

## NORTH YORKSHIRE COUNTY COUNCIL

### DISAPPLICATION REQUEST TO TRANSFER 1% FROM SCHOOLS BLOCK TO HIGH NEEDS BLOCK

- 1.0 Following a telephone conversation with DfE on 18 February 2018, we have given consideration to the application of a 0% Minimum Funding Guarantee (MFG).
- 2.0 A 0% MFG was considered and modelled (in the context of a 1% and 0.5% block transfer) prior to the consultation with all schools and academies in North Yorkshire. However, a 0% MFG was discounted due to the perverse impact on school budgets.
- 3.0 The following table illustrates the impact on school budgets indicating the number of schools that will gain or lose compared to their 2018/19 funding levels under each set of funding arrangements:

Funding Context	Number of Schools that Gain	Number of Schools that Lose	Number of Schools that see no change	Total
1% transfer, -1.5% MFG	236	113	0	349
1% transfer, 0% MFG	85	259	5	349
Difference	151	146	5	0

- 4.0 As can be seen from the table above, 151 more schools gain under the current proposal compared to the application of a 0% MFG. 146 more schools would actually lose funding compared to their 2018/19 levels under a 0% MFG than under the current proposal.
- 5.0 A -1.5% MFG provides more protection for schools (than a 0% MFG) in a North Yorkshire context. The minimum per pupil level of funding, in line with the NFF principles, has been applied in the North Yorkshire proposal which ensures that every school receives at least this minimum level of funding.
- 6.0 North Yorkshire schools are, on average, funded lower than the national average. At secondary level, an average school in North Yorkshire is funded nearly £3,000 less than the highest funded authority meaning that it has nearly £4.4m less in funding allocation. Applying a 0% MFG means that schools that would expect to gain through the move towards the NFF would be perversely impacted (i.e. schools that would expect to gain, actually lose) in order to pay for the protection.
- 7.0 In contrast, the application of a -1.5% MFG enables schools that would expect to gain, to move towards the NFF (funded by a smaller number of schools already above the minimum per pupil level of funding).
- 8.0 The local consultation also concluded that schools in North Yorkshire preferred a -1.5% MFG.
- 9.0 Whilst NYCC recognises the financial challenges that schools in North Yorkshire face, the scale and pace of financial pressure in the High Needs Block is significant. The local authority has taken robust action in the context of our Strategic Plan for SEND to address some of the

financial pressure including a proposed transformation of the Pupil Referral Service. However, despite this action to suppress future costs, the local authority is having to find budget provision – from local council taxpayers – to meet the underlying financial pressure of **£7.7m** in 2019-20. The transfer of 1% in 2019-20 (approx. £3.3m) will alleviate some of this budget pressure and provide time for further proposals to be brought forward.

- 10.0 Under the current school funding arrangements and NFF principles, we are unable to apply a 0% MFG as it would perversely impact on school budgets with 151 schools – many small and rural – that would be worse off compared to their 2018/19 funding levels (and indeed further away from the national funding formula), under a 0% MFG proposal. Schools have been consulted on, and provided with, financial modelling of a 1% transfer with a -1.5% MFG. A subsequent change to impose a 0% MFG which sees 151 schools lose funding would be difficult to justify.
- 11.0 The local authority is seeking a 1% block transfer, given the significant financial pressure on the High Needs Block (£7.7m in 2019-20) and we have concluded that the most appropriate MFG within the parameters available (+0.5% through to -1.5%) is -1.5%.



Education & Skills  
Funding Agency

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[www.education.gov.uk/efa-enquiry-form](http://www.education.gov.uk/efa-enquiry-form)

27 February 2019

By email: [sally.dunn@northyorks.gov.uk](mailto:sally.dunn@northyorks.gov.uk)

Dear Colleagues

**Request to disapply the dedicated schools grant, conditions of grant.**

Thank you for your disapplication request to move 1.00% from your schools block to your high needs block.

After consideration of your application and supporting evidence, the Secretary of State has approved your request.

You submitted a clear strategic plan to control high needs spend. It appears you are working towards completely re-shaping your high needs provision, which in turn will see the funding being spent more efficiently.

If you, or other interested parties in your area, require further information or clarification on this decision, please contact us at [LA.Disapplications@education.gov.uk](mailto:LA.Disapplications@education.gov.uk).

Yours sincerely

**Keith Howkins**  
Head of the Funding Policy Implementation Unit

### **Consultation into Transitional Funding arrangements for Special Schools 2019-20**

Topic of this consultation:	This consultation covers proposals for transitional funding protection for special schools for 2019-20
Scope of this consultation:	This consultation seeks views from Special School Headteachers and Special School Governing Bodies on proposals for transitional funding protection for special schools in 2019-20
Duration:	This consultation will last for 3 weeks from 6 February 2019 to 27 February 2019
Enquiries:	For any enquiries about the consultation please contact Howard Emmett: <a href="mailto:Howard.Emmett@northyorks.gov.uk">Howard.Emmett@northyorks.gov.uk</a>
How to respond:	You can respond to the questions in this consultation using the pro-forma detailed in section 3 by emailing <a href="mailto:Deborah.Wilbor@northyorks.gov.uk">Deborah.Wilbor@northyorks.gov.uk</a>

#### **1. About this Consultation**

- 1.1 Representative groups are asked to give a summary of the people and organisations they represent, and where relevant, who else they have consulted in reaching their conclusions when they respond.
- 1.2 Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes including, the Freedom of Information Act 2000, the Data Protection Act 2018, and the EU General Data Protection Regulation.
- 1.3 If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the local authority is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances.
- 1.4 The local authority will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Appendix A.
- 1.5 Individual responses will not be acknowledged unless specifically requested.
- 1.6 Your opinions are valuable to us. Thank you for taking the time to read this document and to respond.

#### **2. Summary of Proposals**

- 2.1 Discussion took place in 2018 about the specific funding implications for Special Schools as part of the proposed replacement of the CAN-Do Resource Allocation System with a new banded system to allocate E3 Top-up Funding.

- 2.2 Following approval by the Executive on 15<sup>th</sup> January 2019, the local authority is committed to implementing the new banded system as a more updated, robust and transparent resource allocation methodology.
- 2.3 The initial estimates detailed that six special schools would see a reduction in their resource allocation funding quantum, and that four schools would see an increase. There was an overall estimated increase of £16k in the allocations to schools in the sector. However, it should be noted that:-
- It was stipulated at the time that in the case of three schools, the indicative allocations were based upon a general prediction of the likely distribution of the pupil population across the bandings in the new resource allocation system – whereas the indicative allocations for other schools were predicated upon assessments of the likely resource allocation bandings of individual pupils
  - The resource allocation system drives the level of top-up funding and this is only one component of the overall budget allocations for Special schools
- 2.4 The predicted top-up allocations have been updated for all special schools – to reflect the assessment of need of the current pupil population. This has generated an overall position where the resource allocations would increase by £125k (compared to the forecast increase of £16k from the indicative allocations in October).
- 2.5 It should be noted that :-
- The only schools where there has been a significant deterioration are the three schools where general population estimates were deployed in October – the biggest reduction between October and January in the other seven schools is £8k.
  - The only area still to be finalised in terms of the new resource allocation process is the individualised assessments / allocations for pupils in the new Band 10.
- 2.6 Following approval from the Secretary of State to set aside the Minimum Funding Guarantee for the calculation of budgets for 2019-20, the local authority is keen to provide transitional protection arrangements for those schools that are predicted to see a loss in E3 top-up funding. It is the intention of the local authority that this approach will assist with addressing the financial pressure in the High Needs Block and ensure that each special school will move quickly to the allocations derived from the new funding allocation system. However, to assist special schools in reasonably planning for the next financial year, the local authority intends to provide one-off transitional funding protection in 2019-20.

*Table 1: Analysis of individual special schools gains and losses*

	Resource Allocations only
Schools gaining in excess of 10%	1
Schools gaining between 5% to 10%	2
Schools gaining between 2.5% and 5%	2
Schools gaining between 0 and 2,5%	0
Schools losing between 0 and 2,5%	2

Schools losing between 2.5% and 5%	1
Schools losing between 5% and 10%	0
Schools losing in excess of 10%	2

- 2.7 Given the anticipated reduction for some special schools, specific protection arrangements have been explored for 2019-20 (as set out in the paper to Schools Forum – 24/01/2019). Whilst the changes in the resource allocation system will also generate changes in funding levels for pupils in mainstream schools, specific transitional funding arrangements have been considered for Special schools only because the proportion of their funding dependent on these arrangements is so much higher.
- 2.8 The figure computed would be paid as a lump sum and would not be recalibrated during the year as individual pupils assessments are subject to review. It is proposed to only pay transitional funding protection for one financial year; the arrangement would not continue into 2020-21.
- 2.9 This additional allocation would result in four of the Special schools receiving supplementary allocations totalling £74k.
- 2.10 The transitional funding protection mechanism is proposed as follows:-
- (a) Schools are only protected when they incur losses (\*1) as a result of the change in resource allocations in excess of £10,000, and
- (b) Schools are protected to the amount of 60% of the losses in excess of £10,000 (\*1) where the gains or losses are computed by applying the current and proposed resource allocations mechanisms to the same (current) pupil population.
- 2.11 In the above proposal, the local authority has been mindful of striking an appropriate balance between avoiding short-term turbulence in Special School financial planning arrangements versus considering the aggregate impact upon the High Needs budget.
- 2.12 This generates the following changes in funding (the schools are anonymised in the table below and ordered based on the scale of financial shift generated by the revised resource allocation system).

Table 2: Analysis of impact on E3 Top-up funding allocated through the banded system (pre- and post- protection)

	Change in top up allocation (pre-protection) expressed as a % of top-up funding through the banded system	Change in top-up allocation (post-protection) expressed as a % of top-up funding through the banded system
School A	-15.0	-7.3
School B	-10.9	-5.4
School C	-2.7	-2.7
School D	-1.5	-1.4
School E	-1.5	-1.1
School F	+4.1	+4.1
School G	+4.1	+4.1

School H	+8.6	+8.6
School I	+9.2	+9.2
School J	+59.9	+59.9
Total for Special School sector	2.1	3.4

2.13 In summary terms, the impact upon the special school sector of the above proposals is as follows:

*Table 3: Summary of financial impact on High Needs Block 2019-20*

	Financial Impact 2019-20 £000s
Implications for top up funding of changes to resource allocation system	+124.6
Implications of protection arrangements	+73.9
Overall implications for 2019-20	+198.5
Aggregate Gains in Special Schools (pre-protection)	+297.0
Aggregate Losses in Special Schools (pre-protection)	-172.4
Net Gains in Special Schools (pre-protection)	+124.6

Note:- all figures in Table 3 are solely analysing the impact on top-up allocations – the overall budget position will depend on the determination of all other factors within the formula. The figures relate only to top-up funding allocated through the banded system and does not include contextual funding, or place funding.

2.14 Had the local authority applied the minimum funding guarantee of -1.5%, the net impact on the High Needs Block would have been an increase of £466k (£297k arising from aggregate gains in five special schools and approximately £164k arising from MFG protection n to aggregate losses in five special schools)

**3.0 Consultation Questions**

Q1:- Do you support the proposed Special School transitional funding arrangements for 2019-20 of funding 60% of any losses over and above £10,000	YES / NO
Q2. If you disagree with the local authority's preferred approach to special school transitional protection funding, please express your preference for an alternative option.	



## Appendix A: Privacy Notice

### Personal data

The following is to explain your rights and give you the information you are be entitled to under the UK Data Protection Act 2018 and the EU General Data Protection Legislation (GDPR).

Note that this section only refers to your personal data (your name, address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### 1. The identity of the data controller and contact details of our Data Protection Officer

North Yorkshire County Council is a 'Data Controller' as defined by Article 4(7) of the General Data Protection Regulation (GDPR).

The Council has appointed **Veritau Ltd** to be its Data Protection Officer. Their contact details are:

Information Governance Office  
Veritau Ltd  
County Hall  
Racecourse Lane  
Northallerton  
DL7 8AL

Email: [infogov@northyorks.gov.uk](mailto:infogov@northyorks.gov.uk)  
Tel: 01609 532526

#### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

The personal data we need to collect includes:

- Name
- Work telephone number
- Work email address

#### 3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a local authority, NYCC may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

#### 4. With whom we will be sharing your personal data

- Other Council Departments including:
  - Integrated Finance
  - Inclusion
  - Legal and Democratic Services
  - Business Support
- Schools Forum
- Education, Skills and Funding Agency

**5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for six years from the closure of the consultation.

**6. Your rights, e.g. access, rectification, erasure**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

If you wish to exercise any of your individual rights, you can do so by contacting our Data Protection Officer using the contact details above.

**7. Your personal data will not be sent overseas.**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure local authority IT system.**

For more information on how the Council processes your personal data please refer to <https://www.northyorks.gov.uk/privacy-notice>

## **Appendix B: Glossary of Technical Terms**

### **E3 Top-up Funding**

Agreed per-pupil funding paid by the commissioning local authority. Top-up funding is the funding required over and above the core or place funding an institution receives, to enable a pupil or student with high needs to participate in education and learning.

### **High Needs Block**

High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG). Local authorities must spend that funding in line with the associated conditions of grant and School and Early Years Finance (England) Regulations. High Needs funding is also provided directly to some institutions by the Education and Skills Funding Agency.

### **Minimum Funding Guarantee**

The minimum funding guarantee (MFG) is a mechanism directed by government to ensure that no school loses a disproportionate amount of funding due to pupil-led changes which are beyond its control.

### **Place Funding**

Place or base funding of £10,000 for SEN and AP placements. This is roughly equivalent to the level up to which a mainstream provider would have contributed to the additional support provision of a high needs pupil. Place funding is provided on the basis of planned, commissioned places.

### Responses Received To The Technical Consultation On Special School Transitional Funding Arrangements

#### Response 1

##### Transitional Funding Consultation

The Head Teachers of the North Yorkshire Special Schools (*9 Special Schools named*), do not support the proposed Special School transitional funding arrangements for 2019-20 of funding 60 % of any losses over and above £10,000. Moreover, we are unable to express a preference for alternative arrangements for the following reasons.

The head teachers feel strongly that the implementation of the new banding systems has lacked transparency in terms of modelling and consultation with individual schools. This has led to a lack of trust in the system and processes. The indicative figures presented at Schools Forum (Oct 18) have changed radically as schools have received their indicative budgets. This has led to a confused approach which erodes trust in the process and points to a lack of adequate change management controls. The lack of stability and fluidity in indicative budgets has led to volatility over time, and we strongly feel that a period of stability for this year is essential.

There have been mixed messages and mixed approaches as to how the bandings have been arrived at. We are disconcerted to learn that meetings with PAROs have sometimes taken place following paper exercises to go through EHCPs (without any knowledge or understanding of individual children's' needs), sometimes meetings have taken place with no preparation at all, and some meetings have not yet taken place. This does not seem to be a sound foundation on which to base schools' indicative budgets.

We urgently seek to engage more fully with the Local Authority in order to re-gain confidence and a 'part' in the process. This is not yet thorough enough and does not engage with the right people – classroom practitioners, Assessment and Reviewing Officers, Educational Psychologists – with a multi-disciplinary approach and regular engagement on the banding approach we are confident that you will gain a clear understanding of all pupils needs and can go forward with correct bandings.

Our proposal is therefore based on the principle of stabilising the current situation and we reject implementation of the Bandings until further in-depth work has been done with each school (within the Special School Group), or shared, in order to understand and communicate the descriptors against actual pupils, with staff who know those children well. The schools who have contributed to this response all agree to non-anonymised information being provided and we urge you to consider this as a way forward – towards rebuilding trust and providing relevant information.

We suggest that next week's Special Heads Meeting scheduled to take place on March 13<sup>th</sup> is prioritised with the sole agenda being devoted to this issue. We want to understand:

- the basis for the banding decisions made by PAROs, and how they were then modelled and moderated.

We want to agree:

- the point at which the bands can be re-visited and how in - year application for change of bands can be made (what is the mechanism?).
- how you intend revisiting the issue of trust and credibility and engagement with the Head Teacher group. Please come ready to talk to us about how the Band Ten review group will work, who will be present on the group and how frequently the group will meet. We think this is a critical mechanism for engaging with the head teachers once again.

Finally it would be helpful for you to be prepared to talk through how the weighting against each band have been worked out against the descriptors. We are concerned to understand how the Bradford amounts have been cut across the board and how this has been worked through by NYCC. The Bradford bandings have been described as a 'successful' banding scheme however if such a significant amount of money has been removed from the bandings we are not sure that this can still be asserted.

We look forward to hearing from you following receipt of this response.

## **Response 2**

Please accept this as my response to the consultation.

Question 1

I do not support the proposed transitional funding arrangements, this is insufficient

Question 2

Alternative option- Now we have received the individual pupil RAS banding allocations and they are hugely flawed- need to know how appeals will be undertaken.

Need opportunity to discuss how RAS bandings for pupils arrived at.

Clarity on each schools RAS allocations- impact on each school.

*Special School Head Teacher*

## **Response 3**

On behalf of both *X Special School* and *X Special School* I can confirm that in respect of question 1 we do support the proposed Special School transitional funding arrangements for 2019-20 of funding 60% of any losses over and above £10,000.

*Special School Executive Head Teacher*