	(610)

Coventry City Council DSG PPR - 2022/23

	Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)	Movement since January (£000)
4 Budget Proposals						
4.1 Remaining Resource				2,662	2,662	(610)
4.2 Contribution from Reserves (School Funding Formula)		(521)			(521)	0
Resource Underallocated/(Overallocated)	0	0	0	0	0	(0)
5 DSG (Not Earmarked)						
5.1 (Headroom)/Efficiency Savings	0	0	0	0	0	0
6 (Under allocated)/Overallocated	0	0	0	0	0	0
	0	0	0	0	0	0