

# Schools Forum

7 March 2024

# 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 all providers
  - The SEN Inclusion Fund (SENIF)
  - The quality supplement
- Remaining 5% can be centrally retained – used for:
  - Central staffing for Early Years & SEN 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

# Early Years Extended Entitlement

- From 2024/25 extended working parent entitlements come into effect
- From April 2024 2-year-olds of working parents are entitled to 15 funded hours
- From September 2024 9–23-month-old children of working parents are entitled to 15 funded hours

# 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 24 5/12ths, Jan 25 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 23/24, the LA increased funding rates to ensure that providers received as much as possible.
  - 3 & 4 YO Base rate = £4.81 and 3&4 YO deprivation rate = £1.44
  - 2 YO base rate = £7.46

# 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.
  - Funded from the 95% funding passed to providers
- Value of SENIF was £200k between 2019/20 – 2021/22, was increased to £300k in 22/23 and was increased to £365k in 2023/24
- Demand has continued to increase for 3- & 4-year-olds and as such the budget needs to increase to £498k in 2024/25
  - Demand has not increased for 2 YO's
  - Not anticipated that the extended entitlement will have a significant impact on SENIF

# Quality Supplement

- 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 was funded via a quality supplement which replaced the separate grants
  - Funding was paid for each teacher which met certain criteria
- 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)

# Quality Supplement (cont)

- The Quality supplement will be implemented again in 2024/25
- Will now also cover
  - September 2023 pay award
  - 5% increase to employer contributions to the teachers pension scheme from April 2024



# EY Budget Setting (2024/25)

- Extended Entitlement means an increase in the number and a changing of the circumstances of children eligible for funded hours
  - DfE have suggested that LAs should ensure funding for deprivation is included in their funded models
  - Means funding for all ages will be based on the following formula
  - Base rate + (deprivation rate x IDACI score)
- IDACI score looks at pupils on a settings January 2024 census
  - It then attributes the likelihood the pupils are from a deprived background based on their postcode
  - The average of all pupils deprivation likelihood then gives the settings IDACI score

# EY Budget Setting 2024/25 (cont)

- LA is receiving £5.73 per funded hour for 3- & 4-year-olds. As such the provider rates will be as follows:
  - Base rate = £4.93 (£4.81 23/24)
  - Dep rate = £1.48 (£1.44 23/24)
  - Average provider rate = £5.26 (£5.13 23/24)
  - This, SENIF & quality supplement = 95.9% of DSG allocation
- LA is receiving £8.35 per funded hour for 2-year-olds. As such the provider rates will be as follows:
  - Base rate = £7.44
  - Deprivation rate = £2.23
  - Average provider rate = £7.91 (£7.46 23/24)
  - This & SENIF = 95.2% of DSG allocation
- LA is receiving £11.38 per funded hour for 9–23-month-olds. As such the provider rates will be as follows:
  - Base rate = £10.19
  - Deprivation rate = £3.05
  - This = 95% of DSG allocation

# Early Years Central Expenditure

<b>Centrally retained expenditure:</b>	<b>£000</b>
Staffing Costs (Early Years & SEN Early Years)	1,608
EY Sector Training & Workforce Development	50
Maintained Nursery De-Delegation	29
Marketing	27
IT Systems	11
Sustainability	24
<b>Total</b>	<b>1,749</b>
<b>Other expenditure impacting on hourly rates:</b>	<b>£000</b>
Local Criteria 2 Year Olds	131
SEN Inclusion Fund	498
<b>Total</b>	<b>629</b>
<b>Total Expenditure</b>	<b>2,378</b>

# Decision – Central Expenditure

- **The Schools Forum should approve the retention of 9 month – 4 year old funding for central costs at £1,880k (5.0% based on the budgeted level of funding) which is within the 5% limit set by the DfE.**

**Voting: All**

# Decision – paid out Central Expenditure

- The Schools Forum should give a view on the continuation of an increased £498k SEN inclusion fund for 9 month - 4 year olds in 2024/25.
- The Schools Forum should give a view on continued funding of ‘Local Criteria 2 Year Olds’ at an estimated cost of £131k as part of Coventry’s Early Years Strategy. (which is funded within the 5% 2YO central expenditure limit total)
- **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

# High Needs Budgetary Position

- At the last meeting Schools Forum requested a report on the national and local context surrounding SEN, alongside more detailed information on how the LA is spending its High Needs allocation.
- Today's agenda item is forwards looking (budget setting for 2024/25)

# High Needs Budgetary Position

- Significant level of growth in EHCPs at a local & national level since the reforms in 2014
- Coventry has seen a greater level of increase over the last 12-18 months in numbers of and requests for EHCPs
- National allocations rose to £10.1bn for 2023/24 which is an increase of over 50% compared to 2019/20
  - Increasing to £10.54bn in 2024/25
  - In 2018/19 CCC allocation was £37.4m. In 2024/25 this will be £70.4m



# High Needs Budgetary Position

- Despite funding increases there is a significant proportion of LAs with accumulated DSG deficits
  - DLUHC report estimates national deficit to be £3.6bn by March 2025
- DSG statutory override now in place until March 2026
  - If this ceases, this could lead to Section 114 notices for some LA's
- Conditions of grant requires any LA with an overall deficit or whose DSG surplus has substantially reduced during the year to produce a DSG deficit management plan
  - Can include a DSG block transfer

# High Needs Budgetary Position

- At a national level the DfE has created 2 support programmes
  - Delivering better value (DBV)
  - Safety valve
- CCC not in these programmes, however, not immune from cost & demand increases

	High Needs Block Allocation	High Needs Outturn	High Needs Variance
	£M	£M	£M
2024/25	70.4	TBC	TBC
2023/24	67.1	65.8	-1.3
2022/23	60.0	56.0	-4.0
2021/22	53.0	51.3	-1.7

# 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 AP 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

# Funding Overview

- 2024/25 High Needs Block increased by £3.3m (4.9%) compared to 2023/24.
- In 2023/24 this increase was £7.1m (11.8%). The DfE made clear that was an exceptional level of increase.
- Small increase in funding alongside increases in unit costs & demand have resulted in a significantly more challenging budget setting process in 2024/25 than previously.
- A proportion of the SEN Early Years service is to be funded via the Early Years block.
- Funding for increased pension contributions for centrally funded teachers assumed to be £150k – Not confirmed.

# Budget Setting Proposals

	2023/24 High Needs Budget	2023/24 Forecast Variance	2024/25 High Needs Budget	Increase (decrease) from 2023/24 budget
	£M	£M	£M	£M
Coventry Special & Alternative Provision Schools	31.2	1.3	33.9	2.7
Specialist Support Services (e.g. SEN Early Years, Sensory Support, KEYS) & Central Costs	9.0	-0.9	8.1	-0.9
Independent Specialist / Mainstream Providers (ISP / IMP)	6.8	0.5	7.9	1.1
Top Up - Mainstream Schools	6.8	0.2	8.4	1.6
Post 16 - Colleges, Adult Education, Independent Sector	5.9	-0.1	6.4	0.5
Top Up - Other Local Authority Schools	1.6	0.3	1.9	0.3
Hospital Education & Outreach Service	0.9	0.0	1.2	0.3
Enhanced Resource Provisions	0.9	-0.2	1.1	0.2
Personal Budgets / Alternative Provision / Home Tuition	0.7	0.0	0.9	0.2
Disproportionate SEN	0.7	0.0	0.5	-0.2
Top Up - Early Years	0.2	0.0	0.1	-0.1
<b>Sub - Total</b>	<b>64.7</b>	<b>1.1</b>	<b>70.4</b>	<b>5.7</b>
Holding Pot	2.4	-2.4	0.0	-2.4
<b>Grand Total</b>	<b>67.1</b>	<b>-1.3</b>	<b>70.4</b>	<b>3.3</b>

In addition, £0.7M of cost funded elsewhere (EY Block & TPS)

# Budget Setting Special Schools

- Special Schools and PRU – Budget uplift of £2.7m
- Additional 55 commissioned places in September 2024
  - Discussions ongoing on the final details of these places
  - This is in addition to 39 extra places in September 2023
- Special School Top up (excluding 1-1 & 2-1 bands) are inflated by 1.4%
  - Band 3F will now mirror band 1F to ensure consistency of funding
  - Mirrors the increases in mainstream NFF factors
- Special school 1-1 & 2-1 bands inflated to reflect actual costs
- High Needs Additional Grant now mainstreamed and included in top up rates

# Budget Setting Mainstream Top Up

- Mainstream Top Ups – budget uplift of £1.6m (in addition to £1.7m in 2023/24)
- Mainstream school 1-1 top up bands inflated to reflect actual costs
- No inflation on other mainstream top up bands
  - Historically mainstream bands have not been inflated
- Seeing significant growth in this area from an activity and unit cost perspective.
- A review of funded my support plans to take place

# Budget Setting ERPs

- Enhanced Resource Provisions – Budget uplift of £0.2m
- Budgeted that three new 10 place units will open in 2024/25 across September 2024 & January 2025
- Top up inflation of 1.4% to mirror special school inflation
- Budget has been put aside for review of existing Autism and SALT ERP unit top up rates



# Budget Setting ISPs

- Independent Specialist Providers – budget uplift of £1.1m
- Places being sought due to lack of capacity in city as well as specialist need.
  - Capacity is now becoming limited in these settings.
- 115 pupils currently in these provision types.
  - Growth is estimated to be 10 places across the summer term.
  - 29 indicative July leavers gives a September starting position of 96.
- September 2024
  - 10 places to be allocated at one provider with a further 10 forecast.
- Autumn term growth forecast at 6 places with a further 3 places across spring term.

# Budget Setting Post 16 & OLA

- Post 16 – Budget uplift of £0.5m
- Commissioned additional places at Coventry College, Hereward College & Adult Education from August 2024
- Supported Internship offer expanded
- Included budget for a level of independent provision for those with the highest need
- Other Local Authority Schools – budget uplift of £0.3m
  - Minimal change to 2023/24 as view is capacity is limited

# Budget Setting Other

- Hospital Education & Outreach Service – Budget uplift of £0.3m
  - Pressure of £0.2m on existing service
  - Review underway to analyse demand and how this can be met moving forwards.
- Central Costs
  - Minimal overall change in cost to 2023/24
  - Management of Vacancies target of £150k included
  - Pay & Pension Inflation
    - Assuming £150k of support for pension increases
    - No pay grants for LA's
  - Contribution from Early Years block to SEN Early Years

# High Needs Budget Setting

- The above assumptions and proposals mean a balanced budget, but budgeted spend is increasing by £6.4m. This is funded by:
  - NFF uplift £3.3m
  - Holding Pot removal £2.4m
  - EY block contribution £0.6m
  - TPS £0.1m
- No ‘holding pot’ which has been budgeted for in recent years to fund future developments e.g. additional places at special schools
  - These places would now need to be funded via reductions in other areas e.g. out of city placements

# High Needs Budget Setting

- At the end of 2022/23 the unallocated DSG reserve was £10.0m
  - At Q3 of 2023/24 the forecast high needs underspend was £1.3m meaning the year end reserve position could potentially be a surplus of £11.3m
- Concern about 2025/26 position
  - Risk that High Needs NFF increase will be smaller than £3.3m
  - Risk that demand will continue to increase

# High Needs Budget Setting

- Wider system challenges
  - Early Years & New Arrivals (In-Year Admissions)
  - Becoming more difficult to continue to expand our special schools
  - Increasing demand for services to support those children who either refuse or cannot attend mainstream school due to anxiety and social, emotional and mental health (SEMH) needs
  - AP & Behaviour: Capacity in AP Settings
  - High Needs NFF is not based on live pupil numbers or numbers of EHCPs – other proxy's are used instead E.G. 20% of the LA's allocation is based on CCC spend in 2017/18

# **Disproportionate SEN (refer to report)**

# Disproportionate SEN

- Local authorities can provide additional funding outside the main funding formula for mainstream schools and academies on a consistent and fair basis, especially where the number of their pupils with SEND and/or high needs cannot be reflected adequately in the funding they receive through the local funding formula. They should define the circumstances in which additional funding will be provided from their high needs budget.
- In all cases, the distribution methodology should be simple and transparent, and devised so that additional funds are targeted only to a minority of schools which have particular challenges because of their disproportionate number of pupils with SEND or high needs, or their characteristics.

Source: 2024/25 High Needs Funding Operational Guide



# Disproportionate SEN

- 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 is 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)
  - This is allocated even where the schools expected level of element 2 funding is already matched by notional SEN

# 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
- If the fund operated in 24/25 as it had in 23/24 - fund size increases by £75k
  - This presents an affordability issue on the fund

# Disproportionate SEN

- As well as an affordability issue, the fund is moving further away from it's original purpose
- The 2<sup>nd</sup> strand of this fund (providing funding to schools where EHCP's exceed more than 2.5% of pupils on roll) was designed to provide funding to a very small number of schools who were seeing very significant numbers of EHCPs
  - As time has gone on, and numbers of EHCPs are increasing, more schools are meeting this threshold and funding isn't being targeted at schools with the most disproportionate numbers

# Disproportionate SEN

Year	% Threshold	No. of Schools Receiving Funding Under this Criteria	Cost of this Eligibility Criteria
2024/25	3.5%	6	66,240
2024/25	2.5%	19	306,450
2023/24	2.5%	13	243,450
2022/23	2.5%	7	113,250
2021/22	2%	14	196,440
2020/21	2%	6	63,960
2019/20	2%	3	44,400
2018/19	2%	5	86,160
2017/18	2%	4	19,560

- For 2024/25, intention is to increase the 2.5% threshold to 3.5%.
  - Will allow us to pay strand 1 in full which means schools will receive enough funding to cover the £6k's they are required to contribute towards SEN – that criteria will remain unchanged
  - Precursor to removing strand 2 completely

# Decision – Disproportionate SEN Fund

- **The Schools Forum should give a view on the intended changes to 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



# Since last meeting

- ESFA approval given for Coventry's funding formula (28<sup>th</sup> Feb)
  - Budget shares issued to mainstream schools (29th Feb)
- Special School Top up rates circulated on 29<sup>th</sup> Feb
- January 2024 census – *provisional nos*
  - Updates 23/24 DSG (Early Years)
  - Updates 24/25 DSG (Early Years)

# Data Changes

- *Provisional* Early Years Block 2 year olds –  
Jan-24 nos - decrease of 173 FTEs vs Jan-23
- *Provisional* Early Years Block 3 and 4 year olds –  
Jan-24 nos - decrease of 208 FTE vs Jan-23
- Significant reduction in activity means costs were very low for Spring term
  - Results in a forecast underspend on EY of £760k
  - However, the 2024/25 CCC DSG allocation will reduce by £710k to compensate for this reduction in spend
  - Means actual underspend is forecast to be closer to £50k