

**Schools Forum****18<sup>th</sup> June 2018****Report of the Strategic Director for Children's Services****Contingency Funding****1. Purpose of the Report**

To ask the Schools Forum to consider changes to the operation of the LA's contingency funds.

**2. Information and Analysis**

The Council holds two contingency funds on behalf of schools. The first is the SEN contingency which is used to support schools and academies with significant numbers of high needs children. This fund is created by holding centrally funding within the High Needs Block of the Dedicated Schools Grant.

The other general school specific contingency is accessed by LA maintained mainstream schools only and is funded by de-delegating monies from these schools' Schools Block budgets.

It is some time since the arrangements underpinning the operation of these funds were agreed and a review is now timely. The basis on which funds are allocated from these contingencies is a matter for the Schools Forum rather than the Council.

**2.1 SEN Contingency****2.1.1 Background and current arrangements**

Mainstream schools are responsible for meeting the first additional £6,000 of support (i.e. over and above that of "normal" provision) to any child with additional educational needs; the costs are met from the school's notional SEN budget. The notional SEN budget is, as its name indicates, a notional allocation derived as a proportion of each school's AWPU, lump sum and deprivation funding plus the full Low Cost High Incidence AEN (now referred to as Low Prior Attainment) and English as an Additional Language allocations.

Any costs over and above the £6,000 for an individual child would, following an Education Health and Care Plan (EHCP) or Graduated Response for an Individual Pupil (GRIP) assessment, be met by a Top Up from the High Needs Block.

The SEN contingency is used to help schools for which the requirement to fund the first £6,000 of additional support is judged to be an unreasonable burden. Generally, the calculation only accounts for pupils actually in receipt of a Top Up, not those with additional needs but which are less than the £6,000 threshold.

Prior to 2018-19, to qualify for contingency funding schools have to:

- Be in the top quartile i.e. 1 in 40 pupils or above (2017-18 LA average for Derbyshire was 1 in 58, which was the baseline for any support)
- They normally have to self-fund an element of any claim, equivalent of 1% of their budget share – this can be waived if circumstances dictate; and
- Balances have to be <8%, which requires retrospective checks at the end of the financial year.

The requirement to self-fund a proportion of any claim – equivalent to 1% of the school's budget – means that secondary schools have generally not qualified for support from the contingency.

For primary schools, the current arrangements are time-consuming and unsatisfactory for the parties involved for several reasons, including:

- Time spent by schools in gathering the evidence and completing the claim forms (Heads, Governors, SENCOs, etc.);
- Lead SEN Officer supporting the school;
- School Support Finance time in identifying potential claims and helping schools apply;
- Accountancy phone and email support plus the processing of claims;
- Head of Finance/Service Director decision making;
- Increasing challenges regarding wider financial information, particularly as schools convert to academy status;
- Uncertainty for schools whilst decisions are taken; and
- Difficulties in applying a brake on allocations to schools without disadvantaging those schools that apply later in the year.

Since the above arrangements were introduced in 2013, the Authority has taken major steps towards implementing the government's National Funding Formula (NFF). One of the major impacts arising from this change is the level of funding allocated to pupils with Low Prior Attainment which has risen from £1.052m (2017-18) to £11.413m (2018-19) in primary schools and academies, and from £8.184m (2017-18) to £11.704m (2018-19) in secondary schools and academies.

The primary school LPA allocations in Derbyshire are set to rise still further in 2019-20 and beyond as the Authority increases its current 2018-19 multiplier (£600) towards the full NFF value of £1,050. Overall, the proportion of schools' funding in Derbyshire allocated to support children with Low Prior Attainment has more than doubled and eligibility for support from the SEN contingency needs to reflect this shift.

### **2.1.2 Proposed way forward**

In looking for an alternative approach the Authority would want to ensure that the new arrangements are:

- Predictable for schools and the Authority;
- Fair;
- Simple to administer; and
- Affordable.

The following approach is proposed as it appears to meet the above tests. A worked example is set out below:

Step 1 – Determine the number of pupils eligible for support - based on the number of HN Top Ups and pupil numbers (R-YR11) as at the October<sup>1</sup> census prior to the financial year in question e.g. 7 pupils with a HN Top Up in a school with 100 pupils = 7%.

Step 2 – Set a trigger threshold for support - say 3% - schools with more than this percentage of pupils with SEN Top Ups would qualify.

Step 3 - Apply threshold to school percentage to derive support before LPA abatement e.g. 7% - 3% threshold = 4% x 100 pupils = 4 x £6,000 = £24,000.

Step 4 – Require the school to self-fund some of the cost, equivalent to 1% of the school's Schools Block budget<sup>2</sup>.

Step 5 – Calculate the sum due (Step 3 figure – Step 4).

#### Notes

<sup>1</sup>. The number of pupils would be based on the October census but adjusted for known changes e.g. infant admissions where an EHCP/GRIP allocation was subsequently agreed prior to the following year's January census.

<sup>2</sup>. The relevant budget would be the school's Schools Block allocation excluding premises related factors i.e. PFI, rates, split site and exceptional factors (joint use and rents).

The above approach, as well as enabling schools to be notified of their entitlement to support before the start of the [LA] financial year, would have the additional advantage that the estimated cost of the allocations would be available to the Council and Schools Forum prior to the start of the financial year in which the payments would be made. Should the expected cost be likely to exceed the potential budget, the Forum would be able to recommend to Council whether to close the gap by increasing the contingency budget and/or reducing the cost of the claims. Claims could be reduced by amending the trigger percentage threshold for support (Step 2) and/or the percentage to be self-funded (Step 4).

Two other points to consider. First, it is proposed that £0.050m of the SEN contingency (£0.050m) would be retained centrally. Such a fund would be available to meet, for example, any exceptional claims falling outside of the above framework or to adjust a school's entitlement for support where the

number of children eligible for an EHCP/GRIP allocation has increased materially.

The second issue is that the above process does not take into account the level of the institution's own balances. Given that the SEN contingency is accessed by academies, for which the LA does not hold the relevant information, it is felt that this consideration should be excluded from future calculations in order to avoid delaying the allocation process.

If the Forum were to agree to the approach in 2.1.2 above then it would be used to allocate funding from April 2018. Based on the modelling to date, a threshold of 3% (see step 2 above) would trigger support for 35 of the 350 primary schools and academies i.e. funding would be focussed on the top 10 percent of schools with the greatest proportion of pupils with SEN.

Schools Forum is asked to approve the revised arrangements for the allocation of the SEN contingency from 1 April 2018.

## **2.2 School Specific Contingency**

This is a more general fund designed to help schools meet exceptional unforeseen costs and provide support to those in financial difficulty. The contingency is only accessible to LA maintained mainstream schools from which funding is de-delegated at the start of the year, with the approval of the relevant sector members of the Schools Forum. For 2018-19 the amount de-delegated was £9.00 per KS1/2 pupil and £4.90 per KS3/4 pupil. The total amount collected at the start of the year was £0.536m although this will reduce during the year as schools convert to academy status.

Schools are expected to self-fund a proportion of any claim equivalent to 1% of their annual budget and eligibility for support also takes into account the school's current and future balances.

No major changes to the operation of the arrangements are proposed at this time. However, looking at the wider funding picture there is an issue which needs to be addressed.

Since September 2017, the way in which the Education Improvement Service fulfils the local authority's duty to champion high educational standards for all pupils has changed and reflects the national loss of Education Services Grant-General Duties funding. The changes to the national curriculum and assessment frameworks as well as the revised Ofsted framework have led to at least a third of all Derbyshire schools being identified as posing a high or medium level of risk. A fifth of all good schools nationwide will automatically be subject to a two day section 5 inspection 'when Ofsted's risk assessment process indicates that the quality of provision may have deteriorated significantly'.

These changes, coupled with the cessation of Derbyshire's Schools Causing Concern funding as well as many schools facing financial constraints, has meant that although the Education Improvement Service is able to broker

additional high quality support for schools which are facing challenging circumstances, these schools are unable to purchase and utilise this much needed support.

Since September 2017, 97 schools have been inspected and the overall effectiveness of 16 good or outstanding schools has declined (as at 4 May 2018). In the majority of cases, this decline was anticipated as shown in school self-evaluation and led to the agreed level of risk with the link adviser. Improvement activity, however, has not been rapid enough and reflects the fact that the Education Improvement Service needs to trade with schools, if the support required is more than the three school improvement visits which form part of the Derbyshire Entitlement.

The Schools Forum is asked to consider allocating a sum of £0.050m so that the Education Improvement Service can support LA maintained schools which are in medium and high risk and which are also unable to set a balanced budget over the next two years. This funding would be used to broker the most appropriate support as agreed with the leadership team for each school, including one or more of the following:

- The school's link adviser to attend the termly School Progress meeting at high risk schools
- A National leader of Education
- A National Leader of Governance
- A Pupil Premium Reviewer
- Specialist leaders of Education from Teaching School Alliances
- Teaching, Learning and Assessment Consultants to provide bespoke support.
- In addition, it would be possible to support the attendance of staff to attend key Continuous Professional Development and networking events.

In the academy sector there is greater potential, at least theoretically, to move funding between individual institutions in a Multi Academy Trust (MAT). Alternatively additional support to an individual school within a trust could be provided from the overall funding top-sliced by a MAT. The only parallel opportunity to focus extra support for a LA maintained sector school without charging an individual institution is via the contingency funding.

Schools Forum is asked to approve the request of the Education Improvement Service to use £0.050m of the 2018-19 School Specific Contingency to provide flexible support to those schools at the greatest risk and which would not otherwise be able to afford the support.

### **3. Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, human resources, legal & human rights, environmental, financial, social value, health, property and transport considerations.

#### **4. Background Papers**

Papers held in Children's Services Finance.

#### **5. Officer's Recommendations**

That the Schools Forum:

- (i) Approve the proposed arrangements for allocating the SEN contingency as set out in 2.1.2;
- (ii) Agree that the arrangements in 2.1.2 should not take into account school or academy balances; and
- (iii) Approve the request of the Education Improvement Service to utilise £0.050m of the 2018-19 School Specific Contingency Fund as set out in section 2.2.

**JANE PARFREMENT**  
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