



## **Barnsley MBC - Consultation on changes to schools funding 2018/19**

### **Introduction**

We are consulting on the proposed changes to the Barnsley schools funding formula in light of the introduction of a new national funding formula (NFF) for schools from 2018/19. The consultation sets out the proposed changes we are looking to make to the local formula for funding schools in Barnsley in order to deliver a fair, transparent and consistent funding system that is closely aligned to the new NFF.

### **Who is being consulted?**

- maintained schools
- academies
- multi-academy trusts
- schools forum reps
- headteachers and school governors

### **Issue date**

The consultation was issued on 06 November 2017.

### **About this consultation**

We are seeking views on a number of proposals summarised as follows:

- changes to the funding baseline for the schools formula as informed by the DfE, but in particular the approved proposal by the Council to withdraw the £1m contribution it makes to the schools budget from 2018-19;
- changes to the funding factors; unit values and weightings used in the formula to align as closely to the new NFF;
- ensure stability / increased protection to schools from the impact of the changes through the minimum funding guarantee;

The second part of this consultation will cover how we propose to address the challenges faced within the high needs funding block of the schools system by transferring funding from the schools formula funding baseline.

As part of this consultation we are publishing illustrative funding allocations for schools / academies. Illustrative funding allocations based on the proposed changes to the funding formula are shown alongside actual funding in 2017-18, so that clear comparisons can be made. It is important to note that the illustrative allocations shown as part of this consultation are not actual allocations as they are based on 2017-18 data to help inform the consultation.

Actual allocations for 2018-19 will reflect the final formulae (following this consultation) and will be updated for the latest pupil numbers and characteristics data (based on October 2017 census).

## Ways to respond

To help us analyse the responses please complete the attached word document / template and email it to the following address:

[Educationfinance@barnsley.gov.uk](mailto:Educationfinance@barnsley.gov.uk)

## Deadline

The consultation closes on **30 November 2017**.

## Enquiries

If you have a question about the consultation please email us at

[educationfinance@barnsley.gov.uk](mailto:educationfinance@barnsley.gov.uk)

If your question is about the data or calculations involved in illustrating the impact of our proposals for a particular school, please include 'formula data query' in the subject line.

## Chapter 1: Establishing funding baselines for schools' allocations

To illustrate the impact of the changes to Barnsley's funding formula on schools we have used data from the 2017-18 Authority Proforma Tool for LA maintained schools and academies. We want schools and academies to be able to compare the impact of the proposed formula directly to the funding they receive now.

The 2017-18 funding baselines (as determined by Barnsley's local funding formula) has been adjusted and used as a starting point for calculating the illustrative funding allocations. It should be noted that the illustrative adjusted baselines for academies will differ to the figures published by the DfE; this is because the data used by the DfE for the NFF is taken from the General Annual Grant 2017/18 and is to ensure that academies can recognise their funding baseline. To ensure a comparable basis to the NFF, the following adjustments would be made to the 2017-18 schools baseline funding positions:

### Reception uplift pupils

Under the new NFF the Government has not reflected any uplift for reception pupils (to take account of increase reception pupil intake in January rather than October). It is proposed to take a similar approach in Barnsley's formula. Any school that receive this funding for reception pupils will be protected through the funding floor and minimum funding guarantee.

### High needs pupils in resource provision

The baseline funding for schools with specialist resourced provision will be adjusted to include pupil-led funding in line with the number of pupils in High Needs places, which will be added back into the baseline pupil count. This is in line with the change that has been introduced by DfE to include place funding for specialist resource provision (SRP) within schools core / delegated funding.

The adjustment to the baseline pupil count and funding will impact on 7 schools / academies in Barnsley with SRP. This is because pupils in SRP in mainstream schools will be funded through the schools formula funding in future rather than exclusively through the HN block. To this end, £330k funding would be transferred from the high needs block into the schools funding baseline to reflect the inclusion of the pupils in the NOR.

### Adjust for non-DSG funding within schools budgets

The new NFF only reflects Government funding for schools i.e. DSG. Therefore to make it comparable to the 2017-18, any one-off funding included within the schools budgets such as LA funding has been removed. The baseline exercise undertaken by DfE with LAs in 2016 has already identified any non-DSG funding within the formula and established the methodology for removing such funding.

The Council currently contributes £1m annually to the schools budget to supplement the DfE's DSG funding for schools. This contribution is included in the overall resource envelope allocated to schools / academies through the Barnsley schools' funding formula. The contribution was originally intended to alleviate the impact on schools budget of the affordability gap on the primary schools PFI contract, but has been an ongoing addition and feature of the schools budget delegated to all schools / academies since then.

The Council has approved the proposal to withdraw the £1m contribution to the schools budget. This is necessitated by the need to address the significant funding gap faced by the Council – a consequence of the Government's ongoing austerity programme and cuts to its funding. It should be noted that the Council's funding gap has been exacerbated by the cessation of the Education Services Grant (ESG) funding. The Council's estimated funding gap over the next 3 years (2017 – 2020) is £28m (and includes the loss of the ESG general funding of £1.4m used to fund a range of statutory education functions / services to maintained schools).

The LA £1m contribution represents around 0.7% of total schools block funding. It is envisaged that the cessation of the £1m council contribution can be managed by schools especially in the context of increased funding from the new NFF.

The impact on schools has been calculating by re-running the FY 2017-18 formula (without the contribution). The weightings and unit values of the pupil led funding factors (mainly deprivation and low prior attainment) have been adjusted accordingly as well as the minimum funding guarantee. This is seen as a fair and equitable way of adjusting individual schools budget and ensuring that underfunded schools are adequately protected (through the MFG).

***The impact of the above adjustments to schools' baseline funding positions is detailed in the attached Annex 1 to this consultation.***

1. Do you support the Council's proposal to cease its £1m contribution to the schools budget and for the impact to be managed within the context of the increased funding from the NFF?
2. Do you agree with the proposal to adjust the pupil led factors i.e. deprivation and low prior attainment, to manage the impact of the withdrawal of the £1m funding? If not can you suggest any alternative fair / equitable redistribution option(s)?
3. Do you support the proposal to protect underfunded schools, through the minimum funding guarantee, from the impact of the adjustment?

## Chapter 2: Proposed changes to the local funding formula

### 2.1 Level of NFF funding

The Government has confirmed the introduction of the new national funding formula for schools from 2018-19. An additional £1.3 billion funding was announced for schools and the high needs blocks to be delivered over the next 2 years (i.e. 2018-19 and 2019-20) as part of the transition to the national funding formula.

As a result of this additional investment, core funding for schools and high needs will rise, maintaining the DSG funding for both blocks in real terms per pupil up to 2019/20. For schools, this will result in an increase in the basic amount that every pupil will attract as well as provide for a minimum per pupil funding level over the next 2 years to support those schools that attract the lowest levels of per pupil funding

The total schools block allocations for Barnsley if the new NFF is implemented fully is £148.2m, this represents an increase of £12.2m (9%) against the adjusted baseline position. However, the transitional arrangements introduced by the Government and built into the NFF mean that the above funding gain or increase will be capped to £5.0m for 2018/19, the first year of the NFF (an increase of 3.7%).

	Full implementation of NFF	2018/19 NFF (with transition protection)
Adjusted baseline 2017/18	£135.9m	£135.9m
Illustrative NFF allocation	£148.2m	£140.9m
Maximum gain	<b>£12.2m</b>	<b>£5.0m</b>

Although the new NFF will be used to determine funding allocations to all local authorities, it is expected that individual allocations to schools / academies will continue to be determined by local formula for the next 2 years (referred to as the 'soft formula'). The Government's expectation is that local authorities align their local formulae to the new NFF during the 2 year transition period leading to the implementation of the 'hard formula' from 2020-21.

This chapter explains the proposed changes to Barnsley's schools funding formula in detail. Consultation questions can be found throughout the chapter however, it is important to consider the factors in relation to each other. ***The impact of the proposed changes to schools' baseline funding positions is detailed in the attached Annex 2 to this consultation.***

## 2.2 Design change principles

The soft formula option provides an opportunity to make changes to the local funding formula in light of the new NFF. The changes being proposed in this consultation are underpinned by the following principles:

- **formula must be compliant and meet required expectations**

The revised formula (and implemented changes) must not only comply with regulations and issued guidance but also meet expectations of the NFF i.e. the funding system should get as much funding as possible straight to schools.

- **avoid any 'cliff-edge' funding impact on schools**

Proposed changes must be introduced at a pace that is manageable year on year and where possible should avoid any significant adverse impact on schools during the transition to the hard formula in 2020/21.

- **outcome must align closely to the NFF allocations**

The revised formula must align closely to the new NFF where relevant and must have similar funding outcomes for schools as the NFF.

- **affordable and within available resources**

Ultimately the formula changes must be implemented and contained within available schools block funding of £140.9m, including allowing for the minimum funding guarantee.

4. Do you agree with the proposed principles that would inform the proposed changes to the formula?

## 2.3 Applicable funding factors in the formula

Since 2013-14, the government has limited the number of factors local authorities can include in their formulae. Local authorities have been required to have a basic per-pupil unit of funding (AWPU), a deprivation factor, and to ensure that at least 80% of their formula is based on pupil characteristics. The new NFF have 13 funding factors and includes a new minimum per pupil (to provide additional funding for underfunded schools) and growth (to recognise in-year growth in pupil numbers) factors.

We have looked carefully at the rationale for each of the factors included in the NFF and considered their relevance for inclusion in the local funding formula. The Barnsley formula

currently has 7 funding factors, namely: AWPU, deprivation, low prior attainment, English as an additional language, lump sum, rates and PFI factors. The pupil characteristics and nature of schools' costs in Barnsley mean that the following factors are not relevant and therefore not applicable in the local formula: pupil mobility, sparsity, split sites, and exceptional premises factors. However, it is proposed that the new minimum funding factor newly introduced into the NFF is incorporated into the local formula. This factor will ensure increased funding for currently underfunded schools that do not attract sufficient funding through the additional education needs' such as deprivation, low prior attainment, etc.

5. Do you agree with the funding factors currently used in the local formula?

If not can you suggest other allowable factor(s) with an explanation for its inclusion in the local formula.

## 2.4 Primary to secondary funding ratio

Nationally, the ratio of funding between the primary and secondary phases has remained relatively stable around 1:1.29, with the secondary phase consistently funded higher than the primary phase overall. In 2016/17, no local authority chose to fund primary higher than secondary. Although there are still some significant individual differences from the national average, the average has remained steadily around 1:1.29. This average ratio has been reflected in the new NFF to reflect the higher costs in the secondary phase.

Barnsley's current primary to secondary funding ratio is 1.26, however it is expected that changes under the new NFF will result in a rise in this ratio, as funding particularly the basic per pupil funding (AWPU) has been heavily skewed towards secondary schools. Local authorities are encouraged (and expected) to move their formulae towards the NFF funding ratio in 2018-19 in preparation for the move to a hard national funding formula from 2019-20. Based on current modelling options, the proposed Barnsley's primary to secondary ratio is **1:1.30** (which is consistent with the NFF). It should be noted that any reduction in the ratio would mean less funding going to those schools (e.g. secondary schools) expected to gain under the new NFF.

6. Do you support our proposal to set the primary to secondary ratio at 1:1.30, which although consistent with, is higher than the NFF ratio of 1:1.29? This means that pupils in the secondary phase are funded higher (by 30%) than pupils in the primary phase in recognition of the high costs in secondary schools.

## 2.5 Basic per pupil funding

All LAs formulae must include a basic amount that every pupil attracts to their school. The age weighted pupil unit (AWPU) is the main building block in the NFF, with 72.4% of funding allocated through this factor.

The rates of basic per-pupil funding are determined by LAs in part by their allocation from central government, and by local decisions about the right balance between pupil and school-led formula factors e.g. rates, PFI, etc. The additional schools block funding for Barnsley (£5m) provided under the NFF provides some flexibility for the AWPU values to be reviewed and aligned closer to the NFF (see table below). However, this would have to be affordable. The table below compares the new NFF and Barnsley's current and proposed AWPU values:

AWPU	NFF	Barnsley 2017/18	Proposed AWPU*	Change
Proportion of funding:	72.4%	70%	70.2%	
Primary	£2,747	£2,821	£2,821	£0
KS3	£3,863	£3,518	£3,712	+£194
KS4	£4,386	£3,979	£4,162	+£183

It should be noted that protection and additional funding would still be offered to under-funded primary and secondary schools through the minimum pupil funding factor (see section 2.6).

7. Do you support our proposal to align the AWPU rates closer to the NFF for secondary schools over the transition period, whilst protecting the primary phase by maintaining the rate at the current level?

## 2.6 Minimum per pupil funding factor

The importance of basic per pupil funding, particularly for those schools with few pupils that attract funding through the additional needs factor (e.g. deprivation and low prior attainment) has been acknowledged by the Government. This is why in addition to increasing the AWPU values, a new 'minimum per pupil funding' factor has been introduced in the NFF that will provide additional funding for some schools over the next 2 years.

The minimum funding per pupil has been set at £4,800 for secondary and £3,500 for primary by 2019-20 (the transition amount for 2018-19 is £4,600 and £3,300 respectively). Through this mechanism schools that attract little additional needs funding through the formula e.g. deprivation – and are therefore the lowest funded – will receive extra funding



up to the minimum per pupil level. The additional funding (£5m) provided under the new NFF provides scope to meet this requirement.

Therefore it is proposed that the minimum funding per pupil is included within the Barnsley local formula and is set at the transition rates of £4,600 for secondary and £3,300 for primary for 2018/19. Under this proposal the level of additional funding that would be allocated is £443,000, with only two schools likely to benefit under this factor i.e. Penistone Grammar school and Darton College.

8. Do you support our proposal to include the new minimum per pupil funding factor and for this to be set at the transitional level of £4600 for secondary and £3300 for primary schools for 2018/19?

## 2.7 Funding for pupils with additional needs

The 4 additional needs factors used by local authorities in their formulae are deprivation, low prior attainment, English as an additional language and mobility. The NFF reflects the Government's policy of supporting schools with pupils with additional needs and ensuring that they get sufficient funding to tackle low attainment issues. Increased level of funding is allocated through additional needs factors under the NFF (18%) than currently allocated by local authorities through their local formulae (13%) – reinforcing the Government policy of supporting schools with high level of deprived pupils.

The table below compares the weightings for additional needs factors in the NFF against those in the current Barnsley formula as well as proposed for 2018/19:

Proportion of funding	NFF	Barnsley 2017/18	Proposed weightings
Deprivation	9.1%	10.0%	9.1%
Low prior attainment	7.4%	6.0%	6.8%
English as an additional language	1.2%	0.2%	0.3%
Mobility	0.1%	0.0%	0.0%
	<b>17.8%</b>	<b>16.2%</b>	<b>16.2%</b>

The overall approach proposed for Barnsley is to keep the proportion of funding allocated through the additional needs factors at the same level i.e. 16.2%, whilst changing the following:

- reduce the weighting for the deprivation factor downwards to the NFF level - from the current 10% (£0.861m);

- at the same time increase the proportion of funding allocated through the low prior attainment (£1.7m) and EAL (£0.1m) factors. It should be noted that the NFF places heavy emphasis on low prior attainment (7.4%) than current LAs allocations (average = 4.3%) because of its value as an indicator of educational need.

9. Do you support the weightings proposed for each of the additional needs factors as outlined above i.e. deprivation, low prior attainment and English as an additional language?

## 2.8 School-led funding factors

These comprised the following: lump sum, rates, split sites, PFI factor and growth. The following outline the proposed approach to these factors in light of the NFF:

- Lump Sum: this funding is a contribution to schools' fixed costs and would not vary with pupil numbers. It is intended to give schools (especially small schools) certainty that they will receive a certain amount each year in addition to their pupil-led funding. It is proposed to maintain the lump sum amount in the local formula at the current level i.e. £100,000 per school (compared to the NFF amount of £110,000). Increasing the amount to the NFF level will impact on the proportion of funding allocated through the pupil led factors e.g. AWPU, deprivation, etc.
- Premises related factors: these cover a number of specific premises costs such as business rates, split sites, and PFI factor. The funding is expected to cover the expected cost (including inflation) incurred by schools for the year, therefore no change is proposed for these factors.
- Growth factor: No change is proposed to the current approach of top slicing the schools block (£400k for 2017/18) and using the growth funding to contribute towards meeting the costs incurred by schools as a result of in-year changes (agreed by the authority) to their published admission numbers (PAN). Small changes in pupil numbers from year to year will not typically create significant costs for schools hence no adjustments are made to schools budgets in-year (via the local formula or growth fund).

10. Do you support the proposal to maintain the lump sum factor at the current level i.e. £100,000 per school (irrespective of school phase)?
11. Do you agree with the current approach for addressing planned pupil growth outside of the local formula (with the set aside Growth Fund agreed and managed annually by the Schools Forum)?

## 2.9 Minimum Funding Guarantee (MFG)

Under the NFF no school is expected to see a reduction or loss of funding. The Government has confirmed the continuation of the MFG for 2018/19 and 2019/20 to be used by LAs to reflect local circumstances and to help smooth the transition towards the new NFF. Increased flexibility has been given to LAs to set an MFG of between 0% and -1.5% per pupil - to allow them to offer increased protection to schools as part of the transition process if they so choose. The Government's expectation is that no school would see a reduction or loss of funding as a result of the NFF. Therefore, in order to meet this expectation we would need to set the MFG in the local formula at 0%. Under this option a number of schools (mainly small primary schools) would not see any change in their funding allocations compared to the 2017/18 baseline.

In addition to the above the Government through the NFF has provided for a cash increase of at least 0.5% in 2018/19 (rising to 1% by 2019/20) in LAs allocations for all schools compared to their baseline. The expectation is that LAs should endeavour to reflect this in their local formula subject to affordability. However, doing so would require the MFG to be set at 0.5% and a disapplication request to be submitted to the DfE (as it is outside the Government's expected MFG range of -1.5% to 0%). The increased funding to Barnsley (£5m) provides some scope / flexibility to reflect MFG at 0.5% in the local formula. This would ensure that all schools would see a marginal increase in their funding allocations.

12. Do you support our proposal to reflect the Government's expectation of the minimum 0.5% per pupil cash increase for each school within the formula?
13. If so, do you support the proposal to set the MFG at 0.5%, which would ensure all schools would see an increase in their funding compared to the adjusted baseline?

## Chapter 3: Funding transfer from the schools block to the high needs block

The Government has allowed limited local flexibility for the movement in funding from the schools to high needs block in the transition years leading to the implementation of a 'hard NFF' in 2020/21. This is to ensure that the distribution of resources reflects the way children and young people with high needs are placed. Any such transfers are limited to 0.5% of authorities total schools block and can only be made with the agreement of the Schools Forum. The authority must submit a disapplication request to the Secretary of State in cases where it wishes to move more than 0.5% of the schools block by 30 November 2017. It should be noted that baseline allocations for the respective DSG funding blocks (i.e. schools, high needs, and early years) have remained consistently the same since the funding reforms – with no transfers between funding blocks.

It is the intention of the Council to exercise this flexibility and to consult with schools on the proposal to transfer 1.5% of the schools block funding to the high needs block. The transferred funding (£2.1m) will be used to mitigate the recurrent / ongoing cost pressures within the high needs block that has arisen due to the increased numbers / cost of external SEN placements. ***The impact of the proposed funding transfer on schools' baseline funding positions is detailed in the attached Annex 3 to this consultation.*** As the transferred amount exceeds the 0.5% limit, a disapplication request will need to be submitted to the DfE accordingly.

### 3.1 Current budget pressures

Recurrent cost pressures have been repeatedly reported against the high needs block mainly relating to the increasing numbers / cost of out of authority SEN placements. In previous years these pressures have been managed across other centrally retained DSG budgets (this flexibility has reduced over the years).

The DSG budget for SEN out of authority placements has consistently remained at £2.4m. A cost pressure of £0.6m was reported against this budget in 2015/16, which increased to £1.6m in 2016/17. The latest forecast pressure for 2017/18 is £3.5m, which reflects the rising number (and cost) of external placements outside the authority. The complex and challenging needs of these high needs pupils and the lack of appropriate specialist provision / places within the authority mean that there is little alternative but to look at placements in independent special schools and institutions that are expensive and costly (average cost of placement is circa £40k per annum).

Schools Forum approval was sought to carry forward the budget deficit (£1.6m) into 2017/18. Therefore the cumulative pressure faced in the high needs funding block in 2017/18 is currently forecast at £5.1m, comprised of the £1.6m carried forward and the recurrent pressure of £3.5m (see above).

### 3.2 Changes in demand / future projections

In Barnsley, the percentage of children with a Statement of Special Educational Needs or an Education and Health Care Plan (EHCP) continues to rise and is consistently higher (3.9%) than both the Regional and National Average (2.8%). Over the last 3 years, the request for statutory assessments of need resulting in conversion into a statement or EHCP has also, significantly increased. There has been an overall increase in all areas of activity for this cohort of pupils, including assessment of need, issuing and maintenance of support plans, request for additional funding by mainstream / special schools and placements in specialist / out of authority provision.

SEN pupils placed in out of authority independent provision has exacerbated over recent years as illustrated in the table below:

Year	No. of pupils
2013/14	48
2014/15	58
2015/16	73
2016/17	94
2017/18	146

The increase over the years is mainly due to local mainstream or special schools and academies indicating that they cannot meet their needs (complexity of needs vs capacity and resources within the school); or have no available places (over-subscription of special schools places). In addition, the increase in external placements can also be explained by the rising number of parents expressing preferences for specific external settings. In such event the local authority must comply with this preference where it cannot offer a reasonable or suitable local alternative.

It should be noted that Barnsley's experience is far from unique. The proportion of SEND children in England educated in specialist school settings increased from 5.6% in 2012 to 8.5% in 2016 (shows a rise in the use of specialist provision). The proportion in independent provision or schools increased from 4.5% to 6.3% over the same period (source: DfE).

Projections of future growth in placements have been undertaken based on trend data on Barnsley's total school, SEN pupil population and EHCP/Statemented pupil numbers. Unless actions are taken to address the above challenges, it is projected that placements in independent schools would increase from 146 at present to 196 by 2022/23, with the in-year budget pressure rising from £3.5m in 2017/18 to £5.5m over the same period. This financial projection is based on current prices and excludes the impact or additional funding from the new NFF for high needs.

### 3.4 Strategic planning & impact

In recognition of the local context set out above, it is clear that the current model of planning and commissioning of placements for SEN(D) children is financially unsustainable. In response to the emerging challenges, a draft SEN(D) placement & sufficiency strategy has been developed (heavily informed by the outcome of the review undertaken of local and out of authority specialist provision). The draft strategy (which would be subject to consultation with schools / parents) proposes a place based action plan to tackle these challenges and to establish a more coherent, effective and sustainable system for commissioning education placements for SEN(D) pupils.

Among the key objectives of the draft Strategy will be to reset the current balance between local provision and placements outside of the authority. This is with the view of providing the best type of placement closer to home; improving parental choice and the quality of pupils' experiences. This will be progressed through the following:

- Ensuring best value is delivered through existing specialist resources.
- Developing the engagement of children, young people and families in the planning and commissioning of provision.
- Development of sufficient specialist placements in order to meet needs, including through school places planning; establishment of a discretionary fund to enhance local provision and working with partners to develop collaborative commissioning for specialist provision.
- Enhancing a 'graduated response' as part of developing the capacity and potential of local mainstream schools and academies to meet the needs of SEN(D) pupils.

#### Managing demand / financial impact

A number of commissioning intentions have been put forward (as part of the programme of work) aimed at increasing specialist places locally and to address the challenges faced in Barnsley with regards to placement sufficiency and demand. Through the commissioning of additional local specialist places, a reduction in independent schools placements of 80 (from the current 146) is envisaged by 2022/23. As a consequence, a reduction in the current deficit from £3.5m to £2.4m over the same period is projected (inclusive of the cost of implementing these actions).

	2017/18*	2018/19	2019/20	2020/21	2021/22	2022/23
number of pupils / placements	<b>146</b>	<b>134</b>	<b>121</b>	<b>98</b>	<b>76</b>	<b>66</b>
Est costs of new places (£k)	0	695	1,501	1,923	1,960	1,998
Projected costs (£k)	5,936	5,525	5,023	4,134	3,284	2,897
Current budget (£k)	-2,418	-2,418	-2,418	-2,418	-2,418	-2,418
Projected deficit (£k)	<b>3,518</b>	<b>3,803</b>	<b>4,106</b>	<b>3,639</b>	<b>2,826</b>	<b>2,477</b>

\* 2017/18 excludes £1.6m carry forward from previous year

### 3.5 Financial sustainability of the high needs budget

Although the planned commissioning actions would reduce costs over the long term, there is still an ongoing year on year financial sustainability issue (as the table overleaf shows). Whilst the expected increase in high needs funding from the new NFF (£0.7m in 2018/19 rising to £1.3m in 2019/20) is welcomed, this would not fully address the annual net deficit.

The need to address the sustainability issue means we would need to exercise the flexibility that allows LAs to move resources / funding from the schools block to the high needs block. The scale of the financial pressure faced by Barnsley is such that it is proposed we aim for a funding transfer of 1.5% in 2018/19 and an additional 0.5% in 2019/20 and for the proposed transfer to be managed within the increased funding to schools under the new NFF. The approval of the Schools Forum is required for all transfers between funding blocks; in addition DfE's approval will be required for any transfer above the 0.5% limit.

The level of funding proposed to be transferred from the schools block based on the above would be £2.1m in 2018/19 (1.5%) rising to £2.8m in 2019/20 (2%). The table below shows the impact of the increased funding from schools on the projected deficit in the high needs block:

	2017/18 £k	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k
deficit b/fwd	1,645					
Forecast annual deficit	3,518	3,803	4,106	3,639	2,826	2,477
Transfer from schools block	0	-2,100	-2,800	-2,800	-2,800	-2,800
Additional HNB NFF funding	0	-702	-1,309	-1,309	-1,309	-1,309
Annual net deficit	<b>5,163</b>	<b>1,001</b>	<b>-3</b>	<b>-470</b>	<b>-1,283</b>	<b>-1,632</b>
Cumulative deficit position	<b>5,163</b>	<b>6,164</b>	<b>6,161</b>	<b>5,691</b>	<b>4,407</b>	<b>2,775</b>

It is the Council's intention to engage in dialogue with the DfE with a view of additional funding to help meet the financial cost of the additional commissioned specialist places, as well as to seek approval to manage the carry forward deficit over a longer timeframe. Currently LAs are allowed to carry forward DSG deficits into the following year and the year after – which would mean the 17/18 deficit (£5.1m), has to be addressed by 2019/20.

### 3.6 Impact on schools budget

Although the current flexibility allowed by the Government limits the level of funding transfer from the schools block to 0.5%, it is proposed to increase the amount to be transferred to 1.5% (given the scale of the pressures in the high needs block). The impact on schools budget allocations can be managed in the following ways:

- The increased funding for schools under the new NFF in 2018/19 and 2019/20 provides scope to minimise the impact on schools;

- The £2.1m funding transfer from the schools block in 2018/19 would be managed by adjusting the funding proportions and unit values of the following pupil led factors:

Funding factors	2018/19 Provisional budget	2018/19 Adjusted (-£2.1m)	change	% change
AWPU	£98.7m	£98.0m	-£0.7m	-0.7%
Deprivation	£12.7m	£12.3m	-£0.4m	-3.1%
Prior attainment	£9.6m	£8.5m	-£1.1m	-11.5%

- The minimum per pupil funding for secondary schools has been adjusted downwards by £60 per pupil (to £4,540) to minimise overall impact as well as offer some protection to the primary phase.

School phase	2018/19 Provisional budget	2018/19 adjusted (less £2.1m)	Change	% change
Primary	£85.5m	£84.5m	-£1.0m	-1.2%
Secondary	£55.0m	£53.9m	-£1.1m	-2.0%
	<b>£140.5m</b>	<b>£138.4m</b>	<b>-£2.1m</b>	

- The effect of the above resets the primary to secondary funding ratio to 1:1.29, which is consistent with the NFF.
- Also, the impact has been fairly distributed across all schools by reducing the minimum funding guarantee (MFG) to 0%. As a consequence, no school will see a reduction in their funding allocation compared to 2017/8 baseline. Gaining schools (particularly secondary schools) will still see increases in their allocations (although reduced) due to the minimum per pupil funding factor.

## Consultation questions

14. Do you support in principle the Council's proposal to transfer funding from the schools block to the high needs budget to contribute towards addressing the budget pressures arising from increasing SEN placements?
15. Do you support the proposal to transfer 1.5% of the schools block funding in 2018/19 in recognition of the scale of the pressures facing the high needs block?
16. If not, do you have any suggestions on how the financial pressures in the high needs block can best be addressed?