

Schools Forum

9 March 2023

Funding Update

Since last meeting

- ESFA approval given for Coventry's funding formula
 - Budget shares issued to mainstream schools (28th Feb)
- January 2023 census – *provisional nos*
 - Updates 22/23 DSG (Early Years)
 - Updates 23/24 DSG (Early Years)
- Further work on High Needs budget setting, including:
 - 2023/24 Special school top-up rates published
 - 2023/24 Disproportionate SEN (report)
- Further work on Early Years budget setting
 - Hourly funding rates for 2023/24 (report)

Data Changes

- *Provisional* Early Years Block 2 year olds –
Jan-23 nos - decrease of 30 FTEs vs Jan-22 (4.8%)
- *Provisional* Early Years Block 3 and 4 year olds –
Jan-23 nos - increase of 54 FTE vs Jan-22 (1.3%)
- DSG Impact for Early Years Block – an increase of
£74k for 23/24 (after 2023/24 DSG rate increase)
 - See later EY section

Indicative 2023/24 DSG as @ March

Coventry City Council DSG PPR - 2023/24	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>22/23 Total resources (at budget setting)</u>	23,300	273,787	3,157	60,031	360,275	0
1.1 Removal of one-off reserve funding 22/23		(450)			(450)	0
22/23 DSG (current)	23,300	273,337	3,157	60,031	359,825	0
2 <u>Changes to forecast DSG resource</u>						
2.1 Pupil number changes (Oct-22 & Jan-23)	74	7,520	52	370	8,016	74
2.2 National funding formula increase	1,654	5,153	(260)	6,733	13,279	0
2.3 Supplementary Fund Included in SB		7,781			7,781	0
2.4 Formulaic growth fund allocation change		781			781	0
23/24 DSG (estimated)	25,027	294,572	2,949	67,133	389,682	74
3 <u>Additional non-DSG resource</u>						
3.1 23/24 Contribution from DSG reserves		243			243	243
22/23 Total resources (estimated)	25,027	294,815	2,949	67,133	389,925	316

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)
 - The quality supplement (New)
- 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)

- Historically funding rates are set based on status quo – the assumption that the DSG census numbers will equal numbers we need to fund
 - DSG Allocation – Jan 23 5/12ths, Jan 24 7/12ths
 - 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 is to maximise funding passed out to providers
- In 22/23, the LA increased funding rates to ensure that providers received as much as possible.
 - 3 & 4 YO Base rate = 16p increase and 3&4 YO deprivation rate = 4p increase
 - 2 YO base rate = 20p increase

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 was £200k between 2019/20 – 2021/22 and was increased to £300k in 22/23 due to a significant increase in demand in 2021/22
 - Pandemic has caused SEN demand increase, particularly in EY
- Demand has continued to increase and as such the budget needs to increase to £365k in 2023/24

Increase to SENIF Funding

- We forecast that we can increase SENIF to £365k whilst still passing on the full 95% of hourly rate increase the LA has received
- Awareness of the financial difficulties providers are facing
- Subject to review in 2023/24. If budget position worsens, future funding rates could be impacted.

Teachers Pay & Pension Grant

- Since 2018/19 mainstream schools with a nursery class have received separate grant funding to help them meet certain costs:
 - Some national increases to Teachers Pay Awards
 - Increase in employer contributions to the teachers' pension scheme
- From 2023/24 this will be added to the DSG funding the LA receive for the 3 & 4 YO entitlement
 - Therefore no longer paid as separate grants
- LAs are encouraged by the DfE to continue to support the costs for which the original grant funding were introduced
 - Quality supplement – not distributing it to all settings via the hourly rate

Teachers Pay & Pension Grant (cont)

- Proposal is to introduce a new quality supplement to target this funding at mainstream schools who employ teachers on School Teachers' Pay and Conditions
- Qualifying criteria:
 - School must be a mainstream school with a formal nursery class
 - School must employ a qualified teacher that teaches in a nursery class with 3 & 4 year olds
 - The teacher must be employed on teachers' Pay and Conditions per the School Teachers' Pay and Conditions Document (STRB)
- Where a school is eligible ca £8k will be distributed based on the number of full time equivalent teachers teaching in their nursery class.

Teachers Pay & Pension Grant (cont)

- A consultation was circulated to all early years providers
 - Sought responses on whether a quality supplement should be implemented
- A total of 7 responses were received
 - 6 of which supported the proposal

EYNFF Changes

- EYNFF consultation held by the DfE in 2022
 - Update underlying data among other minor technical adjustments
- Created turbulence in the funding LAs were receiving
- To minimise this, in 2023/24 protections have been introduced
 - All LAs see an increase in the hourly funding that they receive for both 2 YO's and 3 & 4 YO's
- To pay for this protection, a cap on gains has been introduced
- This cap limits the level of increase on the hourly funding to:
 - 10% or 2 YO's
 - 4.9% for 3 & 4 YO's

EY Budget Setting (2023/24)

- Before the protection and gains cap was applied the LA was due to see a 33p per hour increase for 3 & 4 YO's in 2023/24
 - An increase of 6.8% - above the gains cap of 4.9%
- Actual increase the LA will receive after the cap is 24p for 3 & 4 YO's
- The 2 YO funding rate that the LA will receive has increased by 27p per hour for 2023/24
 - An increase of 4.8% - below the gains cap of 10%

EY Budget Setting 2023/24 (cont)

- We propose to increase 23/24 provider funding rates
 - 3 & 4 year olds
 - Base rate = £4.43 (£4.21 22/23)
 - Dep rate = £1.33 (£1.26 22/23)
 - Average provider rate = £4.72 (£4.49 22/23)
 - 23p increase which is 95.8% of the DSG increase
 - 2 year olds – Base rate = £5.55 (£5.29 22/23)
 - 26p increase which is 96.2% of the DSG increase

	2 YO	3&4 YO
Breakdown of £ rate	£	£
Av. provider rate	5.55	4.72
Centrally retained	0.14	0.26
Local criteria 2YO	0.14	-
SEN Inclusion fund	0.08	0.08
Quality Supplement	-	0.11
Total Hourly Rate	5.92	5.17
Subsidy	0.04	0.09
DSG funding rate	5.88	5.08

Early Years Central Expenditure

Centrally retained expenditure:	£000
Staffing Costs	1,028
Maintained Nursery De-Delegation	30
Marketing	29
IT Systems	12
Sustainability	26
Total	1,125
Other expenditure impacting on hourly rates:	£000
Local Criteria 2 Year Olds	87
SEN Inclusion Fund	365
Total	452
Total Expenditure	1,577

Decision – Central Expenditure

- The Schools Forum should approve the retention of 3&4 year old funding for central costs at £1,043k (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 £170k (5% 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 £365k SEN inclusion fund for 2, 3 and 4 year olds in 2023/24. 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 £87k as part of Coventry’s Early Years Strategy. (which is funded within the 5% 2YO central expenditure limit total)
- The Schools Forum should give a view on establishing a quality supplement as part of the Local Early Years Funding Formula to distribute former teachers pay and pension grant funding to eligible schools
- **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 4th year
 - £4.5M for 2023/24
 - £2.6m Additional High Needs Grant
- 22/23 - £2.7M budget held for SEND system priorities
 - This is unspent/paused to fund future SEND strategy
- Significant increase in demand/activity (and cost) in 22/23 (and projected further increases for 23/24)
 - Special School placements new demand and extended retention
 - Pupils with EHCPs in 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 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 23/24 & 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 11 confirmed places from Sep 2023 and absorbed the full year affect of +40 places (22/23 growth)
- High Needs Additional Grant
 - Part of the additional funding announced in the Autumn statement
 - Equivalent to the Mainstream Schools Additional Grant
 - 3.4% of 22/23 funding levels
- Top-ups
 - Category 5 top up rates (1:1 & 2:1) have been inflated to ensure they cover the known cost of a teaching assistant
 - All other top up rates have been inflated by 3.76%
 - This, along with the additional grant ensures schools will see at least a 5.6% increase compared to 22/23 – mirrors mainstream funding increases

Special School Commissioned Places

- Forecast budget includes anticipated increase of +11 commissioned places by (Sept 23)

School Name	Sept 21 Places	Sept 22 places	Places change	Sept 23 places	Places change
Castle Wood	160	160	0	160	0
Kingsbury	92	100	8	100	0
Riverbank	188	200	12	200	0
Corley	129	129	0	140	11
Tiverton	110	112	2	112	0
Baginton Fields	118	116	-2	116	0
Sherbourne Fields	220	240	20	240	0
Woodfield	155	155	0	155	0
Total	1172	1212	40	1223	11

Budget Setting – Mainstream

- Mainstream top ups are also being inflated
 - Acknowledgment of the increased costs schools are facing in their desire to be more inclusive
 - 1:1 top up rates are being inflated to ensure they cover the known cost of a teaching assistant
 - Other top up rates are being inflated by 1.99%
 - This mirrors the impact that the 3.76% special school top up inflation has on special school budgets

High Needs Budget Setting

- Demand continues to grow locally, regionally and nationally
- EHC Plans forecast to increase by 10% between Jan 23 to Jan 24
- Underpinned by a significant increase in demand across all areas of SEN in 2022/23 and ↑ in average unit costs
- School readiness has been significantly impacted by Covid and FE retention(catch-up) lading the system
- Increased demand has led to forecast spend on high needs provision increasing by £5.8m in 22/23.
- SEND & Alternative Provision Improvement Plan published 02/03/2023

SEND & AP Improvement Plan

- Support LAs through the Delivering Better Value & the Safety Valve programmes and share best practice from LAs with inclusive & sustainable high needs provision more widely
- Develop a system of funding bands and tariffs so the funding is more consistent across the country
- Publish the response to the NFF consultation which included funding for SEND, notional SEND & transferring funding from schools block to HN
- Develop new approaches to funding AP
- Ensure comparable expectations are set for independent special schools & state funded specialist providers.

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

Item	Budget Required		Comments
	2023/24	2024/25	
	£000	£000	
Provision For Pupils			
Special School Growth	833	898	Part Year and Full Year impact of September 22 and 23
Special School Top-up Inflation	696	696	
Additional High Needs Grant	1,021	1,021	
Mainstream Top Up Growth	1,246	2,136	
Mainstream Top Up Inflation	459	459	
Primary SEN Units	400	604	
External Placements	213	414	
Further Education	662	662	
Other Pupil Provision	55	55	EY Top Up, Home Tuition, Hospital Education
	5,584	6,944	
Other Provision			
Staffing	708	708	Staff inflation & new staff to create capacity in HN sector
Technical	167	167	Disproportionate SEN increase, use of grants, resource switching
Speech & Language Therapy	24	24	Full Year Impact of 22/23 change
Inclusion Workforce Strategy	250	250	
	1,150	1,150	
Additional Budget Resource	9,944	9,944	
Remaining	3,211	1,850	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 £3.2M resource.
 - This sounds significant, BUT...
- Full year effect of 2022/23 changes (an extra £1.4M)
- Future delivery of Special SEMH on Woodlands site (£1.95M)
- SEND strategy currently being worked on to put strategies in place to deal with these challenges

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

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 does 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 2.5% (the level of funding allocated would be equal to £6k per EHCP pupil above the 2.5% threshold)*

* Subject to affordability of the fund

How does 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
- In 23/24 fund size increases by £200k
 - 34 schools would receive funding - 32 primary, 2 secondary (22/23 – 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 - 2023/24

	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)	1,727	21,028	(208)	7,103	29,649	316
3 Adjustments to Base Budget/Technical Adjustments						
3.1 Adjustment for 22/23 expenditure supported by reserves		(450)			(450)	0
3.2 Reduced expenditure - historic/ongoing commitments			(260)		(260)	0
3.3 Staffing - Inflation & growth				708	708	708
3.4 National Funding Formula increase	1,654	4,525		31	6,210	0
3.5 Pupil number changes (Oct-22 & Jan-23)	74	7,601	5		7,679	74
3.6 Pupil data changes		1,087			1,087	0
3.7 Historic Factors (NNDR)		(14)			(14)	0
3.8 School Licences			47		47	0
3.9 Explicit Growth Fund increase		497			497	0
3.10 Full year effect of 22/23 HN commissioned places				651	651	(76)
3.11 High needs commissioned places from Sept 23 (7/12ths)				181	181	181
3.12 Mainstream School/High Needs Additional Grant		7,781		1,021	8,802	1,021
3.13 Special School Top Up Inflation				696	696	696
3.14 Mainstream Top Up Growth & Inflation				1,705	1,705	1,705
3.15 SEN units Primary				400	400	400
3.16 Further Education Growth				662	662	662
3.17 External Placements Growth				213	213	213
3.18 Other Provision Growth				23	23	23
3.19 2023/24 SEN Proposals & Technical Adjustments				112	112	112
3.20 Disproportionate SEN increase				200	200	200
3.21 22/23 High needs Holding Pot				(2,711)	(2,711)	(2,711)
Remaining resources for Budget Proposals	0	0	0	3,211	3,211	(2,891)

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				3,211	3,211	(3,133)
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