

Schools Funding Update – December 2020

To: Cambridgeshire Schools Forum

Date: 16 December 2020

From: Jonathan Lewis – Service Director: Education
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Purpose: To provide Schools Forum with an update on the latest funding position in respect of the 2021/22 Schools budget setting round.

Recommendations:

- 1) Schools Forum are asked to note and comment on the contents of the report.
- 2) Maintained School representative are asked to comment on the results of the consultation in respect of ongoing insurance arrangements.
- 3) Maintained Primary School representatives are asked whether they wish to approve the continued LA insurance de-delegation arrangements at £21 per pupil, or move to the DfE Risk Protection Arrangement.
- 4) Schools Forum are asked to approve the following on a line by line basis:
 - a) Capital Expenditure from Revenue (CERA)
 - b) School Admissions
 - c) Servicing of Schools Forum

1.0 Introduction

- 1.1 The following report will aim to provide and update on the latest position in respect of the Schools Budget setting process for 2021/22. It will also address some of the questions raised at the previous meeting of Schools Forum in November.

- Update on 2021/22 School Budgets
- Insurance arrangements
- Dedicated Schools Grant (DSG) position and historical spend
- Central School Services Block
- High Needs Block
- Next Steps

2.0 SCHOOL BUDGETS 2021/22

- 2.1 At the Children and Young People (CYP) Committee on the 10th November the Committee approved the submission of a disapplication request to the Secretary of State for Education for a transfer of funding of 1.0%, approximately £3.8m between the Schools Block and High Needs Block of the Dedicated Schools Grant for the 2021/22 school budget setting process. As such a disapplication request was submitted by the 20th

November deadline and a response is expected in due course. Please note: Even if approved by the Secretary of State this does not necessarily mean that it will be applied. Final approval of the schools formula will be made at the CYP Committee meeting on 19th January 2021.

- 2.2 The Spending Review announcements on the 25th November 2020 reaffirmed the previous commitment to increase the core schools budget by £7.1 billion by 2022/23, compared to 2019/20 funding levels. This results in an increase of £2.2 billion between 2020/21 and 2021/22.
- 2.3 Early Years Education will receive an increase of £44m in 2021/22 to increase the hourly rate paid to childcare providers for the government's free hours offers. It is also our understanding that the maintained schools supplementary grant has been extended for the 2021-22 academic year, although this is yet to be confirmed.
- 2.4 At the time of writing there has been no further detail in respect of exactly what these announcements will mean for the final 2021/22 DSG. The expectation is that final DSG allocations and the revised Authority Proforma Tool (APT) are to be published in the week commencing 14th December. Therefore if additional information is available in advance of Schools Forum it will be shared by officers, or a verbal update will be provided at the meeting.

- 2.5 The table below shows the current estimated DSG funding block totals to be received in 2021/22 and actual 2020/21 allocations for comparative purposes:

	Actual 2020/21 £m	Indicative 2021/22 £m
Schools Block (incl. growth fund and baseline grants) 1	£387.77	£400.822
High Needs Block (incl. baseline grants) 1	£76.444	£82.509
Central School Services Block	£7.027	£6.259
Early Years Block	£37.658	£37.658
	£508.899	£527.249

- 1) Please note: The Schools Block and High Needs Block figures include an element of funding in respect of the Teachers Pay Grants (TPG) / Teachers Pensions Employer Contribution Grant (TPECG) which was previously funded separately. The baseline allocations for 2020/21 were approximately £17.566m in the Schools Block and £1.034m in the High Needs Block, and have been included to allow an overall comparison between years.

- 2.6 Following receipt of the revised October census numbers a revised estimate of growth funding to be received has been calculated. In 2020/21 the growth fund element of the DSG totaled £3.125m, the revised estimate for 2021/22 totals £3.2m. The table below shows the estimated subsidy required to support the continued growth of existing and new schools to meet basic need.

	£m
Estimated DSG Growth Fund Allocation *1	-£3.2
Centrally Retained Growth Fund	£2.0
Estimated Implicit Growth (variations to pupil numbers) *2	£2.2
Estimated required subsidy within the funding formula *3	£1.0

*1 – Based on draft census data

*2 – Based on current modelling and minimum per pupil levels (MPPL)

*3 – Comparative figure for 2020/21 was £1.6m

- 2.7 On receipt of the final DSG allocations and APT, detailed budget modelling will be undertaken to calculate the final budget allocations for 2021/22 which will reflect the changes in pupil numbers and characteristics, alongside the changes in the national formula in respect of the income deprivation affecting children index (IDACI) and the new higher minimum per pupil levels (MPPL), including the baselining of the teachers pay grant and teachers pensions employers contribution grant. The final figures will also be updated to reflect variations to pupil numbers for new schools and any changes to business rates. Indicative allocations will be shared at the Schools Forum meeting on the 15th January 2021.




3.0 Insurance Arrangements For 2021/22

- 3.1 As part of the original consultation on Schools Funding for 2021/22 maintained schools were asked for their views as to whether they supported the continuation of the current de-delegation arrangement for insurance or for the cover to be provided by the DfE's Risk Protection Arrangement (RPA).

The extract below is from the original consultation document:

For 2020/21 the DfE extended the Risk Protection Arrangement (RPA), which is an alternative to commercial insurance, to include local authority maintained schools. Due to the timing of the announcement it was agreed that Cambridgeshire maintained schools would remain as part of the authority scheme for 2020/21. Although theoretically schools would be able to decide to join the RPA on an individual basis because of the existing de-delegation arrangements for insurance it will need to operate on an all or nothing basis. i.e. either all maintained schools remain as part of the LA scheme or they move to the RPA.

- 3.2 In order to allow schools and governors to take a more informed view additional information was subsequently circulated to maintained schools and a short survey undertaken. The results of this survey can be seen below:

4. Maintained Schools are asked whether they support the continuation of the current arrangements for insurance as part of the LA scheme?(Please note: Due to the existing arrangements this is an all or nothing decision - schools will not be able to opt in or out on an individual basis.)				
			Response Percent	Response Total
1	Continue with the LA Insurance Scheme		89.58%	43
2	Move to the DfE Risk Protection Arrangement		8.33%	4
3	Not Sure		2.08%	1

Of the 48 responses received, 90% supported the continuation of the de-delegation for the LA scheme and 8% supported the move to the DfE Risk Protection Arrangement, whilst the remaining 2% were not sure.

Comments included:

“Had experience of a big claim and like to know that I have good support readily available. The County offer is good value as well.”

“The proposed cost difference is negligible, and the LA scheme offers better cover for money in locked receptacles, professional indemnity and off site activities.”

- 3.3 Based on this additional information maintained representatives are asked to comment on the insurance arrangements for 2021/22 and maintained primary representatives are asked whether they wish to approve the continued LA insurance de-delegation arrangements at £21 per pupil, or move to the DfE Risk Protection Arrangement.

4.0 DSG Position In-Year And Historical Spend

- 4.1 Appendix A provides details of the DSG spend for 2018/19, 2019/20 and current forecasts for 2020/21. The in-year DSG position is presented to CYP committee as part of the overall finance monitoring report whenever they meet and the current revised forecast for 2020/21 is now a £11.3m pressure, down from the original £12.7m forecast at the start of the year. The budget figures are gross and therefore include £249.6m of recoupment for primary and secondary academies, and a further £12.7m of recoupment for High Needs Places (academy special schools, units, further education etc.).
- 4.2 The summary table below shows how the deficit has increased since 2016/17, prior to which the DSG a surplus balance was carried forward year on year, and how based on current forecasts the deficit could increase to in the region of £35m by the end of 2021/22.

DSG Block	2016/17 Actual £000	2017/18 Actual £000	2018/19 Actual £000	2019/20 Actual £000	2020/21 Forecast £000	2021/22 Forecast £000
High Needs Block	£2,700	£4,626	£8,836	£11,578	£11,417	£8,175
Other Blocks	-£135	-£4,097	-£2,192	-£2,244	-£131	-£1,000
In-Year Final Position + Deficit - Surplus	£2,565	£529	£6,644	£9,334	£11,286	£7,175
Cumulative - Surplus / + Deficit B/fwd	-£2,452	£113	£642	£7,286	£16,620	£27,906
Cumulative Deficit to C/fwd	£113	£642	£7,286	£16,620	£27,906	£35,081

5.0 Central School Services Block

- 5.1 For 2021/22 Cambridgeshire will receive an estimated Central School Services Block (CSSB) of £6.259m (final allocation dependent on census numbers), compared to £7.027m received in 2020/21. As previously reported the expectation is that the historic commitments will unwind over time, for example because a contract has reached its end point. The DfE would therefore expect local authorities to reflect this in Section 251 returns and the ESFA will monitor historic spend year-on-year and will challenge LA's where spend is not reducing as expected. From 2020/21, the DfE started to reduce the historic commitments element of the central school services funding block where authorities' expenditure had not reduced. They do not believe it is fair to maintain significant differences in funding indefinitely between local authorities, where these differences reflect historic decisions.

- 5.2 The table below shows the allocation of CSSB in 2020/21 and indicative figures for 2021/22.

Budget Line	2020/21	2021/22	Description
Contribution to combined budgets	£2,233k	£1,733k	Contribution to Children's Services, including £733k Early Intervention Family Worker (previously Parental Support Advisors)
Capital expenditure from revenue (CERA)	£1,167k	£875k	Schools Broadband Contract
Total Spend on Historic Commitments	£3,400k	£2,608k	
School Admissions	£508k	£508k	Can be increased with Forum approval.
Servicing of Schools Forum	£3k	£3k	No increase in expenditure allowed
Other Items	£450k	£450k	National Copyright Licence arrangements – set by DfE – awaiting 2021/22 figure
Retained Duties Funding	£1,449k	£1,605k	As per DfE figures (pupil-led) – awaiting final 2021/22 figure
Total Ongoing Responsibilities	£2,410k	£2,566k	
Total CSSB Budgeted Expenditure	£5,810k	£5,174k	
High Needs Block	£1,217k	£1,085k	Movement to High Needs Block as approved by Schools Forum – Final figure will be balancing amount once Copyright and Retained Duties Funding allocations confirmed.
Total Allocation of CSSB	£7,027k	£6,259k	

- 5.3 Although the Contribution to Combined budgets and retained duties funding (including the continued retention of £10 per pupil from maintained schools for services specifically provided to maintained schools) was approved at the previous meeting, Schools Forum are asked to formally approve the following on a line by line basis:

- a) Capital Expenditure from Revenue (CERA)
- b) School Admissions
- c) Servicing of Schools Forum

Please note: Approval is not required for the central copyright licenses negotiated by the secretary of state.

- 5.4 At the previous meeting clarification was requested on the services and functions currently funded from the contribution to combined budgets. Currently £733k of the contribution to combined budgets supports the Early Intervention Family Workers as approved by Schools Forum and the remaining £1m notionally supports a number of services within the wider People and Communities (P&C) Directorate. This element has gradually reduced from the original £3.53m in 2017/18.

- 5.5 The contribution to combined budgets has historically supported a range of budgets including:
- Early Help District Deliver Service - North
 - Early Help District Deliver Service - South
 - Schools Intervention Service - Safeguarding
 - Schools Partnership Service – SEN
 - Social work capacity
 - Virtual School
 - Youth Service
 - Preparing for Adulthood Additional Needs Team
 - Occupational Therapists
 - Educational Psychology
- 5.6 As previously discussed with Schools Forum, other than for the Early Intervention Family Support Workers, due to the way in which the Business Planning process is undertaken and the contribution to combined budgets notionally allocated there is not a direct relationship between a reduction in funding and a potential reduction in service. i.e. If the funding is reduced it would not automatically result in a reduction in service for specific areas.
- 5.7 Further information was also requested specifically in respect of the £733k for Early Intervention Family Workers (EIFW) which moved into the Alternative Education Provision Service on the 1st April 2020, and are now managed by Anna Wahlandt (County Manager) and Michael Kaoura (Deputy County Manager).
- 5.8 The service currently have 7 vacancies which transferred over and predominantly, these feature within Cambridge City. The service have endeavoured to cover requested support where possible and hope to begin a recruitment drive in January 2021. The original planned recruitment process has been delayed due to the Covid-19 pandemic.
- 5.9 The service currently accepts the majority of its referrals from either direct contact with schools or parental self-referrals.

Criteria for accessing support

- Short term intervention of no more than 6 sessions
- Specifically specified work around certain issues e.g anxiety, sleep, challenging behaviour, routines, parenting strategies, building resilience and confidence.
- Families can be signposted to drop in sessions within allocated schools for support with the above issues.
- Families can be signposted to virtual workshops. The themes of the workshops will change dependant on the needs within the district.
- Signposting to other support.
- 1-1 sessions.
- Support around school transitions.
- Can take on step downs from Early Help for specific pieces of work following discussion between Early Help Managers and Mangers within Alternative education and Inclusion service.
- Attending school events.

EIFW service is unable to support if:

- They are required to be lead professional.
- The support will last longer than six sessions.
- The children are Electively Home Educated.
- The children attend a private school.

Any further information requested by schools can be obtained by e-mailing:
anna.wahlandt@cambridgeshire.gov.uk or michael.kaoura@cambridgeshire.gov.uk

6.0 High Needs Block

6.1 Appendix A shows how the spend on specific areas has increased over the previous 2-3 years, most notably in respect of Special Schools and Units, Top-up funding and Out of School Tuition, due to increases in overall commissioned places and numbers, as well as complexity of need. At the previous meeting of Schools Forum a question was raised in respect of the numbers and levels of expenditure in respect of the SEN Placements budget. Where a suitable placement cannot be made in a mainstream school or a Cambridgeshire Special School pupils may be placed in an independent special school, or out-of-county.

6.2 The table below shows the SEN Placement budget, numbers and average cost for the last 3 years, plus the current forecast for 2021/22:

Budget				Actual			
<i>SEN Placements</i>	<i>Budgeted No of Placements</i>	<i>Annual Budget £000</i>	<i>Ave annual cost £000</i>	<i>No. of Placements at year end</i>	<i>Yearly Ave</i>	<i>Outturn</i>	<i>Ave annual cost £000</i>
2017/18	157	£8,573	£55	172	163.77	£9,942	£60
2018/19	157	£9,573	£61	171	182.03	£9,753	£52
2019/20	181	£9,573	£53	190	192.34	£9,844	£51
2020/21	203	£10,757	£53	212*		£11,242*	£53

*Forecasts to the end of October

6.3 As the overall numbers of EHCPs and complexity of need has continued to rise this has resulted in increased pressure on special school places. Despite the expansion of existing provision and the opening of two new special schools in recent years, resulting in over 300 new places, there are still pupil and families who remain without a special school place and as such may request independent specialist provision. There has been a particular increase in the demand for autism (ASD) and social, emotional and mental health (SEMH) placements.

6.4 Work is ongoing to identify sufficiency needs, mapping future need against current sufficiency in order to better understand gaps and in turn change the market composition in order to respond. The likely areas to be explored are inclusion in schools and increased capacity / use of existing special schools; with a particular concentration on SEMH, ASD and further education.

6.5 As demand continues to outstrip internal capacity we continue to rely on the independent sector, and as a result incur the financial impact. This is necessary when appropriate for the right child, at the right time, however due to insufficient local independent provision to meet some education need groups we have a reliance on a few large providers and a disproportionate amount of provision with residential support due to distance from home. However, in this instance we continue to drive up commercial contracting arrangements to secure best value, including the use of block contracts that capitalise on economies of scale and a dynamic purchasing system that enables both secured and predictable pricing; and the capability to directly award to meet individual need and/or best value to the high needs block.

- 6.6 An update was also requested on the review that has been undertaken over the last year, of the commissioning arrangements for Enhanced Resource Bases (ERBs) attached to mainstream schools across the county. This included looking at the local and national context and analysing information, data, views from schools, parent carers, children and young people and professionals working with the ERBs.
- 6.7 Parent, carers, children and young people speak highly of the ERB offer and there is no intention to cease current placements at ERBs. Going forward, however, we want to ensure better transparency and equity across the county. There may also be opportunity to 'invest to save'. Any proposals for new ERBs or significant change to existing ERBs will be agreed via the newly established SEND Strategic Commissioning Board. The new Board will ensure that providers and the Local Authority work in partnership to agree provision is developed to meet the needs of children in Cambridgeshire. The Board will draw on SEND sufficiency forecast data and financial modelling to ensure that business cases and new models meet an evidenced need and make the most efficient use of resources.
- 6.8 New processes around the commissioning cycle for ERBs are being established. We are aware that existing Service Level Agreements are not up-to-date. A model ERB specification is being prepared which will form the basis for future commissioning contracts. Schools will be invited to join us in this process in the new year.

7.0 Next Steps

- 7.1
- Mid-December 2020 / Early January 2021 – ESFA to publish final DSG figures and revised Authority Proforma Tool (APT)
 - Mid-December 2020 / Early January 2021 – Secretary of State to inform LA of disapplication request outcome
 - 15th January 2021 – Schools Forum – Draft High Needs consultation to be shared
 - 19th January 2021 – Children and Young People Committee to approve final budget proposals
 - 21st January 2021 – APT submission deadline to the ESFA
 - End of January/early February – budgets to be issued to Primary and Secondary Schools (academy budgets will be illustrative only as final budgets will be confirmed by the ESFA).
 - Mid-February – initial Nursery School and Special School Budgets to be issued. (subject to confirmation of funding arrangements)
 - Spring 2021 – High Needs Consultation to be launched.

Source documents; None