

Dear Colleague

LEICESTERSHIRE SCHOOLS FORUM

I would like to invite you to a meeting of the Leicestershire Schools' Forum to be held on **Monday 15 November 2021, 1.00 pm via Teams**

Please see below the agenda for the meeting.

Yours sincerely

Karen Brown
Clerk to the Schools Forum

AGENDA

Paper

- | | | |
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| 1. | Welcome and Introductions | |
| 2. | Apologies and Substitutions | |
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| | 19 January 2022, 2.00 pm | |
| | 23 February 2022, 2.00 pm | |

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**Minutes of a meeting of the Leicestershire Schools Forum
via Teams on Monday 27 September 2021 at 9.00 am**

Present

Gareth Williams	Secondary Academy Headteacher
Liam Powell	Secondary Academy Headteacher
Martin Towers	Secondary Academy Governor
Jane Lennie	Secondary Maintained Governor
Jane McKay	Primary Academy Headteacher
Ed Petrie	Primary Academy Headteacher
Karen Allen	Primary Maintained Headteacher
Alison Ruff	Primary Maintained Headteacher
Jane Dawda	Primary Maintained Headteacher
Kelly Dryden	Special Academy Representative
Carolyn Lewis	CE Representative
Clive Wright	RC Representative
Suzanne Uprichard	PRU Representative
Graham Bett	DNCC Representative

In attendance

Jane Moore, Director of Children and Family Services
 Paula Sumner, Assistant Director, Education and SEND
 Deborah Taylor, Lead Member, Children and Family Services
 Alison Bradley, Head of Service, Education Quality and Inclusion
 Jenny Lawrence, Finance Business Partner, Corporate Resources

		Action
1.	<p>Apologies and Substitutions</p> <p>Apologies were received from Felicity Clarke, Kath Kelly, Julie McBrearty, Claire Allen, Zoe Wortley and Jason Brooks.</p> <p>Gareth Williams was substituting for Chris Parkinson as secondary academy headteacher.</p> <p>Karen Allen welcomed Alison Ruff as the newly appointed Primary Maintained Governor, Jane Lennie as the newly appointed Secondary Maintained Governor and Kelly Dryden as the newly appointed academy special representative.</p>	
2.	<p>Minutes and Matters Arising</p> <p>The minutes of the meeting held on Thursday 17 June 2021 were agreed subject to the following comment to be included under agenda item 2022/23 Schools Block Transfer:</p>	

	<p>Jane Dawda commented that she understood how difficult it was for the local authority to manage this budget as it was the only budget with no control over; this was the same in schools as there was an increase in need which means that costs are going up and the income does not cover those costs.</p> <p>Matters Arising Graham Bett asked if there had been any response yet to the consultation for the potential transfer. Jenny Lawrence said that she had not checked as it had only been launched on the 20 September and runs until the 18 October.</p>	
3.	<p>Fair School Funding</p> <p>Jenny introduced the report which provides an update and analysis of the DfE's proposals on the next stage of the introduction of the National Funding Formula (NFF).</p> <p>Jenny stated that the consultation is similar to the one in 2017 which was before the National Funding Formula was introduced and for this consultation 10 different areas have been identified where it needs to have more detail and more consultation. Growth funding and premises funding are areas that are quite difficult within the NFF and there are some issues to resolve before moving to a hard funding formula. The consultation is proposing that in 2023/2024 it will be a soft formula but are asking for views on whether local authorities should be made to move towards a national funding formula and as it stands Leicestershire does fund by the national funding formula. The consultation closes on 30 September.</p> <p>Karen Allen highlighted paragraph 12 which refers to more flexibility for local authorities to vary the Minimum Funding Guarantee (MFG) and asked what the implications of that were for schools and if Leicestershire had a view of how this flexibility would be used. Jenny said that the Minimum Funding Guarantee is the element that protects schools at the floor so the higher the Minimum Funding Guarantee the higher the protection for those but as the consultation is missing detail this is difficult to ascertain what it actually means so would need to see the proposals before seeing what that looks like. Karen Allen commented that when a high needs transfer was discussed last it was the MFG that hindered making it fair and whilst it does protect schools there are situations to that mechanism in different ways. Jenny agreed and said that the minimum per pupil funding level that affects the transfer will be discussed later on the agenda.</p> <p>Jane Lennie asked if a response to the consultation would be made. Jenny said there would but there was not enough detail to be able to understand its meaning and the consultation questions ask for direct answers. Jane Lennie stated that the high needs should be channelled through every consultation which Jenny said it was.</p> <p>Schools Forum noted the report.</p>	

4. 2022/23 School Funding Settlement

Jenny introduced the report which presents the high-level detail of Dedicated Schools Grant (DSG) Settlement and the National Funding Formula (NFF) for 2022/23.

Jenny said that the DfE published in July the indicative NFF allocations for schools but are not complete as they do not include premises funding and are indicative as based on the October 2020 census and the final school budgets will be set on 2020/21 census data. Jenny said that the funding settlement has changed one or two things in terms of it has added £10k to the sparsity values making a difference to some small schools and there is a 3% increase to the other factors. Jenny added that the settlement includes a guaranteed increase of 2% per pupil allocation therefore schools with falling rolls may not see a 2% cash increase in their budget.

Jenny stated there are still schools that sit on the funding floor which would continue to be raised with the DfE because without the DfE guaranteeing an increase in funding those schools would be at a cash standstill in their budget.

Jenny stated that the NFF operates with a number of protections, notably the Minimum per Pupil Funding level (MPPL) and the Minimum Funding Guarantee (MFG). It remains that local authorities would be funded at the 2020 census and schools at 2021 therefore changes in the census data such as an increase in the number of pupils eligible for FSM may ultimately create an affordability gap which may require amendments to some aspects of the 2022/23 through the minimum funding guarantee.

Jenny said that in terms of the high needs block Leicestershire continues to sit on the funding floor so receive the minimum increase of 8% per head of population. Jenny commented that whilst creating specialist provision it was not necessarily generating high needs DSG especially when a provision in a special needs unit is attached to a mainstream school as those schools are reflected in the main school census and not the high needs census. Jenny added there were issues too in terms of central services including the DSG contribution made to school effectiveness and historic premature retirement costs. The DfE in the NFF consultation are also proposing changes to the way Leicestershire are funded from 2023/24 onwards.

Jenny added that the high needs settlement does improve but not significantly and certainly not enough to recover the deficit.

Jane Dawda referred to the consultation released at the end of July on the sparsity factor and felt that the DfE actually looked at the comments and had added a tapering scale. Jenny said that tapering has always been in place and local authorities could adopt it. In Leicestershire the NFF has been delivered as defined by the DfE without any local changes to any factor. Jenny added that sparsity however does not provide the financial protection to small rural schools as set out by the DfE.

Graham referred to paragraph 7 and the way schools are split and asked

<p>if more detail could be provided for Schools Forum. Jenny agreed to filter out the table and circulate.</p> <p>Graham Bett asked for clarity on paragraph 8 of the report. Jenny referred to the schools block transfer proposal which has a disproportionate effect across different groups of schools in Leicestershire. Jenny added that because the minimum per pupil funding level and the minimum funding guarantee overwrite the formula so taking out funding could mean that these protections put it back in again so when discussed at the June Cabinet report Leicestershire put a disapplication request to the Secretary of State to see if the Secretary of State would allow a variation to the minimum per pupil level – that disapplication went in to the DFE but they requested more detail and have not made a decision which is why the consultation presents two proposals one of which is within the gift of Leicestershire to deliver with the approval of Schools Forum and the second that will need a Secretary of State decision.</p> <p>Karen Allen commented that previously Schools Forum voted against a Schools Block Transfer and the next vote will probably be the same. Karen said that Jane said that one option in the consultation could be delivered in Leicestershire if Schools Forum agree and the other one will need Secretary of State decision. Jenny stated that if Schools Forum do not agree the option is deliverable that too would need Secretary of State decision.</p> <p>Carolyn Lewis asked about the impact of national insurance on budgets and how a helpful message might be shared with schools in terms of the difficulties they face with their budget setting processes. Jenny said this issue had been raised with the ESFA and they suggested conversations were taking place with the Treasury as part of the Comprehensive Spending Review.</p> <p>Graham referred to paragraph 11 in terms of the difference between the Government's increase of £7.43m and the planned increase of £5.7m so therefore the difference is what the County Council are planning to take out of schools budgets for the high needs budget. Graham stated that therefore the County Council do not need to do the transfer as the Government has increased the funding. Jenny stated that within the high needs plan £2m had been factored in and what this is doing is reducing the deficit from £43m to £35m and therefore does not resolve the problem. Jane Moore added that it looks like the Government has given the extra funding to prevent the transfer however this is not the case. As a local authority the projection was a financial increase of 5.7% but actually received 7.3% which mathematically looks like the amount of the transfer. This has taken a cumulative deficit of £3.78m so need to reduce to zero in order to not cause the concerns within the local authority but take Graham's point of what it looks like but the local authority will still need to go ahead with the proposals for a transfer.</p> <p>Jane Lennie referred to the five local authorities that have entered into agreement with the DFE who will provide additional funding to remove the high needs deficits but such an arrangement is not expected to be available to Leicestershire and asked why this was not the case. Jenny</p>	<p>JL</p>
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	<p>said that conversations with the ESFA have taken place around this at regional financial meetings; the 5 local authorities all have transformation plans and bring their DSG back within the level of grant and the current Leicestershire plan does not do this. Jenny added that the DfE are having conversations with other local authorities but have not approached Leicestershire and they are not guaranteeing there is going to be further funding for any further agreements.</p> <p>Kelly Dryden referred to what appears to be inconsistency between the funding protection for special schools. Jenny stated that there are no funding guarantees within the high needs settlement for special schools which has been raised before as mainstream school funding has increased but special school funding has not. The DSG settlement for high needs is quite complex as it takes into account a number of factors and quite interesting that the population factor which is 8% per head is quite a small element of the DSG settlement so the 8% generated the £7.4m. Jenny said that in terms of the units this has been raised with the DfE as pupils are picked up within the mainstream count so those pupils will be part of that 2% per pupil increase but all of their top-up funding comes from the high needs so they cross the two.</p> <p>Martin Towers asked if it was possible to share the letter to the Secretary of State requesting the 0.5% transfer. Jenny said that no request has been made and was dependent upon the outcome of the consultation and any decisions made by Schools Forum. It will be these two things that will form the content of the letter for which the deadline is 21 November. Martin commented that he presumed the letter had been sent based on previous conversations and thought Schools Forum voted to not agree it in a previous meeting and it was said the letter would be going to the Secretary of State as evidence that all options have been explored. Jane Moore stated that the transfer was disagreed two years ago and Leicestershire are now making another proposal which has not formally been presented to Schools Forum for a decision; any request to the Secretary of State would be dependent upon that decision. At the last meeting discussion took place and Schools Forum members were quite clear around views but had not been presented formally for the vote to be taken before approaching the Secretary of State.</p> <p>Schools Forum noted the report, particularly the approach to be taken in the event of an affordability issue to align school budget allocations to the Schools Block DSG.</p>	
5.	<p>Presentation on the consultation on the proposed Schools Budget Transfer and de-delegation of funding for Union Facilities</p> <p>Jane Moore introduced this item and gave an in-depth overview of the high needs budget, the spend of the budget and work undertaken trying to bring the budget back in line. The presentation would be circulated with the minutes.</p> <p>Jane shared the most up to date financial position of the high needs block and said that the position of this budget changes frequently as there are a large number of variables within this budget which means it fluctuates frequently and explained that the deficit figure for 2024/25 had</p>	

changed for a number of reasons which were highlighted. Jane said that all the projections on budget spend are based on a projected increase in EHCPs, a projected increase in the cost of placements (both in terms of numbers of placements but also unit costs of placements) and the income for the high needs block. Jane highlighted the funding gap pre savings for the next 4 years if no action was taken. Jane said that the high needs block DSG the Government provide funding for local authorities to spend on statutory services and are duty bound to pay for through the high needs block. The High Needs Development plan has been running for a number of years and projections have been to save £18m by the end of the MTFs based on the initiatives in place and included in this is the proposed transfer, demand savings and benefit of building new provision but also making some changes in the way processes are carried out. In terms of achieving the savings there was still the annual gap of £9m this year, dropping next year but going up again.

Jane said that the Government instructs local authorities what it needs to spend on and set rules on the use of funding including carrying over the deficit and covering it with local authority funding.

Jane said the expenditure of placements alone exceeds the High Needs block by £8.3m and highlighted the placement costs which are provided over and above already provided for children. In terms of projected growth, it is assumed there will be some level of growth for both placement numbers and cost and Jane outlined these to the meeting. Jane highlighted the different types of placement spend and that the local authority has limited choice where children are placed as it has a statutory duty to make a placement based on what comes through on the EHCP. Local authorities lose the majority of Tribunals and are instructed to place that child in a higher cost provision. Jane went through other high needs spend on central services and other statutory provision.

Jane talked through the High Needs Development plan savings and what they relate to. There is also no indication of increased grant post 2022/23. The HNB Programme is the largest in the local authority with the largest amount of savings against it but is the biggest risk programme the local authority is running.

Jane outlined the initiatives taking place and the work around these to help deliver the programme. Jane added that work was being undertaken to look at the assessment process and have introduced a new triage and assessment team that are looking at the thresholds for EHCPs and whether they are met and if not what else could be done. Jane stated that in Leicestershire there was a disproportionately high number of EHCPs and the increase for these is far greater than that of other local authorities so are having to look in close detail at the thresholds around EHCPs but also what else needs to be done to support children and young people instead of having to issue an EHCP.

Jane said that work was being carried out on banding and funding by looking at how the funding could be used fairly around high needs children. Jane added that work was also being carried out with health colleagues about some of the benefits that could be realised through

better use of health funding and shared funding that could be in place for some pupils but actually some of those areas where it is purely a health need is being funded through the local authority's high needs block and the authority is working with health colleagues to ensure each are funding needs appropriately.

Jane outlined the schools that have been opened or redeveloped in terms of the capital investment carried out and a large focus of the strategy has been the development of resource bases as well as a number of new special schools opened and expansion of special schools. Further work is now in progress to develop a second phase of the HNB sufficiency programme.

In terms of the High Needs Block Jane went through the slide which highlighted the areas of concern and what has been carried to address these problems and whether it has worked and the next steps.

Jane had previously highlighted the savings lines that are being projected and the first one was cost reduction savings and this is about avoiding costs through new places, making savings through transferring pupils and how to achieve savings through consistency and decision making.

Jane referred to the demand savings and the majority of this is through increased inclusion and making sure children have the right support at the right time. Jane added there was also demand savings around consistency and decision making and how resources are allocated. Jane highlighted the work around preparation for adulthood and how young people are supported going into adulthood. There are also some additional savings for independent school use.

Jane stated that the local authority has to cover the deficit by setting aside revenue from the local authority budget, 1% increase of council tax equates to £3m but there was no ability to raise Council tax further and alongside the issues of High Needs there was a significant pressure this year in the Adult Social Care budget and continuing pressures of Children's Social Care. The local authority does not have the money to cover this deficit and is being raised with the DfE and HM Treasury to help them understand the impact across the local authority.

Alison Bradley clarified the comments around the return of those children who are in the independent sector coming into the new developments. Alison commented that new provision was not built without careful planning of growth profiles but has been outstripped by demand in some circumstances.

Carolyn Lewis commented that she was a little concerned regarding comments about thresholds and increasing thresholds and in terms of what the laws says for undertaking an EHCP and was important not to lose sight of the legal requirement of a statutory assessment whether the child has or may have special educational disability needs and whether they may need SEND provision through a EHCP. Carolyn also made the point around the amount of funding that schools are required as the legal requirement is that local authorities fund the £6k not schools and do not want to lose site in requesting that schools demonstrate that they have

spent this notional money before even the local authority consider making an assessment. Carolyn stated that she appreciated these points are more process focussed rather than finance but do not want to lose sight of the child and school through a challenging environment.

Jane Moore stated that she did not talk about increasing the threshold but about applying a threshold. Jane said that the local authority was bound by the Code of Practice and cannot depart from it so everything around the application process and decision making for an EHCP either assessment or plan is based on the Code of Practice. Jane said that when questions asked around whether needs can be met, they do not just need to be met through an EHCP and can be met through the system responsibility for the delivery of SEND. Jane reiterated that the local authority was not increasing the threshold and said that Leicestershire has issued far more EHCP's than other local authorities and perhaps issued EHCPs when not needed and other support available. Jane commented that on the point regarding the £6k and said that the local authority provide the £6k and are aware how many schools receive this and would be surprised if any school would not want to demonstrate how it had been used and have a robust system in place to constantly monitor and manage this.

Jane Dawda commented that she was part of the consultation group a few years ago when looking at spending the additional money to open the additional units and although the negative financial positive is talked about but what Jane Moore has presented is a positive way forward and should be recognised that there has been a lot of work that has gone on in the background through a very difficult period for everyone and the restructure of SENA will be a lot more positive.

Jane Moore acknowledged the work of the local authority but there has also been a huge amount of work gone on across the school system by supporting the children by meeting their needs. Jane said the challenge is that even with all the work carried out there was still the deficit and there is clearly not enough money for the system which was developed. The local authority is being really clear about that with the Secretary of State and others because the system is not funded to deliver what the Reform is set out to do.

Martin Towers referred to the transfer of children into the new provision which is more cost effective but had a low transfer rate and asked if there was a way of making this happen. Jane said that this was the area she wished to have the biggest impact when the programme started by moving children from £50-£70k a year placement and placing them into the new provision and being successful. However, Jane added that the code of practice does not easily allow for this and it is often parental preference that dictates where placements will be. The local authority has been in contact with parents and children to alert them to the new provision and is mentioned at annual reviews. Martin Towers asked about disapplication of the code of practice to make it possible. Jane said there was no ability to do this and would be against the rules around assessment and parental choice. Jane added that the Government has not funded SEND Reform and parents can make these choices and the local authority was duty bound to provide certain provision, additionally

school funding reform may also be a factor in increasing demand.

Graham Bett commented that there was a lot of agreement here that Jane and her team are doing as best possible a job in an impossible situation. Graham commented on the improvement work being carried out as mentioned in slide 9 but the financial problem remains the issue. Graham commented that the current system is not fit for purpose and that cannot be solved locally. Graham added that financially it was not possible to solve the problem as it is a national problem and with the appointment of a new Secretary of State this would be a good opportunity to send a clear message to them that the issue cannot be solved locally and the whole system has to be improved. Graham stated that it was not the right thing to do by taking money out of schools as it does not solve the problem but merely opens this up to further cuts to schools in future years.

Carolyn Lewis commented that the local authority was caught as are schools, as are children and families and it almost needs to stop working. Karen Allen commented that the transfer was part of that, and previous discussions were around unless this had been carried out there would not be an opportunity to have discussions with the DfE as they would say all avenues have not been explored.

Jane Moore commented that this was not solvable locally and had previously said the transfer had to go ahead as a result Jane stated that everything locally needs to be carried out as the DfE would expect this and will keep pushing the financial issues back to the local authority. Jane commented that whilst the system needs tidying up, whilst Leicestershire has more EHCPs than anyone else and whilst the local authority has high independent usage it means the Government was still able to push some things back locally. The high needs plan therefore needs to carry on making sure everything is being carried out locally. Jane stated that nationally it was being made clear that the problem is not solvable locally.

Paula Sumner reiterated Jane's points about the challenges locally but said there were still things that could be carried out to make the system more efficient which were being worked on. However, the national challenges are difficult and 93% of tribunals are in favour of parents. Paula said that the presentation shows how the high needs fund would be used in future because headteachers and SENCOs are saying that the Code of Practice was so descriptive and plans have to be so specific and parents expect this therefore deterring the creativity and innovation in schools that could help to meet the outcomes for the most vulnerable children. Paula added that this had been fed back as part of the SEN Review.

Mrs Taylor reiterated that she had listened to all comments and although everyone has their own priorities the main concern is what is best for the children in Leicestershire. Mrs Taylor acknowledged the funding issues but there was no option but to propose the transfer. Mrs Taylor would continue to press with Government the issues the local authority is facing and how these are being addressed and would also keep lobbying national government about the funding and how the process works. Mrs Taylor appreciated the supportive words for the local authority and

wished to reassure members that she was listening and is trying to support as much as she could.

Karen Allen commented that schools have noted the difficulties experienced in SENA for the last 18 months and the long periods to receive additional support from Educational Psychology and those carrying out assessments due to Covid. Karen added that during that time schools have put support in place before the local authority had agreed anything as the support was desperately needed. Karen mentioned that Jane had said that referrals had slowed down but asked how sure are the local authority that the reduction in referrals has not been as a result of SENA and the difficulties getting advice from other agencies and will therefore bounce back again in a couple of months.

Jane Moore acknowledged that over the last 18 months there had been significant challenges within SENA service in terms of implementing the SEND Reform. Jane was confident the right structure was now in place and will have the right people in place to support the service. The Local Authority are challenged around the Educational Psychology Service which is also a national challenge in terms of the number of psychologists available to undertake assessments. Jane added that work has been carried with the Educational Psychology Service and colleagues in schools around mitigating some of this and moving forward on this. Jane talked through the demand and the impact of Covid and the backlog of referrals has been processed in terms of the new EHCP working. The projections within the budget are based on the as is picture of EHCP growth and not based on new areas within the reduction of referrals but Covid will continue to impact on all services.

Graham Bett referred to his previous questions raised and that the £2m should be looked at again and going through the weakest partnership which is the schools is not a good thing. Graham stated that the figures are now different to originally thought and therefore you should be asking for around £270,000 rather than the £2m. Graham added that no amount should be asked for but noted the comments that have been made.

Jane Moore stated that the amount the local authority is proposing was less than what was being asked for. The local authority actually needs to find £34m so alongside the £2m other areas are being looked at to achieve even more savings. Jane stated that it was important that the high needs block does not grow as something that changes the position. There are still huge amounts of money here so hence the transfer request will still go ahead but noted Graham's point.

Jane went through the slide of the presentation that sets out the previous transfers from 2013 up to 2017/18 but stopped making the transfers partly due to the amount of money available in the DSG. Karen Allen commented that there was headroom in the DSG in the past and so it was easy to make a transfer without it impacting on schools as there was a carry forward. Karen said that 2018/19 would have been when the soft formula came in and the local authority would have had to ask Schools Forum to support that. Jenny Lawrence agreed and said the change in 2018/19 was the year the NFF was introduced which brought new requirements in and the 9.995m on the slide was baselined into the high need's settlement at that point. Jane said that other authorities have

continued to make the transfer even past the introduction of the NFF.

Jane went through the treatment of the proposed schools block transfer and explained the two levels of protection that limit the impact of funding changes – Minimum Funding Guarantee and Minimum per pupil funding level. Jane went through the two models for transfer which are in the consultation – the first model is reducing the AWPU by 0.5% and sets the MFG at 2% but increases a cap on gains at 2.1% which can be delivered without Secretary of State approval if approved by Schools Forum and the second model reduces the AWPU by 0.5% but this time adjusts the percentage of the MFG to 1.8% and introduces a cap on funding of 3.4% and reduces the Minimum Per Pupil Funding level by 0.5%. This option would need Secretary of State approval even if approved by Schools Forum. Jane said that both options will need Secretary State of approval if Schools Forum do not approve.

Jane went through the slides in terms of impact for each model on schools and as part of the consultation are in huge detail. Jane added that the consultation is currently running, and the results will come back to Schools Forum for a vote and then go to Secretary of State for approval.

Karen Allen referred to the second model which affects all but asked if the first model had been through any modelling as discussed before in terms of patterns being looked at in the types of schools that were disproportionately affected. Jane highlighted the pattern from previous who were disproportionately impacted and one of the reasons it did not progress was that it was disproportionately affecting those schools in much lower funded areas. Jenny said that similar modelling has been carried out and the graphs are included within the workbook that shows the impact across the schools. Jenny explained the way in which DfE funding works is that there is an impact across small primary schools because of the sparsity factor change in the NFF nationally.

Martin Towers asked if the transfer was still only for the one year. Jenny said that any transfer has to be approved on an annual basis. Karen commented that on a previous funding formula report it was mentioned that local authorities may not be able to carry this out in the future. Jenny said that the NFF consultation is proposing to further limit local authority flexibility in respect of school funding.

Jane Lennie commented that she preferred not to adopt either model but if model one was adopted the view would be that Schools Forum is condoning the under-funding of schools nationally. Carolyn Lewis also made this point at the last meeting. Karen Allen commented the point of this is to take it back to the Secretary of State so if Schools Forum were to agree, but based on previous discussions at this meeting doubt they will agree, and was not in our interests to agree there is the need to demonstrate these tensions to the Secretary of State.

Karen Allen stated that the consultation also asks for a view on de-delegation of funding for union facilities and asked Graham Bett if he wished to raise anything. Graham stated the consultation was out at the moment and hoped that people will want to participate in a scheme that

	<p>will facilitate discussions between unions and schools. Graham stated he had been involved in these discussions and they are 99% positive and helpful and reasonably creative to avoid future problems but understand budgets are tight. Graham said that he was not sure schools understand this request about union facilities time, which is fully, positively and actively supported by the two headteacher unions e.g. ASCL and NAHT. Graham said that a solution is needed that will work for everyone and explained the object of this is to create a 'pot' so no one school has to pay for representation but to be spread amongst everyone and the total cost is negotiable.</p> <p>Karen Allen stated that schools are open to discussion with unions but the challenge is this mechanism would not be something that everyone contributed to as the only schools it would impact on would be maintained schools as it is de-delegation and obviously maintained schools form a much reducing proportion of total schools in Leicestershire.</p> <p>Graham stated that multi-academy trusts are being approached with the same request therefore what is needed is a geographically cohesive system therefore conversations are taking place with multi academy trusts with the same proposal.</p> <p>Karen stated that this would be part of the next meeting's discussion when then consultation feedback is received.</p> <p>Schools Forum noted the presentation.</p>	
6.	<p>Any Other Business</p> <p>There was no further business to discuss.</p>	
7.	<p>Date of Next Meeting</p> <p>Monday 15 November at <u>1.00 pm</u> via Teams.</p>	



SCHOOLS FORUM

Schools Block Transfer and De-delegation of Funding for Union Facilities Time

15 November 2021

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting		Maintained Primary School Members	X
Decision	X	Maintained Secondary School Members	X
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the outcome of the school funding consultation which set out the background to the need for a Schools to High Needs Block funding transfer for 2023/24 and seeks Schools Forum approval for a transfer.
2. The report also presents the consultation response on the principle of de-delegation of funding for maintained schools the purposes of establishing a scheme to fund Union Facilities Time.

Recommendations

3. That Schools Forum note the outcome of the consultation and the response rate it received.
4. That Schools Forum approve a 0.5% (£2.3m) transfer of funding from the Schools Block to the High Needs Block of the Dedicated Schools Grant for 2022/23.
5. That Schools Forum determine the favoured model with which to deliver the Schools Block to the High Needs Block of the Dedicated Schools Grant for 2022/23.
6. That Schools Forum notes the intention of the local authority to seek approval from the Secretary of State for approval of a 0.5% (£2.3m) transfer of funding from the Schools Block to the High Needs Block of the Dedicated Schools Grant for 2022/23 as set out in Model 1 should this not be agreed by Schools Forum.
7. That Schools Forum note the intention of the local authority to seek approval from the Secretary of State for approval of Model 2 from the Secretary of State through a variation in the Minimum per Pupil Funding level as its preferred methodology to affect the transfer in addition to Model 1.
8. That Schools Forum note the intention of not to pursue de-delegation of funding from maintained schools to establish a scheme to fund Union Facilities Time.

Background

9. A number of reports have been presented to Schools Forum setting out the financial position of the High Needs Block (HNB) of the Dedicated Schools Grant (DSG) and the intention of Leicestershire County Council to seek approval for a transfer of funding from the Schools Block to High Needs for 2022/23.
10. At the meeting of the Schools Forum on 27 September 2021 the intention to consult on a Schools Block transfer was set out to Schools Forum which was open for consultation for all schools funded by the Leicestershire school funding formula.

Consultation Process

11. The consultation period ran from 20 September 2021 to 18 October 2021. Documents forming the consultation were published on the Leicestershire County Council website which contained the background and options for the proposed transfer, sought school views on further action that could be taken to help manage the increasing demand for Education, Health and Care Plans (EHCP's) and asked for maintained school views on the de-delegation of funding to create a scheme for funding Union Facilities Time. The consultation documents issued were:
 - A document comprehensively setting out the background to the high needs financial position, the limitations of the school funding system in this respect and two models to affect the transfer.
 - An Excel workbook illustrating for individual schools the impact of the proposed transfer for both models and the pattern of impact across all schools.

- Background information to support maintained schools to form a view on de-delegation for Union Facilities Time.
12. Paper copies of the consultation were available should it not be possible for responses submitted through the LCC website and no reports of schools being unable to complete the online response were received.
 13. Schools were alerted to the consultation through Headteacher and Governor newsletters throughout the consultation period, the School Effectiveness twitter feed, and also Schools Forum and DNCC.

Consultation Outcome

14. 13 consultation responses were received, one of which did not answer any of the questions and five were submitted from the same school. Overall this results in the views of six schools informing the consultation. The full consultation results can be seen at Appendix 1.
15. All but one response gave a view on the proposed schools block transfer with 4 maintained schools responding to the question regarding Union Facilities Time.
16. The low response rate does not allow for a statistically representative view of Leicestershire schools on either issue to be identified.
17. A summary of the consultation responses and the next steps for each issue is set out in the following paragraphs of this report
18. **Proposed Schools Block Transfer**
 - 12 responses were received from 4 academies and 8 maintained schools
 - 10 disagreed and 2 agreed with the proposed transfer
 - Comments raised concerns on the financial impact on individual school budgets and particularly the level of funding for pupils with SEND and insufficient government funding for high needs.
 - The 2 schools agreeing with the transfer were split over their preferred model

Next Steps

19. The consultation response rate does not allow a representative view for all Leicestershire schools on the proposed transfer to be identified, nor has it identified any tangible options to manage an ever challenging high needs position than already contained within the High Needs Block Development Plan.
20. The strength of the consultation outcome does not outweigh the strength of the need for the proposed transfer.
21. The proposal includes two models to affect the Schools Block transfer, the consultation document is appended for reference;
 - **Model 1** – this reduces the value of the Age Weighted Pupil Unit (AWPU) by 0.5%, sets the percentage of the Minimum Funding Guarantee (MFG) at 2% which is the maximum allowable by the DfE and introduces a cap on funding

gains between 2021/22 and 2022/23 of 2.1%. This option is able to be delivered without Secretary of State approval if approved by Schools Forum.

- **Model 2** – this reduces the value of the Age Weighted Pupil Unit (AWPU) by 0.5%, adjusts the percentage of the MFG to 1.8%, introduces a cap on funding gains between 2021/22 and 2022/23 of 3.4% and additionally reduces the Minimum Per Pupil Funding Levels (MPPL) by 0.5%. This option will require Secretary of State Approval even if approved by the Schools Forum given the mandatory nature of the MPPL's. It does however present the best overall position for Leicestershire schools and requires consideration.
22. Model 2 is the preferred option of the local authority to achieve the transfer given the lessor impact at individual school level. Secretary of State approval for this will be required and this will be submitted un accordance with the DfE deadline of 21 November 2021.
 23. A further request will be made to the Secretary of State in respect of Model 1 will be made should Schools Forum not approve the transfer.
 24. Implementation will be dependent upon decisions made by the Secretary of State following a review of supporting documentation and process. Given the complexity of the approval requests the approach to 2022/23 school budgets will be subject to one of the following scenarios:
 1. Should Schools Forum approve the proposed transfer - the transfer will be undertaken through Model 1
 2. Should Schools Forum do not approve the proposed transfer – approval will be sought from the Secretary of State for both Model 1 and Model 2
 3. Should the Secretary of State approve the proposed transfer following Schools Forum rejection – the transfer will be undertaken through Model 1
 4. Should the Secretary of State approve a direct request for Model 2 as the preferred option of the local authority – the transfer will be undertaken through Model 2
 5. Should the Secretary of State not approve a transfer through either Model 1 or Model 2 – no transfer will be undertaken
 25. Schools Forum are recommended to approve Model 1 to affect the transfer of 0.5% (£2.3m) of funding from the Schools Block to the High Needs Block of the Dedicated Schools Grant for 2022/23 subject to requests to the Secretary of State.
 26. **Further actions that could be delivered that will help manage the increasing demand for EHCP's and rising costs**
 - 7 responses commented
 - Fairer funding
 - More local specialist provision

- Changes to the way who gets an EHCP and flexibility in the use of the resource allocation.

Next Steps

27. The High Needs Financial plan covers a four year period and is currently under review for the four years financial years commencing with 2022/23. Early indications suggest that the number of EHCP's receiving financial support and the cost of that support is further increasing which is a significant challenge to financial sustainability.
28. The programme of work within the High needs Block Development Plan is also subject to review in order to respond to the revised financial forecast. The programme of work within the Plan will be revised to respond to the individual factors within the SEND system that drive the increase in demand and cost.
29. The comments made by schools within the consultation will be considered in the review with further engagement of Schools Forum and individual schools at the appropriate point within that review.
30. De-delegation of funding for Union Facilities Time
 - 4 maintained schools responded
 - 3 responses agreed with the principle, 1 disagreed
 - 1 comment was received to say that such a scheme seemed to be cost effective and better managed.

Next Steps

31. The introduction of a LA wide scheme for meeting the costs of union facilities time must be financially sustainable and must have some certainty about that for the future. The current school funding environment does not present that situation.
32. De-delegation can only be delivered for maintained schools, as academy conversion continues the pool of funding available through de-delegation reduces. De-delegation also requires a specific consultation and Schools Forum approval and can only be approved on an annual basis. The proposed changes to the National Funding Formula reduce local authority flexibility in respect of school funding and it is uncertain whether such an action will be possible from 2023/24.
33. The financial risk to the local authority of managing such a scheme in an environment where the majority of schools are academies, a reducing number of maintained schools and a funding environment where future de-delegation is uncertain is such that a local authority managed scheme will not be pursued.

Appendices

Consultation Analysis Report

Schools Block Transfer Consultation Document

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Proposed Schools Block to High Needs Block Funding Transfer
and
De-Delegation of Funding for Union Facilities
2022/23

The purpose of this document is to set out the proposal to transfer 0.5% of the Schools Block of the Dedicated Schools Grant to the High Needs Block in 2022/23 and to launch the consultation for the proposed transfer, it also seeks views of maintained schools on the potential de-delegation of funding for Union Facilities Time.

The consultation period opens on 20 September 2021 and closes on 18 October 2021.

BACKGROUND

Dedicated Schools Grant

1. Local authorities receive Dedicated Schools Grant (DSG) which funds schools and other pupil related services. The grant is provided in Blocks:
 - Schools Block – has two separate allocations and funds delegated budgets to mainstream schools and academies and also provides local authorities with funding to meet the revenue costs arising from the basic need to provide additional mainstream school places.
 - High Needs – funds provision for pupils with special educational needs and other services such as Oakfield, Specialist Teaching Services, provision for pupils unable to attend school because of medical needs and the Secondary Education Inclusion Partnerships.
 - Early Years – funds the entitlement to free early years education for disadvantaged 2 year olds and for 3 & 4 year olds and the service that supports that provision
 - Central Schools Services Block – funds local authority statutory duties on behalf of all pupils in maintained schools and academies and certain costs incurred on behalf of schools such as copyright licences for maintained schools and academies.
2. Prior to 2018/19 local authorities had full flexibility to transfer funding between blocks, this was largely from Schools to High Needs. 2018/19 school funding

reform implemented the a National Funding Formula (NFF) for both schools and High Needs funding to local authorities, alongside this the Department for Education (DfE) limited the ability to transfer funding from the Schools Block to High Needs.

3. Since 2018/19 local authorities have been able to:
 - Transfer up to 0.5% of the gross Schools Block to High Needs following consultation with schools and the approval of the Schools Forum. Should the Schools Forum not approve a transfer approval can be sought from the Secretary of State.
 - Transfer more that 0.5% of the gross Schools Block following consultation schools and the Schools Forum only with the approval of the Secretary of State
4. There are no restrictions on transfers between other blocks. Approval for a transfer is only for the year it is enacted; further approvals are required annually. Annual approvals cannot be carried forward and a full consultation is required for any such proposal in the following year.
5. Changes to the terms and conditions under which DSG is paid and within the Schools and Early Years Finance (England) Regulations in 2020 now require local authorities to carry any DSG deficit into, and for recovery, future years. Local Authorities may only contribute to DSG with the permission of the Secretary of State for Education.
6. The budget strategy adopted by the Council in 2006 following the introduction of DSG, and the current financial position of the County Council allowed for no contribution to DSG and services must be funded within the level of grant received. Demand and cost for places for children and young people with SEND has continued to grow over recent years resulting in a significant high needs deficit. whilst the Council is unable to contribute funded to move to a balanced budget and recovery of the deficit, it is required to set aside funding to offset the deficit. This creates financial pressure for other Council services. The high needs deficit continues to grow and is the most significant financial pressure encountered by the Council.
7. A DSG deficit reserve is a significant financial risk for local authorities and an area where the solutions to the financial position are not fully in their gift. It is now timely and necessary to seek a Schools to High Needs Block transfer for 2022/23.

School Funding

8. The Secretary of State announced on 9 September 2019 that funding for the core school budget (Schools, High Needs and Central School Services Blocks) will rise by £2.6bn in 2020/21, £4.8bn for 2021/22 and £7.1bn in 2022/23

9. This additional funding has supported the implementation of the National Funding Formula (NFF) for schools which has resulted in:
- The introduction of the minimum per pupil funding levels which for 2022/23 are at least £4,265 per primary pupil, £5,321 and £5,831 per KS3 and KS4 pupil. This has increased per pupil funding since the introduction of the NFF by at least 29% per primary and 17% per secondary pupil.
 - An increased focus within the NFF on deprivation and low prior attainment, both deemed proxy indicators of the expected incidence of SEN within the school population.
 - Introduced a funding floor and for the 3 year funding settlement announced in 2019 ensured that all schools have an annual minimum per pupil increase.
 - Allowed for the reintroduction of a positive Minimum Funding Guarantee (MFG) ensuring that schools with changes in pupil characteristics which would otherwise have resulted in a funding reduction do not lose. Resulted in an overall increase in average per pupil funding across Leicestershire schools of 11.6%
10. As local authorities remain responsible for the funding formula, they are free to set local values to the formula factors and are free, following consultation with schools to, implement the NFF, a variation to it or adopt its own unique funding formula providing that delivers the minimum per pupil funding levels and set a minimum funding guarantee within the range set by the DfE. Local authorities are also able to apply capping and scaling factors to the local funding formula. The 2021/22 Leicestershire funding formula fully reflects the NFF and no capping or scaling is currently undertaken.
11. The DfE review of Special Educational Needs and Disabilities (SEND) has been further delayed. There is a reference within current DfE consultation on completing the introduction of the National Funding Formula of how that formula can support and deliver any recommendations of the SEND review. However, it does state '*.....As such, the recommendations of the SEND Review will have important implications for how support for pupils with SEND is delivered and funded, including mainstream schools.*' It is unclear whether this will result in additional funding for High Needs Block and / or expectations of both local authority's and schools are required to deliver. Given the growing concern of continued growth of the high needs deficit actions need to be taken in advance of understanding what the implications of SEND reform may be.
12. It has been confirmed that for 2022/23 local authorities remain able to transfer 0.5% of funding from the Schools to High Needs Block with approval of the Schools Forum. Should Schools Forum not approve or a transfer in excess of 0.5% is requested approval is sought from the Secretary of State. 0.5% of the 2022/23 provisional Schools Block DSG is £2.3m and forms the basis of the proposals set out within this consultation.

13. Provisional NFF data for 2022/23 taken from the October 2020 school census has been made available by the DfE and the options for the transfer are modelled on this data and is consistent with the indicative 2022/23 NFF allocations published by the DfE.

It should be noted that the indications are indicative as the underlying pupil data will be updated in December for the October 2021 census with NFF allocations amended. As the proposed transfer percentage based this too may change when the final settlement is received.

Previous Transfers from the School Block to High Needs

14. Prior to 2013 school funding reform funding for high incidence, low cost SEN (i.e. for statements allocating 25 hours support or less) was included in schools' delegated budgets. To establish the current system of top-up funding £2.529m was transferred into High Needs to enable the local authority to pay top-up funding. Between 2014 and 2018 further transfers were made. This was not at a reduction to school budgets but by the movement of headroom in the Schools block DSG settlement. Headroom arose because:

- The Schools Block DSG was allocated to local authorities at a single rate per pupil. This rate was in excess of average primary funding but less than the average secondary funding.
- Pupil growth was experienced in primary pupil numbers

As a result, Leicestershire was fully able to deliver delegated school budgets in accordance with DfE expectations over that period and transfer funding to High Needs. The DfE introduced restrictions on the transfer of funding in 2018/19 and, request to transfer funding was made in the 2018/19 to 2019/20 financial years.

15. Consultation on a 0.5% transfer from the school's block to the high needs block was held in September 2019 to take effect in the 2020/21 financial year. The consultation responses showed no support for a transfer and was subsequently rejected by the Schools Forum on 30 September 2019. The County Councils' Cabinet considered the position at its meeting on 22 November 2019 noted the outcome of the consultation and agreed not to pursue a Secretary of State decision but noted that if the High Needs Block deficit continue to increase it may be necessary to consider future transfers.
16. Leicestershire has been one of just a few local authorities that have not undertaken a schools to high needs block funding transfer under the new funding framework. Local source information suggests that three authorities regionally will be consulting on transfers for 2022/23.
17. Between 2013 and 2018 the transfers made from the Schools to High Needs Block were;

Year	£m
2013/14	2.529
2014/15	2.018
2015/16	2.844
2016/17	7.151
2017/18	9.995
2018/19	-
2019/20	-
2020/21	-
2021/22	-

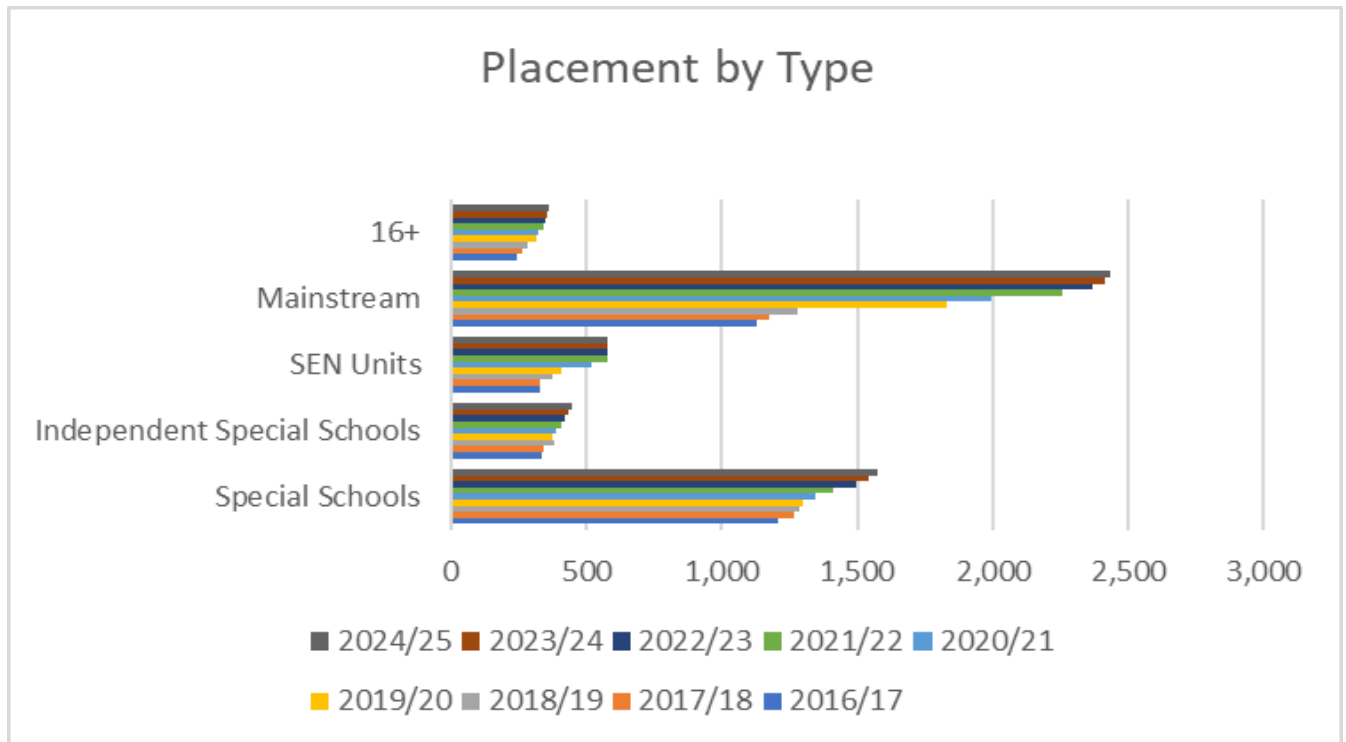
Transfers were needed to respond to an increasing spend on SEN places both within mainstream and specialist provision, increasing costs and number of EHCP's continue.

18. The proposed transfer is in response to the financial position for 2022/23. The proposal is one of a number of actions that contribute to deficit reduction but do not wholly recover the position. Further savings options are being investigated with the objective of firstly achieving an annual position where expenditure can be contained within the High Needs DSG and secondly to recover the historical deficit. During 2021/22 five local authorities have entered in agreements with the DfE who will provide additional funding to remove their high needs deficits if agreed milestones are achieved, it is not expected that such an arrangement will be made available to Leicestershire. On a financial position alone future transfer requests cannot be ruled out at this time.
19. Between 2013/14 and 2021/22:
 - gross high needs expenditure increased from £42.497m to £101.831m, a rise of 139.6 %. It is forecast that gross expenditure will further rise to £115.2m to 2024/25, a total rise of 167.7%.
 - The number of SEND funded packages has risen by 102% from 2,772 in 2013/14 to a forecast 5,613 in 2024/25, the 0-16 population growth for the same period is just 8.7%.
 - The High Needs Dedicated Schools Grant by comparison rose by £33.5m from £49.6m to £83.12m
 - Non placement high needs expenditure has been, and expected to remain, relatively stable
20. A report presented a forecast High Needs deficit of £43m in 2024/25 despite the delivery of savings to the value of £18.4m, the deficit had been expected to rise further to £45m if a schools block transfer is not undertaken to the Councils Cabinet on 22 June 2021.
21. The provisional June 2022/23 High Needs Block Grant exceeded the forecast by £1.73m, assuming this level of funding continues into the final two years of the financial plan the cumulative deficit at the end of the 2024/25 financial year

reduces to £37.802m but remains a significant financial concern and must be addressed.

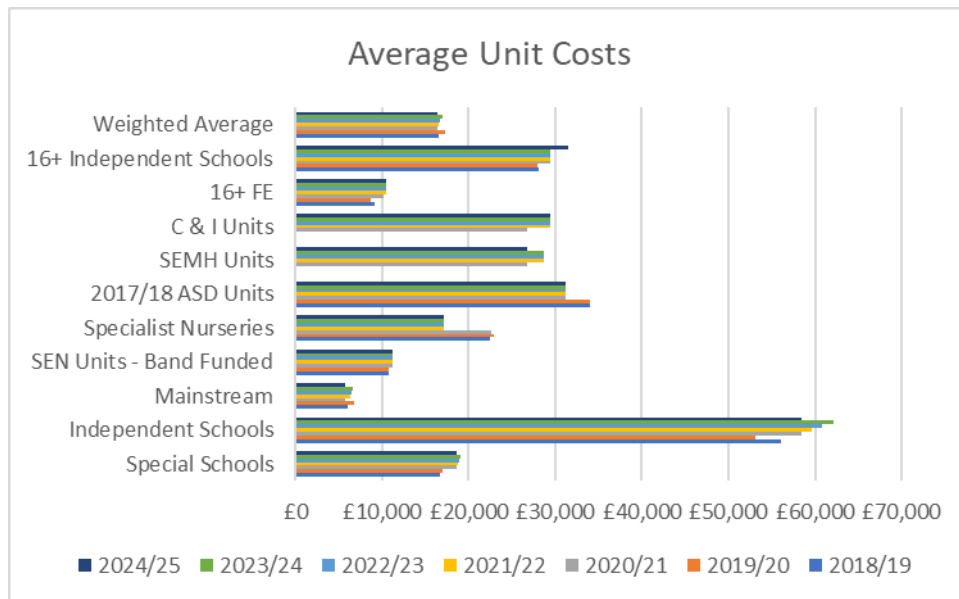
SEND Demand

22. Demand for specialist places has increased across all types of provision as set out in the chart below





23. The use of Independent Special School places has fallen from 10% to 8% of all placements, whilst a small percentage increase the cost implications of this are significant. There are increasing proportions of pupil placed in mainstream from 35% to 45% and in special schools where the increase has been from 37% to 49%. This gives an early indication that the strategy to reduce reliance upon high cost Independent Placements and increasing capacity across Leicestershire to meet children's needs is having some impact. However, the continued increase in demand negates the level of financial saving achieved and overall costs are increasing as a result.
24. A total of 534 additional specialist places have either been delivered or are on track to be delivered, these places have resulted in reduced placement costs of c£10m, through pupils taking these places rather than requiring Independent School Places, they have not delivered savings as they have accommodated new demand in the system rather than being able to accommodate pupils transferring from higher cost independent provision.
25. The impact of the increased SEN capacity within Leicestershire schools has also successfully stabilised unit costs. Overall, the weighted unit cost is

estimated to reduce by 1% over the period of the High Needs Development Plan, and cost in most provision types are forecast to reduce.



School Budgets and SEN

26. The funding framework for SEN is set nationally but there is an integral link between school budgets and funding for SEN. Schools are responsible for funding the first £10,000 i.e. £4,000 element 1 from the S251 budget or GAG and £6,000 element 2 from the schools Notional SEN allocation of a pupil's provision.
27. The Notional SEN budget is an identified amount of money within a school's overall budget that is to contribute to the special educational provision of children with SEN across the whole school population. It is allocated to schools from the School's Block so is unsighted SEN expenditure
28. Mainstream School and LA funding responsibilities for SEN pupils are set out in the following table.

Funded by local authority 	Paid by Local Authority for each occupied place - may be more than one funding authority	Total cost of provision specified in Education, Health and Care Plan Needs less £6,000 High Cost, Low Incidence	Element 3	Element 3 funding - sometimes referred to as 'Top-up' is paid where the additional provision within the Education, Health and Care Plan exceeds £6,000 by the local authority with financial responsibility for the pupil and is in addition to the school delegated budget
Funded by school from delegated budget* 	£6,000 £4,000	First £6,000 of cost of provision specified in Education, Health and Care Plan Low Cost, High Incidence	Element 2	Element 2 Funding is met within the school delegated budget from the Notional SEN Budget. This is subsidiary calculation within the delegated budget consisting of 4% AWPU, 50% Low Prior Attainment and 67% IDACI. It is a financial measure of the expected level of SEND within the school population.
		Universal provision for all Pupils Universal	Element 1	Element 1 Funding is the delegated pupil led funding for all schools and not affected by the individual level of need of pupils

29. The annual notional SEN budget allocated to schools since the introduction of the current funding system has been:

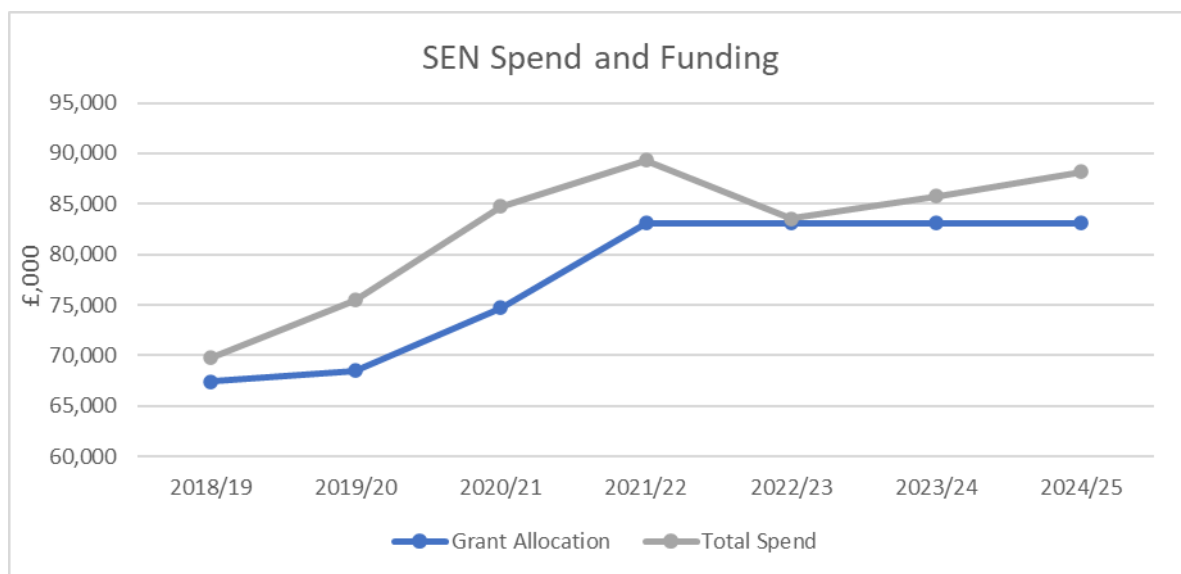
Year	£m
2013/14	29.002
2014/15	29.293
2015/16	30.162
2016/17	29.623
2017/18	30.087
2018/19	32.019
2019/20	32.572
2020/21	32.571
2021/22	34.300

As can be seen from the table above the SEN Notional Budget i.e. the funding within school budgets for the purposes of meeting SEND needs has increased by 18.3%.

30. Including the Notional SEN Budget delegated to schools Leicestershire plans to spend £125.693m on educational provision for pupils with SEND in 2021/22, this is £8.3m above the grant allocation it receives before any other specialist high needs services are funded.

High Needs Spend and Funding

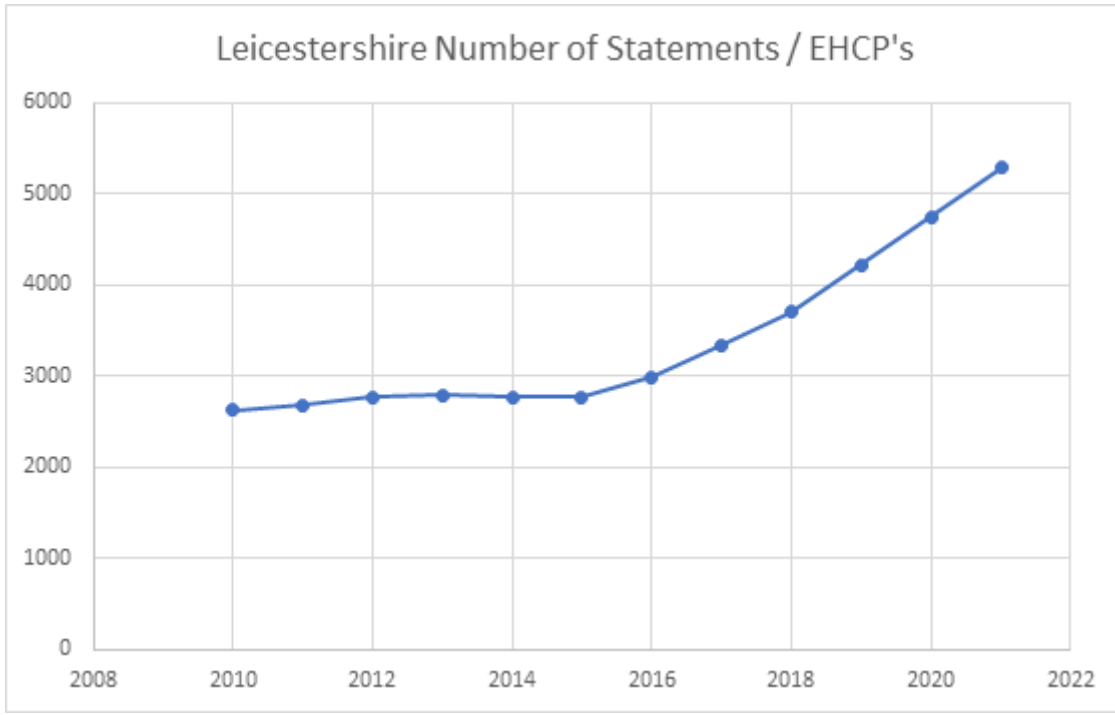
31. High needs expenditure is forecast to have increased by 26% between 2018/19 and 2024/25. However, the High Needs DSG is forecast to rise over the same period by 23% as illustrated below. Income and expenditure closely match in 2022/23 but the funding gap begins to increase again from 2024/25, this is largely a result of the savings currently built into the plan being fully delivered. Further cost reductions will need to be identified.



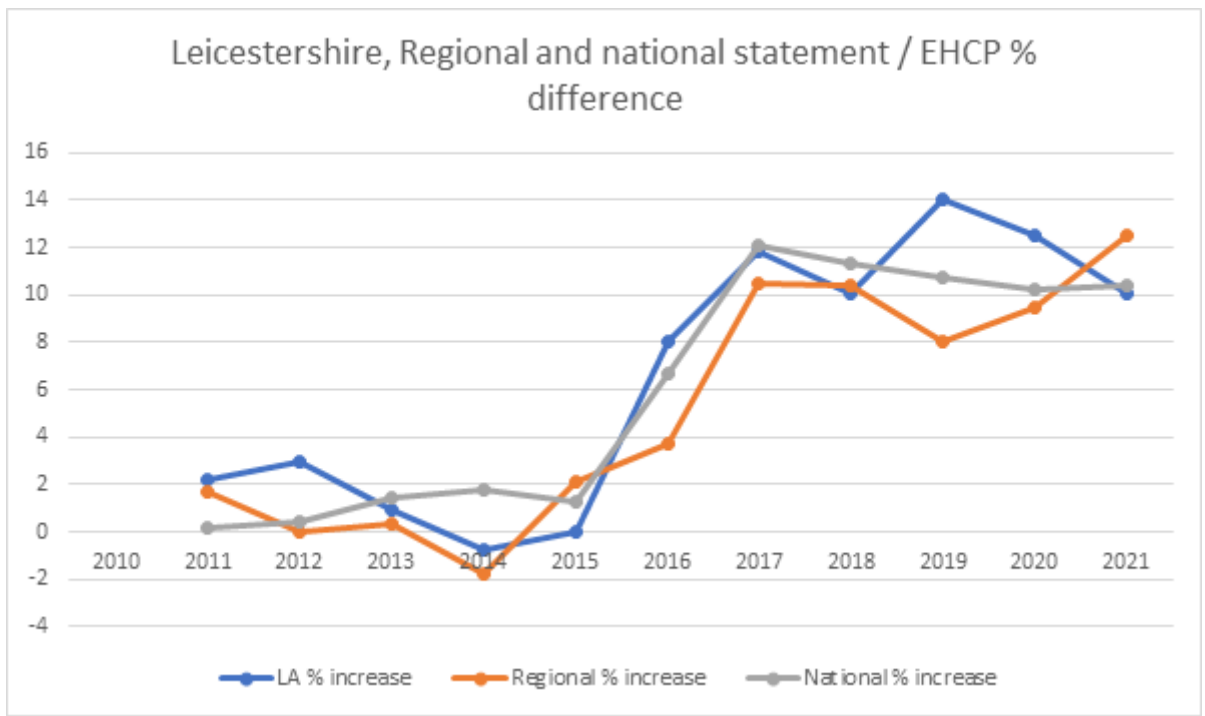
32. For 2020/21 placement costs account for 90% of all High Needs Expenditure. Reducing costs through the development of additional Leicestershire places driving down costs through effective commissioning and reducing SEND demand to be in line with similar local authorities are key to achieving financial sustainability.

Demand

33. The DfE collect statistics on the prevalence of SEND nationally through the SEN 2 return. This shows the growth in EHCP's in Leicestershire over recent years;



34. Whilst EHCP numbers continue to grow in Leicestershire the relative rate of growth against comparator authorities is falling and is now in line with the national position and less than that encountered regionally.



35. The DfE issues annual benchmarking data which combines a number of data sets to provide a rounded local picture through comparison of Education and Health Care Plan (EHCP) numbers, expenditure and DSG allocation. The latest available data from 2019 identifies Leicestershire having:

- A rate of 31.0 per 1,000 of the 0 -18 population having an EHCP against rates of 30.5 for statistical local authority neighbours, 31.1 for England and 25.9 for the East Midlands, a lower proportion of funding in the DSG through SEN proxy indicators which reflect incidence of deprivation and health but also pupil prior attainment. This suggests that Leicestershire being a low need authority with the expectation of lower numbers of EHCPs in comparison to statistically similar authorities, which is not the case.
- A reliance upon higher cost independent schools, which can be seen both through the proportion of placements in the independent sector and expenditure on this provision being significantly higher than all comparator groups, with lower direct SEND funding allocations to mainstream schools and academies. This is significant to the financial position given the average cost of an independent school placement is 68% above that for a Leicestershire area special school and 54% higher than the newly opened special schools. The development of lower cost local provision is having an impact here.

The actions within the High Needs Development Plan are aiming to address these issues and realign Leicestershire's performance to that of statistically close local authorities.

36. The rate of growth in EHCPs significantly exceeds population growth. For the period 2013 to 2015 the percentage growth in the number of SEND places was 110% against a population increase for the same period of 9%. The greatly disproportionate increase in EHCPs has been influenced by national policy changes, specifically school funding reform in 2014 which introduced a direct link between the ability to evidence need and funding and SEND reform in 2014.

Special Educational Needs and Disability Strategy 2020/23

37. The Leicestershire local area SEND and Inclusion Strategy 2020 to 2023 was approved by the Council's Cabinet on 18 September 2020.

<http://politics.leics.gov.uk/documents/s155475/SEND%20and%20Inclusion%20Strategy%20FINAL.pdf>

It sets out how partners across the local area plan to support children and young people aged 0-25 with SEND or wider needs that affect their ability to access education, to achieve the best possible outcomes. It will provide the overarching framework for service development in SEND and Inclusion Services and sets out the aspirations of the SEND and Inclusion Board for the period 2020 to 2023. The Strategy has been developed in consultation with local area partners, parents and carers and children and young people and includes reference to areas for development from the local area SEND inspection to improve outcomes for children and young people.

38. The SEND Strategy has been co-produced with stakeholders including schools, the Leicestershire Parent Carers Forum and colleagues Health including the CCG's and NHS Trust. The strategy is monitored through the SEND and Inclusion Board which is co-chaired by Leicestershire County Council and Health. Activities include the production and monitoring of the Authorities response to the action plan following the SEND Inspection, development of service pathways and a sub-regional approach to commissioning.
39. Leicestershire has worked with City and Rutland local authorities, together with the Clinical Commissioning Groups to develop a 'LLR SEND Commissioning Strategy' (2021). This sets out opportunities for joint commissioning where it is in the interests of the service user and offers opportunities for effective use of resources.
40. Through the above mechanisms and other established cycles of partnership meetings the Local Authority maintains an active dialogue with all institutions and alternative providers.

High Needs Development Plan

41. The High Needs Block Development Plan was approved by the Cabinet in December 2018 and sets out the Councils' approach to achieving a sustainable SEND system.

<http://politics.leics.gov.uk/documents/s143211/SEND%20Strategy%20Report.pdf>

The plan sets out the actions to be undertaken to realign expenditure for pupils with Special Educational Needs with the High Needs Block DSG. The Plan includes proposals for expansion of local provision, developing more inclusive practices in the County Council's education services and schools to reduce the reliance upon specialist provision particularly in high cost independent provision and streamlining working practice and processes.

42. Cabinet considered a report which provided an update on the progress on the delivery of the High Needs Development Plan on 22 June 2022. This report set out a worsening financial position of a cumulative deficit of £43m by the end of 2024/25 and its impact on the Council's finances. This position has improved following the publication of the 2022/23 provisional DSG settlement set out in paragraph 20.

<http://politics.leics.gov.uk/documents/s161906/High%20Needs%20Development%20Plan.pdf>

The report set out the intention to consult on proposals for a 0.5% transfer of funding from the Schools Block to the High Needs Block of the Dedicated Schools Grant in 2022/23 and the intention to seek approval from the Secretary of State for the transfer should Schools Forum not approve the proposal

43. A comprehensive programme of work supporting the objectives of the Plan has delivered against a number of individual workstreams. The programme of work

underpinning the Plan has delivered against a number of individual workstreams:

- **Inclusion** - ensuring that LCC has an inclusive offer and supports the wider sector to support children and young people to ensure that children's needs are identified and supported as early as possible in the most appropriate settings to reduce the risk of needs unnecessarily escalating.
 - **Strategy and Commissioning** – development and launch of a multi-agency SEND and Inclusion Strategy that is monitored by SEND and Inclusion Board. A key achievement of the strategy has been the development of a draft Joint Commissioning Strategy across LLR specifically to support children with SEND.
 - **Right Place Right Time** – ensuring that all resources are making the best contributions to outcomes for children and young people as they progress through their education including links to outcomes whilst giving providers flexibility to determine how those resources are used to deliver outcomes for children
 - **SENA Whole System Review** – ensuring processes, performance management and practice within the service are robust and efficient. The service has been restructured to increase the emphasis on case and performance management, once fully embedded this will ensure that EHCP's are effectively managed to ensure that pupils receive the most appropriate support to meet changing needs and within the appropriate provision. Data dashboards have been introduced to ensure that the service better understands emerging trends and needs and is able to react to them at an earlier point. This in turn will allow the mix of provision to be dynamically developed to ensure that the use of independent provision becomes an exception only for those pupils with the highest needs unable to be provided locally with the majority of pupils being educated either in mainstream provision or less costly specialist places.
 - **Contracts and Commissioning** - Focused placements in the independent sector, ensuring the achievement of value for money from all providers and delivery of the outcomes outlined in children and young people's Education Health Care Plans.
 - **Sufficiency** – ensuring the right provision in Leicestershire to cater for emerging demographic trends and housing development as well as ensuring that the provision is able to meet the needs of children. This element of the programme will deliver 534 additional specialist school places in resource based in mainstream schools, 3 new schools and expansion of Leicestershire special schools including post 16 provision.
44. A number of metrics have been adopted that allow performance to be measured against the programme outcomes with a number reporting a positive impact:

- The number of referrals for EHCPs has reduced by 5.2% over the last year and by 9% over the last three years. Whilst this reduction has not resulted in a reduction in the overall number of EHCPs it may be a significant factor in the reduction in the rate of growth and means that the right children have an EHCP to support their needs.
- The latest national data shows the rate of EHCP growth below both statistical neighbours and the East Midland average, although in terms of overall EHCP numbers Leicestershire retains a higher baseline.
- The annual growth in EHCPs is forecast to be in line with general population growth by 2025. This position will be kept under constant review given the significant influence of national policy on SEND numbers, particularly for any impact of the SEND Review due to be published by the DfE.

The Financial Position

45. Whilst the High Needs Development Plan sets out an ambitious plan to ensure effective SEND support within the DSG allocations determined by the DfE, the financial position continues to worsen despite the delivery of savings of £18.4m and is set out in the following table;

	2021/22 £,000	2022/23 £,000	2023/24 £,000	2024/25 £,000
High Needs Dedicated Schools Grant	-83,120	-90,550	-90,550	-90,550
Placement Costs	91,393	97,709	101,662	106,216
Other HNB Cost	8,708	8,708	8,708	8,708
Commissioning Cost - New Places	671	372	455	247
Project Costs	1,059	0	0	0
Total Expenditure	101,831	106,789	110,825	115,171
Funding Gap Pre Savings	18,711	16,239	20,275	24,621
Proposed Schools Block to High Needs Block Transfer	0	-2,300	0	0
Demand Savings	-2,659	-2,899	-3,181	-3,420
Benefit of Local Provision and Practice Improvements	-6,697	-10,623	-13,073	-14,942
Total Savings	-9,356	-15,822	-16,254	-18,362
Annual Revenue Funding Gap	9,355	418	4,021	6,259
2019/20 Deficit Brought Forward	7,062			
2020/21 High Needs Deficit Brought Forward	10,387			
Cummulative Funding Gap	26,804	27,222	31,243	37,502

46. The financial plan is constructed to show cost of unmitigated growth in placement numbers and cost to which savings which largely arise from invest to

save through capital and revenue investment in new provision, the development of inclusive practices being lead by Inclusion Practitioners and service redesign ensuring support is focused on children and young people who need it most. Growth over the four years of the plan are:

Placement Type	Growth Assumption	
	Number	Cost
Special Schools	11%	15%
Independent Placements	9%	16%
Mainstream	8%	15%
Early Years	11%	11%
16+ / ISP	6%	6%

Views are sought through this consultation on further actions to influence the growth in demand and cost.

47. The savings incorporated into the financial plan relate to a number of activities that relate to either growing lower cost provision, benefits from efficiency gains and investment in inclusion activities:

Treatment of the Proposed Schools Block Transfer in the 2022/23 Leicestershire School Funding Formula

48. There is no mechanism within the school funding formula that enables an even spread of the funding reduction as a result of the guarantees built into the NFF. There are two levels of protection within which limit the impact of funding changes and deliver funding guarantees which mean it isn't possible to affect a transfer with an equal impact across all schools;
- **Minimum Funding Guarantee (MFG)** – this limits any loss of funding in schools from annual changes in pupil characteristics. Local authorities have flexibilities within a range set by the DfE, any change outside the range set by the DfE requires Secretary of State approval. The range set by the DfE for 2022/23 is +0.5% and +2% per pupil. The MFG may also be used to address affordability issues where the local authorities Schools Block DSG is below that necessary to deliver the NFF as a result of pupil characteristic changes between the October 2021 and 2022 census.
 - **Minimum per pupil funding level (MPPL)** – this is a mandatory nationally set figure which ensures schools receive a certain amount per pupil. The values set by the DfE for 2022/23 are Primary £4,265, KS3 £5,321 and KS4 £5,831 per pupil. Any school according to a DfE defined calculation that receives a per pupil allocation below these values will see an uplift to reflect these values.

Both of the above ultimately mean that reducing funding in one aspect of the funding formula may be reinstated by one or both of these protections.

49. Local authorities are able to undertake capping which limits the level of gain that a school may have as a result of formula changes, gains are also allowed to be scaled back. There are some restrictions on how these factors can be used.
50. The October 2021 census information will be provided to local authorities by the DfE in December, this will require the indicative budgets set out within this consultation, and the impact of the transfer at individual school level, to be recalculated. The change in pupil characteristics between census dates may result in a school budget allocation under the NFF, and the funding reduction to effect the proposed transfer, to increase or decrease.
51. The Schools Block allocation to the local authority will not reflect any change to the census data between 2020 and 2021 and is fixed. Any increases in pupil characteristics such as deprivation and low prior attainment may create a funding gap. To ensure the allocations to schools remain deliverable within the overall quantum of DSG it may be necessary to adjust the minimum funding guarantee or adopt capping and / or scaling. This may result in further funding adjustments than those set out within the consultation.

Options for the Transfer and Associated Impact

52. In order to release the funding from school budgets to enable the transfer to happen it is necessary to adjust a number of elements within the current funding formula the structure of the funding formula retains the NFF structure. Two options are presented for consultation.
- **Model 1** – this reduces the value of the Age Weighted Pupil Unit (AWPU) by 0.5%, sets the percentage of the Minimum Funding Guarantee (MFG) at 2% which is the maximum allowable by the DfE and introduces a cap on funding gains between 2021/22 and 2022/23 of 2.1%. This option is able to be delivered without Secretary of State approval if approved by Schools Forum.
 - **Model 2** – this reduces the value of the Age Weighted Pupil Unit (AWPU) by 0.5%, adjusts the percentage of the MFG to 1.8%, introduces a cap on funding gains between 2021/22 and 2022/23 of 3.4% and additionally reduces the Minimum Per Pupil Funding Levels (MPPL) by 0.5%. This option will require Secretary of State Approval even if approved by the Schools Forum given the mandatory nature of the MPPL's. It does however present the best overall position for Leicestershire schools and requires consideration.
53. The baseline against which the impact is measured is taken from the individual school data used by the DfE for the published illustrated NFF allocations for 2022/23. These have been adjusted for two element which are included within the dataset provided to local authorities but excluded from the published figures. These are:

- The change to a road distance measure from a crow flies measure and the increase in the value of the sparsity factor.
- Changes to the measure for Ever6 FSM from the January to October census

Rates are excluded from all budget illustrations, these have a cash neutral impact on the budget and will be subject to a national payment system for 2023/23 onwards.

54. The impact of the transfer is illustrated in Annex 1 accompanying the document. This shows for individual schools;

- The expected school budget for 2022/23 (excluding rates)
- The school budget for 2021/22 (excluding rates)
- The budget reduction and expected school budget for Model 1
- The budget reduction and expected school budget for Model 2

Annex 1 also illustrates the impact of each model across all primary and secondary schools on three different characteristics.

- School size and % contribution
- School size and cash impact
- Level of deprivation

Each chart shows the indicative 2022/23 NFF allocation, the impact of the cash and percentage reduction proposed in each model and the indicative NFF from the application of each model and expressed in both cash and percentage.

Please note all 2022/23 budgets are illustrations and based on the October 2020 census whilst final 2022/23 budgets will be based on the October 2021 census.

In both models all schools receive an increase in budget from that in 2021/22 with the budget transfer reducing the overall increase but at a lesser level than that delivered by the NFF

Model 1

55. The impact of Model 1 is summarised below, the details for each individual school is set out in Annex 1 – Individual School worksheet and the range of the distributional impact in charts within the workbook:

	Yield £,000	Schools Affected		Cash Impact on 22/23 Provisional NFF		% Impact on 22/23 Provisional NFF		Cash Change 2021/2 to 2022/23 NFF Post Transfer	
		No	%	Min	Max	Min	Max	£ Min	£ Max
Primary	1,297	91	40%	-£346	-£65,306	-0.1	-13.9	+£2,563	+£53,550
Secondary	1,001	25	57%	-£2,536	-£118,817	-0.1	-10.6	+£8,076	+£157,080

Total	2,298	116	43%
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Overall, 43% of schools contribute to a Schools Block Transfer of £2.3m, in respect of school phase 40% of primary schools contribute 56% of the proposed transfer under this option.

Model 2

56. The impact of Model 2 is summarised below, the details for each individual school is set out in Annex 1 – Individual School worksheet and the range of the distributional impact in charts within the workbook:

	Yield £,000	Schools Affected		Cash Impact on 22/23 Provisional NFF		% Impact on 22/23 Provisional NFF		Cash Change 2021/2 to 2022/23 NFF Post Transfer	
		No	%	£Min	£Max	%Min	%Max	£ Min	£ Max
Primary	1,487	227	100%	-£388	-£62,404	-0.1	-13.3	+£29,044	+£51,883
Secondary	814	44	100%	-£8,298	-62,750	-0.2	-9.8	+£13,076	+£200,793
Total	2,302	271	100%						

Overall primary schools contribute 64% of the proposed transfer under this option.

57. As a result of the protections within the NFF i.e. the MFG and the MPPL schools are impacted differently by any proposal to remove funding to enable the transfer between blocks to take place. Another factor affecting the distribution of the budget reduction is any changes the DfE may implement in respect of the structure and funding values within the NFF. For 2022/23 the sparsity measure has changed from measuring the distance to the next nearest school from a crow flies to a road distance measure and the rate of funding has increased from £45,000 to £55,000 at primary and from £70,000 to £80,000 at secondary, any gain as a result of this change is therefore affected by the capping applied in both models.

Trade Union Facilities Time

58. Employees who are union representatives of unions recognised by their employer are entitled to reasonable time off, during working hours and without loss of pay, to carry out union duties and undergo relevant training. Trade union duties include:
- Negotiations with the employer, or other functions connected with the subjects of collective bargaining, such as terms and conditions, redundancy and dismissal arrangements.
 - Preparations for negotiations, including attending relevant meetings.
 - Informing members of progress and outcomes of negotiations.
 - Matters of discipline (e.g. accompanying employees to internal meetings)

- attending training in aspects of industrial relations relevant to carrying out their trade union duties. This training must be approved by the Trades Union Congress or by the trade union of which he/she is an official.
59. Under 2013 funding reform there was an expectation that funding for these functions should be delegated to maintained schools unless maintained schools chose to 'de-delegate' i.e. decide to let the local authority continue to hold this funding to continue providing the service. The Schools Forum were charged with taking decisions on de-delegation. Funding to support union facilities time was one of the functions that fell under this requirement.
 60. Two rounds of consultation were undertaken on the changes required under 2013 school funding reform and agreed with the delegation of funding for facilities time. The Schools Forum agreed to this course of action at its meeting on 20 September 2012.
 61. Delegation was further considered by Schools Forum on 4 December 2012 where reports were tabled by both the local authority and jointly by school unions. A proposal was tabled to reverse the 20 September decision which was not supported. Funding was therefore fully delegated to all schools from 1 April 2013.
 62. The Trade Unions have approached the County Council through the Departmental Negotiation and Consultative Committee (DNCC) and the Schools Forum to reconsider de-delegation in order to provide the resource for a pooled arrangement covering all schools. Views on de-delegation are therefore being sought through this consultation, should maintained schools be in favour of de-delegation further discussions will be held with DNCC on the detailed arrangements for a pooled scheme. Should schools, and Schools Forum determine to de-delegate then it would be necessary, through DNCC to identify an operator of scheme, the County Council would enact the de-delegation and transfer the funding to the schemes operator, the County Council would not operate the scheme.
 63. Decisions on De-delegation are required to be taken annually. The DfE's consultation 'Fair school funding for all completing our reforms to the National Funding Formula' launched on 8 July 2021 confirms the DfE's intention for hard NFF i.e. where school budgets allocations are determined by the DfE and a much diminished role for local authorities in school funding decisions from 2023/24. It is unclear whether de-delegation will be permissible from this point, without de-delegation the choice for maintained schools, as currently with academies, would be to choose whether to buy into any such scheme.
 64. Should de-delegation be agreed in principle a scheme would be developed. Maintained schools would see a corresponding budget reduction of £1.50 per primary pupil and £1.73 per secondary pupil as recorded on the October 2021 census for 2022/23 to provide a fund for a scheme which would also be subject to academy contributions. These reductions would be in addition to the budget reductions arising from the Schools to High Needs Block Transfer as set out

above. A document setting out the benefits of such a scheme has been compiled by teaching unions and is included in the consultation as Annex 2.

Next Steps

65. The consultation will be discussed at the Schools Forum meeting on 27 September 2021. You may wish to raise any concerns or queries with your Schools Forum representatives.
66. The consultation will close on midnight on 17 October 2021.
67. Consultation response will be considered with formal proposal in respect of the proposed transfer being submitted to the Schools Forum meeting on 15 November 2021.
68. Dependent upon decisions made by Schools Forum a request for decision may be submitted to the Secretary of State which is required to be submitted by 19 November.

Consultation Responses

69. Any queries in respect of the consultation can be submitted by email at edfinance@leics.gov.uk
70. All consultation responses should be submitted through the on-line survey on this link **NEED TO ADD LINK WHEN THIS IS LIVE**

Schools Block Transfer Consultation 2021

This report was generated on 09/11/21. Overall 13 respondents completed this questionnaire. The report has been filtered to show the responses for 'All Respondents'.

Please provide your details. (Position:)

Head Teacher
 Headteacher
 business manager
 Headteacher
 Teacher
 Trustee
 Member
 Headteacher
 Trustee
 Headteacher
 Headteacher

Is your school...?



Do you agree with the proposed transfer?



Why do you say this?

Reduction in budgets for maintained schools will result in redundancies and a reduction in staff support for children on wave 2.

This will cost our school in excess of £20,000 per year. We already have a number of EHCP children and the high needs funding we receive is insufficient. We are supposed to fund the first £6,000 but in reality (as the funding is based on out of date pay rates) we pay the first £8,500. With 6 EHCPs, we are already being underfunded by £15,000. To then have this on top would be unsustainable. Additionally, this is a national issue. The whole SEND system is at breaking point and the promises made by central government and the amount of choice open to individuals is not comparable with the amount of funding available. National government need to properly look at and solve this issue, rather than expecting individual schools to fund a sticking plaster approach. This will not solve the issues, and I am certain that if this is agreed, the deficit will still grow and we will be approached for yet more money.

the school has insufficient funding for SEN pupils as it is and our expenditure is over and above the amount of income we get to pay for our staff to support these children

Schools Block Transfer Consultation 2021

Why do you say this?

I can see that this needs to be done to reduce the debt, however I think it is a huge concern as schools in Leicestershire have traditionally not been funded as well as other counties. Additionally, at a time when schools are trying to support 'catch up' after covid - reducing budgets will not help with this; both in providing additional academic support and social and emotional support for children.

This is a national problem which needs to be resolved by the DfE/govt, schools should not be taking a funding cut to prop up an unsustainable system.

I don't think it is right, fair nor sustainable for schools to prop up system financial government issues in an already underfunded situation.

The challenge of special needs is not just the High Needs Block. All the schools with which I am familiar have budget pressures because of special needs. The high needs top up (the level of which hasn't changed for years) is insufficient to meet in school costs of providing the required hours for each child. Whilst the £2.3m proposed transfer will impact on delivery in schools it will have minimal impact on the accumulated deficit of over £40m. The whole system is in need of national review with the necessary funding provided to support the defined needs.

We are already under considerable financial pressure. Unlike most schools, we are also contending with old, over-crowded and substandard accommodation which is extremely costly to maintain. A further cut in our budget is just not feasible.

high needs funding needs to be sorted more fairly so that those children with greater needs are fully supported - Government should be recognising this and funding schools properly.

Which is your preferred model?

Model 1 – Paragraph 55 of the consultation document refers (1)  50%

Model 2 – Paragraph 56 of the consultation document refers (1)  50%

Why do you say this?

slightly less of an impact for the children in my school

Are there any further actions that could be delivered that will help manage the increasing demand for EHCP's and rising costs?

Apart from fairer funding no.

Reduce the choices that some parents are able to have in sending their children to high cost out of LA provision. Look to develop more DSPs to add on to mainstream schools so that a halfway house is provided that in turn can reduce demand on special schools. Ultimately this is a major national issue that needs addressing properly.

Are there any further actions that could be delivered that will help manage the increasing demand for EHCP's and rising costs?

There has been a noticeable increase in the complexity of needs in mainstream primary schools. We find we are supporting children with more and more complex needs and due to existing budget cuts there are fewer staff available to support these children. The increasing demand for EHCPs is a reflection of the increasing complexities that schools are facing. The pathway to get specific training and support for staff and to get advice, is often complicated and involves filling in a lot of forms (often repeating information many times over) and then waiting for any response or any advice and support. In many cases, it is experienced staff working with children with complex needs and experienced SENCOs but the needs are becoming more complex hence the request for advice. This delay in access to services can often make a situation worse. There are issues particularly gaining quick access to services for children with SEMH or displaying physical behaviours, again the delay in accessing services and advice can often make a situation deteriorate. This is not helped by the difficulty in getting any form of support for children from CAMHs or by medical professionals directing parents back to schools (who are very often doing everything they can already). There aren't any easy solutions but it appears all services, including schools, are already on their knees and at risk of failing some children; these actions will not improve the situation but the worry is they could make an already difficult situation worse.

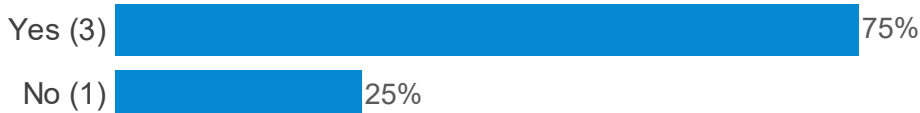
as per the previous answer, the issue needs to be addressed nationally

With regard to rising costs, better LA specialist provision offers. From our very small school 3 children with EHCP's have left us and all been placed in independent provision which is of a significant high cost, including a fee paying independent school when the LA was taken to tribunal.

EHCP's are needed and children should have a recognised document that fully outlines their needs. There should however be a more efficient and cost effective way of deciding who should get one. Stop putting hours support in and make sure parents know that the majority of support should come from first quality teaching and the school should make the decision about what additional support may be needed and this will often be as part of a small group rather than individual basis. The ECHP should be based on children's needs not on how well the paperwork is completed.

MOre funding from the government for these pupils

Do you agree or disagree with the principle of de-delegation of funding for the purposes of establishing a scheme to fund Union Facilities Time?



Why do you say this?

it seems to be cost effective and better managed. Hopefully it will enable schools to have a quicker route to dealing with staff absence and other issues of competence in a fairer way that does not fdrag out for months and months costing schools huge amounts of time and money to deal with the situation.

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