

Kent Schools’ Local Funding Formula 2020-21 Consultation Document

Kent County Council
Children, Young People and Education

14 October – 18 November 2019

kent.gov.uk/schoolfundingconsultation



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Introduction

Since 2010, the Government has been reforming the school funding system so that it is fairer, simpler and more transparent. Their aim has been to create a system where schools and local authorities will be funded on up-to-date assessment of need that reflects the characteristics of their pupils. In 2013-14, the local funding system was simplified and made easier to understand. In 2018-19, the *soft* National Funding Formula (NFF) was introduced, alongside an additional investment of £50m for Kent by 2019-20. This investment has been distributed to Kent schools through our Local Funding Formula (LFF) and its impact on different groups of schools is shown in appendix 1.

The Chancellor has recently announced further increases to school funding from 1 April 2020, and there is now a requirement to consult¹ all schools on how our LFF should change from 1 April 2020.

When we refer to schools throughout this consultation, we mean all maintained schools, academies and free schools within the area of Kent County Council (KCC).

Background

On 4 September 2019, the Chancellor set out details of a three-year Spending Round for schools' commencing on 1 April 2020, which confirmed national school funding will increase by £7.1 billion (compared to 2019-20) by 2022-23. Table 1 below provides further details of this announcement.

Table 1	Total Budget £'bn	Of which Pension Funding ² £'bn	Of which Spending Round £'bn	Increase from 2019-20 levels %
2019-20	44.4	0.9		
2020-21	47.6	1.5	2.6	5.8%
2021-22	49.8	1.5	4.8	10.8%
2022-23	52.2	1.5	7.1	15.9%

Source: [HM Treasury Spending Round 2019](#) (page 10)

¹ The School and Early Years Finance (England) Regulations 2017

² To fund the increase in the employer's teachers' pension contribution from 16.48% to 23.68% in September 2019

The Chancellor also confirmed that within the additional £2.6 billion announced for 2020-21, £700m will be targeted to the High Needs Block to help support the growing demands being placed on this block.

The Government has reiterated its long-term intention that schools' budgets should be set on the basis of a single, national formula (a *hard* NFF). However, as with the last two financial years, the Department for Education (DfE) has confirmed that 2020-21 will continue to be a *soft* NFF year. Under a *soft* system, the national prescribed factors and rates will be applied to all Kent school budget calculations, to provide an individual school notional budget. In calculating these notional budgets, the DfE will ensure that each school is funded at the Minimum Funding Level (MFL) per pupil. There is more information about these Levels later in this document.

Individual school allocations are then aggregated up to give each local authority their total Schools Block allocation. This means that the collective Kent school budget will continue to come to KCC for redistribution. For 2020-21 KCC is required to continue to use its Local Funding Formula to distribute its Schools Block funding.

KCC estimates that in 2020-21 it will receive an additional £52m (+5.7%) of School Block funding, and an additional £16m (+8%) of High Needs Block funding as a result of the Chancellor's announcements. This information will not be confirmed until later this autumn, so we are having to consult on our estimated increases.

This consultation primarily focuses on the Schools Block funding and the allocation of the additional £52m through the Local Funding Formula. More specifically this consultation proposes:

- i) minor changes to the factors, and
- ii) more significant changes to the funding rates (how much we pay per factor), and
- iii) a transfer of funding from the Schools Block to the High Needs Block

KCC will be seeking the views of the Children, Young People and Education (CYPE) Cabinet Committee on 15 November 2019.

The consultation responses will be shared with the Schools' Funding Forum at their meeting on 29 November 2019. The Forum will be asked to make recommendations to the Cabinet Member for CYPE who ultimately takes the decision(s) involving any changes to the Local Funding Formula.

Pre-consultation and Engagement

On 20 September, an initial discussion took place with the Schools' Funding Forum to discuss general principles. The key feedback from that meeting is as follows:

- a) Pleased to see a three-year funding commitment for schools
- b) Pleased to see a significant improved funding position for Kent schools, eroding some of the existing differentials in funding between local authority areas that have been present for many years.
- c) Recognition that there will be competing priorities for this additional funding, including further pressure on the High Needs Block
- d) Continued concern for small Primary schools that appear to attract minimal additional funding under these changes.

A copy of the draft minutes of the meeting is available via the following link: [Draft minutes from the Schools' Funding Forum meeting held on 20 September 2019](#)

KCC has also engaged with the Chairman of the Kent Association of Headteachers (KAH), and separately with the Kent and Medway Association of Grammar Schools and shared with them a high-level position and discussed general principles.

We are now interested in the views of all schools, especially primary and secondary schools who are most affected by these set of proposals.

Equality Analysis

An equality impact assessment (EqIA) has been undertaken and the EqIA document can be accessed online at www.kent.gov.uk/schoolfundingconsultation.

We invite comments on this assessment during the consultation period and we will review this assessment to ensure it reflects the views of schools.

Consultation Details

This part of the document provides detailed proposals for changing the Local Funding Formula from 1 April 2020. We invite all schools to participate in this consultation, especially primary and secondary schools who are directly affected by these proposals. Some questions are specific to one phase of education, but all schools are invited to respond to all questions, as all schools are funded from the Dedicated Schools Grant (DSG).

We have inserted consultation questions throughout this section to aid your consideration of the proposals.

To submit a response to this consultation, please go to www.kent.gov.uk.schoolfundingconsultation to complete the online form.

In **Question 1** on the online form, we will ask for your details about your school.

Question 2 is about the general principle we should adopt

In 2017, schools told us through our consultation that they supported a general principle that **“our Local Funding Formula should start moving towards the NFF, and at the same time continue to utilise local flexibility to address areas of local concern”**.

Over the last two years KCC has been guided by this principle, as our LFF has mirrored the NFF, in terms of the factors, and also for the vast majority of the funding rates. We have not been able to fully implement the NFF as we have chosen to address areas of local concern. These areas of concern are:

- 1) Continue to provide a lump sum rate of £120,000 (before area cost adjustment) to all schools, specifically to offer protection to our smaller primary schools.
- 2) Transfer 0.5% in 2018-19 and 1% in 2019-20 of the Schools Block to meet the rising demand on the High Needs budget.
- 3) Transfer £2m into the Growth Budget, to provide additional funding to those schools who are expanding to support the Basic Need requirement.

At the same time as recognising these areas of concern, we have been able to set the funding rates for most factors at the NFF rates in 2019-20, with the exception of:

- Ever6 FSM
- Low Prior Attainment
- Minimum Funding Levels

It is worth also noting that as at 2019-20 we were still waiting for over £12m from Government to fully implement the NFF. This means that even if we had not addressed the areas of local concern above, it would have been impossible to fully implement the NFF.

It has been two years since we agreed our principle, and we now want to understand through the first question of this consultation whether we should continue to adopt this principle, all the time we have the ability to do so under a soft NFF arrangement. Specifically, should we:

- a) Take further steps towards the NFF, and also take into consideration local areas of concern? For example, continue to provide a higher lump sum which offers protection to our smaller primary schools
- b) Fully implement the NFF as soon as possible? This would mean we would be unable to address local areas of concern.
- c) Don't know

Option a is the preferred option of both KCC and the Schools' Funding Forum. We believe that we should take further steps towards the NFF where it makes sense to do so but continue to address areas of local concern. We should also consider the impact of these changes on different groups of schools and try wherever possible to ensure no group of schools is adversely affected.

The remainder of this consultation document contains a number of proposals that focus on specific aspects of the formula. These have been structured into the following three sections:

1. [Areas of Local Concern](#)
 - a. [Lump Sum](#)
 - b. [Transfer of funding from the Schools Block to the High Needs Block](#)
 - c. [Falling Roll fund](#)
2. [Increases to Existing Funding Rates](#)
3. [Other Issues](#)
 - a. [Pupil Mobility](#)
 - b. [Minimum Funding Guarantee](#)

When considering these proposals, it may be helpful to refer to appendix 2 which provides a table that compares the following:

- i) 2019-20 LFF factors and funding rates
- ii) 2019-20 DfE NFF factors and funding rates
- iii) Our estimate of the 2020-21 DfE NFF factors and funding rates.
Please note that these are our estimates only from the limited

information that has been released so far from the DfE. The official rates are scheduled to be released later in November 2019.

A school-specific model has been provided separately to this consultation document to illustrate the changes of our proposals. Further information on how to access this model is provided later in this document within the [Other Financial Information](#) section.

Section 1: Areas of Local Concern

a) Lump Sum

In 2018-19 the Government set the lump sum in the NFF for all schools at £110,000 (excluding area cost adjustment). KCC was concerned that this rate was £10,000 lower than the £120,000 lump sum in the Local Funding Formula. In line with the general principle agreed by Kent schools, this was one of our areas of concern. Therefore, utilising the flexibility within the soft NFF, KCC (with support from schools and the Schools' Funding Forum) decided to maintain a lump sum rate of £120,000 for all of its schools.

The Government have indicated that the majority of NFF factor rates (including the lump sum) will increase by 4% in 2020-21, equating to an estimated new NFF lump sum of £114,400.

Please go online to www.kent.gov.uk/schoolfundingconsultation to answer the questions:

Question 3

In 2020-21 we are proposing to maintain the primary schools' lump sum at £120,000 per school (excluding area cost adjustment) to continue to offer a degree of protection to our smallest primary schools. This is a local area of concern for KCC. Do you support this proposal? Yes/No/Don't know

Question 4

In relation to the secondary schools' lump sum we can maintain the lump sum at £120,000 or lower it to the new NFF lump sum. We believe the difference between the two, alongside the other proposals within this consultation, is not material.

The DfE allow local authorities to have a different lump sum between phases. So in relation to the secondary schools' lump sum, we are interested in your views as to whether we should:

- 1) Maintain the secondary schools' lump sum at £120,000 (before area cost adjustment) or

- 2) Lower the secondary schools' lump sum to the NFF rate (estimated at £114,400 before area cost adjustment).

b) Transfer of Funding from the Schools Block to the High Needs Block

High Needs funding is calculated through a separate block, known as the High Needs Block. The High Needs Block is set to increase by 8% next year (which we estimate to be approximately £16m). This is a significant increase compared to previous years but is only one-off as far as we are aware. However, this increase does not fully fund the pressure we are currently experiencing.

The DfE continues to allow local authorities an option to transfer funding from the Schools Block into the High Needs Block to help alleviate some of the unfunded pressure. The guidance states any block transfers should be considered as one-off yearly adjustments and will not to be made permanent. Therefore, any continuation of block transfers from previous years will need to be agreed on an annual basis. The same block transfer rules that applied in 2019-20 apply in 2020-21:

- Transfers of up to 0.5% of the Schools Block can be approved locally by the Schools' Funding Forum
- Transfers above 0.5% of the Schools Block (and below where the Forum does not approve) can be approved by the Secretary of State.

Local Authorities are required to consult all schools and provide a range of evidence to help inform schools and the Schools' Funding Forum on this important issue. The detailed pack of evidence to support this transfer request is attached at appendix 2.

Our Proposal

For 2020-21 KCC are proposing to repeat the 1% transfer from the Schools Block into the High Needs Block. We estimate this to equate to £9.6m. We understand and appreciate the sensitivity of this request but believe not to request schools' support for a transfer means we will be failing in our duty to do all that we can to help manage this budget challenge. This request effectively repeats the one-off transfer made in 2019-20 and represents a standstill position in relation to the starting budget for both schools and high needs budget in 2020-21 compared to 2019-20. This will mean any additional funding received for the Schools budget can still be passed directly to schools.

Unlike previous years where we have requested a transfer to help reduce the deficit, this time we want to consider a different approach. This transfer would be used to support much greater inclusion in mainstream schools. It is our intention that this funding, whilst initially retained by KCC, will be paid to mainstream schools and

academies that operate inclusively. This will help to address one of the key issues highlighted by Ofsted in the Special Educational Needs and Disability (SEND) inspection of the local area earlier this year. Building on the outcomes of the recent ISOS Partnership survey of schools and the follow up workshops about potential barriers to schools acting inclusively, KCC will develop proposals as to how this could work. This will be done in conjunction with colleagues in the Kent Special Educational Needs Trust (KSENT) and the Kent Association of Headteachers (KAH). Initial thoughts are that we want to use this funding collaboratively to support a greater level of inclusion across all schools in Kent, not just those individual schools who operate in an inclusive way. A District based model could be one approach to help achieve this and could, for example, involve programmes of whole school training and professional development. We welcome your thoughts and ideas on how this can be achieved.

The impact of our proposal

Our proposal would see 1% c. £9.6m transferred to the High Needs Block, which is the same percentage value as our one-off 2019-20 transfer. Importantly, this proposal would mean that any additional Schools Block funding KCC is set to receive in 2020-21 could still be passed directly to schools through the Local Funding Formula.

Question 5: Do you support the one-off transfer of 1% (approximately £9.6m) from the Schools Block to the High Needs Block for 2020-21, to be used to incentivise mainstream schools to take a greater proportion of children and young people with Education, Health and Care Plans? Yes/No/Don't know

Question 6: Please give us your views on how such a fund could be used to support inclusion in mainstream schools. [Free Text Box](#)

c) Falling Rolls

KCC and the Schools' Funding Forum are considering whether to introduce a falling roll fund. This would be a specific fund to provide temporary support to schools who suffer a significant yet temporary fall in pupil numbers. The DfE allows local authorities to set aside school block funding to create a small fund to support good and outstanding schools, where local planning data shows that the surplus places will be needed within the next three financial years. It may be possible to apply this fund to Requires Improvement schools, but this would be subject to the Secretary of State approval. The establishment of a fund would be an example of an area of local concern.

Schools' Funding Forum representatives are currently working on establishing how such a fund could operate (e.g. eligibility criteria) should there be support from the Schools' Funding Forum to introduce such a fund. It is likely the fund would need to be established from top slicing a small proportion of the Schools Block funding.

Question 7: Do you support the introduction of a falling roll fund from 1 April 2020.
Yes/No/Don't know

Section 2: Increases to Funding Rates

If there is support through this consultation to address some or all of the areas of concern covered in section 1 above, we next need your views on how these should be funded. Effectively, it means that we cannot fully implement the National Funding Formula at the funding rates set by Government.

The Government is committed to ensuring that the lowest funded schools attract the minimum per pupil funding levels. Table 1 below provides details of the NFF Minimum Funding Levels (MFL) rates since 2018-19 with details of what they have been set at for 2020-21 and 2021-22.

Table 1 DfE NFF MFLs per pupil	2018-19	2019-20	2020-21	2021-22
Primary	£3,300	£3,500	£3,750	£4,000
Secondary	£4,600	£4,800	£5,000 ³	£5,000

Table 2 shows the rates that KCC has provided through the Local Funding Formula in 2018-19 and 2019-20:

Table 2 KCC LFF MFLs per pupil	2018-19	2019-20
Primary	£3,200	£3,400
Secondary	£4,500	£4,700

³ The secondary MfL rate of £5,000 can be split further between key stage 3 = £4,800 and key stage 4 = £5,300. This means that some newly opened secondary schools in Kent would not attract the full £5,000 MfL per pupil.

The DfE is currently consulting⁴ on whether local authorities should be mandated to pay the NFF rates from 2020-21. The consultation closes on 22nd October 2019. The consultation also proposes that local authorities have the option to submit a disapplication request if they can make the case that they are unable to afford these levels in their Local Funding Formula (e.g. addressing areas of local concern).

To help schools with this part of the consultation, we have undertaken detailed modelling and have included two proposals, alongside mirroring the NFF rates, for schools to consider. Table 3 below provides a summary of the different scenarios we have modelled.

Table 3 – Details of the three modelled scenarios with estimated funding rates per eligible unit. Shown in blue text, under each funding rate, is that rate expressed as a percentage of the NFF rate per unit. 100% indicates that we fully match the indicative 2020-21 NFF rate.	Scenario 1 We fully implement the NFF without recognising any of our local areas of concern	Scenario 2 We recognise our local areas of concern and the need to provide the MfLs (subject to government consultation)	Scenario 3 We recognise our local areas of concern and look to ensure a more even distribution of gains across all schools
Local Areas of Concern			
1% High Needs Transfer	No	Yes	Yes
Primary Lump Sum	£114,400 100%	£120,000 105%	£120,000 105%
Secondary Lump Sum	£114,400 100%	£114,400 100%	£114,400 100%
Create a Falling Roll fund	No	No	No
LFF Factors			
Primary – Minimum Funding Level	£3,750 100%	£3,750 100%	£3,700 98.7%
Secondary – Minimum Funding Level	£5,000	£5,000 ⁵	£4,950

⁴ [Mandatory minimum per pupil funding levels in 5-16 school funding consultation](#)

⁵ Secondary schools who have recently opened and do not yet have a full complement of classes may not attract the full £5,000 Minimum Funding Level per pupil. See footnote 3 above.

	100%	100%	99%
Age Weighted Pupil Unit – Primary	£2,857 100%	£2,857 100%	£2,857 100%
Age Weighted Pupil Unit – KS3	£4,017 100%	£4,017 100%	£4,017 100%
Age Weighted Pupil Unit – KS4	£4,561 100%	£4,561 100%	£4,561 100%
Deprivation (IDACI ⁶) – Primary	£208 to £598 100%	£208 to £598 100%	£208 to £598 100%
Deprivation (IDACI) - Secondary	£302 to £842 100%	£302 to £842 100%	£302 to £842 100%
English as an Additional Language – Primary	£536 100%	£536 100%	£536 100%
English as an Additional Language – Secondary	£1,440 100%	£1,440 100%	£1,440 100%
Free School Meals (FSM) – All phases	£448 100%	£448 100%	£448 100%
Low Prior Attainment – Primary	£1,092 100%	£953 87.3%	£1,092 100%
Low Prior Attainment – Secondary	£1,612 100%	£1,504 93.3%	£1,612 100%
Ever6 FSM – Primary	£550 100%	£385 70%	£325 59%
Ever6 FSM – Secondary	£799 100%	£560 70%	£591 74%

Under each of the scenarios we have ensured that the distribution of total funding between primary and secondary phase matches the phase split of the allocations from the DfE to KCC. In other words, the amount of funding that the Government gives KCC for primary schools, is the same value we are distributing to Kent primary schools through the Local Funding Formula and vice versa for the secondary phase.

To understand the impact of these different scenarios, KCC has produced a summary table showing the % gains in funding for schools.

Appendix 4, table 1 shows the impact of fully implementing the NFF without addressing any areas of local concern.

Appendix 4, table 2 shows the impact of fully implementing the MfLs whilst also recognising the areas of local concern (1% transfer to High Needs Block and

⁶ Income Deprivation Affecting Children Index

maintaining a higher lump sum for primary schools). At this stage we have not included a top slice for a Falling Roll fund.

Appendix 4, table 3 shows the impact of spreading the cost of the areas of local concern across all schools. This would mean that we would not fully implement the MfLs.

Question 8: If there is support from schools to address local areas of concern, KCC would like to understand which of the following scenarios schools prefer.

- a) Scenario 2 – fully implementing the MfLs at the NFF rates and spread the cost of the local areas of concern across the Additional Educational Needs factors within the Local Funding Formula as detailed in table 3, and its impact illustrated in appendix 4, table 2.
- b) Scenario 3 – spread the cost of the areas of local concern across all schools as detailed in table 3, and its impact illustrated in appendix 4, table 3.
- c) I don't support addressing areas of local concern
- d) I don't know

If schools do not support addressing the local areas of concern, and preferred moving to fully implement the NFF, scenario 1 would apply, as detailed in table 3, and its impact illustrated in appendix 4, table 1.

Section 3: Other issues

a) Pupil Mobility

The 2020-21 Schools Block funding allocation that we receive from Government will include Pupil Mobility funding for the first time. We do not currently have this factor within our Local Funding Formula, and therefore we need to consider whether we introduce it from 1 April 2020.

The mobility factor will allocate funding to schools with a high proportion of pupils who join on a non-standard date. The funding provided to KCC will be based on the DfE tracking individual pupils using their unique pupil ID through census from the past three years. If the first census when the pupil was in the school was a spring or summer census, they are deemed a mobile pupil. This methodology also excludes pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census.

To be eligible for mobility funding, the proportion of mobile pupils a school must be above the threshold of 6%. The DfE will allocate a per-pupil amount to all mobile pupils above this threshold. We don't currently know how much this will be and we await the DfE publishing the 2020-21 NFF factors and rates.

Mobility is an optional factor and therefore we have a choice over whether it should feature in our Local Funding Formula. However, we think introducing it from 1 April 2020 is the right time to consider its introduction. At this stage we do not know the value of additional funding KCC will receive but we do not expect it to be significant.

Question 9: Do you support the introduction of the mobility factor into the Local Funding Formula from 1 April 2020 (based on us adopting the same methodology as the DfE have set for the NFF – this should be cost neutral, i.e. the funding we receive for mobility will be passed onto eligible schools)? Yes/No/Don't know

If there is no support from schools to introduce this factor into the Kent Local Funding Formula, the funding that we receive from Government will be used to further enhance the funding rates within the Local Funding Formula.

b) Minimum Funding Guarantee (MFG)

The MFG was introduced a number of years ago and its purpose is to protect schools from excessive year-on-year changes in funding and to allow changes in pupil characteristics (e.g. reducing levels of deprivation in a school) to flow through.

In 2020-21 the Government is allowing local authorities to continue to set the MFG percentage for their local area. For several years, we have had a negative MFG percentage of -1.5%. This has had the effect of offering some limited protection alongside a gradual eroding of historic funding (which have been protected by the MFG). The MFG has continued to provide higher levels of funding for some schools in Kent based on historic circumstances e.g. the level of former standards funding they received.

For 2020-21 the DfE have set a range between +0.5% and +1.84%, allowing local authorities to set an MFG percentage within this range.

1.84% is the Government's estimate of inflationary pressures in 2020-21.

Question 10: What percentage should we set the MFG for 2020-21?

- a) 0.5% - this would ensure those schools who remain on the MFG receive at least a 0.5% increase per pupil, which would be lower than the Government's estimate for inflation and would therefore mean a further erosion of their historic higher funding level.

- b) 1.84% - this would ensure those schools who remain on the MFG receive at least a 1.84% increase per pupil which is the Government's estimate of inflation in 2020-21. This option would cost more than option a) above.
- c) Something different but between 0.5% and 1.84% - please specify the percentage in the box below

KCC preferred percentage is 0.5% as it's the lowest percentage possible. It accepts the need to provide a small increase to those limited number of schools who will remain receiving the MFG, however it believes that the MFG perpetuates unfairness and rewards schools who traditionally benefitted from historic grants e.g. standards funding, without the associated expenditure. To set the MFG % higher than 0.5% would mean some of this unfairness continuing for longer.

Other Financial Information

KCC has produced a separate school-specific financial model showing the impact of the three scenarios compared to the current year's budget. Instructions and further information on this model can be accessed online at: www.kent.gov.uk/schoolfundingconsultation.

How to Get Involved and Find Other Information if Necessary

You can share your views on the consultation through the online consultation response form which can be accessed online at www.kent.gov.uk/schoolfundingconsultation.

Table 4 below provides details of all the activities that are taking place once the consultation is launched:

Table 4	Event
Wednesday 6 November 2019	Presentation at the Education Expo, County Showground
Monday 11 November 2019	Presentation at Headteacher briefing, Ashford International Hotel
Monday 11 November 2019	Presentation at Headteacher briefing Canterbury Cricket Ground

Wednesday 13 November 2019	Presentation at Headteacher briefing, Oakwood House, Maidstone
Monday 18 November 2019	Presentation at Headteacher briefing, Brands Hatch Hotel, Maidstone

If you have any questions about the consultation, these should be sent via email to the following address: SchoolFunding@kent.gov.uk

Consultation Timeline and Decision-Making Process

The consultation opens on Monday 14 October 2019 and closes on Monday 18 November 2019. Table 5 below provides details of all known key dates:

Table 5	Event
Monday 14 October 2019	Consultation launched
Friday 15 November 2019	Update presented to KCC Children, Young People and Education Cabinet Committee
Monday 18 November 2019	Consultation closes
Friday 29 November 2019	Schools' Funding Forum receives a report on the consultation responses and is asked to make formal recommendations back to KCC Deadline for Local Authority to submit disapplication requests to the DfE
Early December 2019	Cabinet Member for Children, Young People and Education makes decision

Responses received in this consultation will be considered before a key decision is taken after the Schools' Funding Forum meeting on 29 November 2019.

Percentage change in funding between 2017-18 and 2019-20 by different groups of schools

	Movement 2017-18 to 2018-19	Movement 2018-19 to 2019-20	Overall movement 2017-18 to 2019-20	Count of Schools
<u>Primary</u>				
Below 105 pupils	2.1%	2.2%	4.4%	49
Between 106 and 140 pupils	1.3%	1.3%	2.6%	39
Between 141 and 175 pupils	0.9%	1.6%	2.4%	38
Between 176 and 210 pupils	0.8%	1.7%	2.5%	91
Between 211 and 315 pupils	0.4%	1.6%	2.0%	81
Between 316 and 420 pupils	0.2%	1.8%	2.0%	82
Above 421 pupils	0.7%	3.2%	4.0%	76
All Primary average	0.7%	2.2%	2.8%	456
<u>Secondary</u>				
Selective	6.2%	4.4%	10.9%	32
Non-selective	4.3%	1.6%	6.0%	66
All Secondary average	4.8%	2.4%	7.4%	98

Kent Local Funding Formula funding rates compared to the National Funding Formula (NFF) funding rates in 2019-20 and indicative rates for 2020-21

Factor	Factor Description	A	B	C	D
		2019-20 Kent LFF rates	2019-20 NFF rates	2020-21 NFF indicative rates (tbc)	% from LFF to 2020-21 NFF
1	Primary - Basic Entitlement	£2,747	£2,747	£2,857	4.0%
	Secondary - KS3 Basic Entitlement	£3,863	£3,863	£4,017	4.0%
	Secondary - KS4 Basic Entitlement	£4,386	£4,386	£4,561	4.0%
2	Primary- Free School Meals	£440	£440	£448	1.8%
	Secondary- Free School Meals	£440	£440	£448	1.8%
	Primary - Ever 6 Free School Meals	£324	£540	£550	69.7%
	Secondary - Ever 6 Free School Meals	£471	£785	£799	69.7%
	Primary - Income Deprivation Affecting Children Index (F)	£200	£200	£208	4.0%
	Primary - Income Deprivation Affecting Children Index (E)	£240	£240	£250	4.0%
	Primary - Income Deprivation Affecting Children Index (D)	£360	£360	£374	4.0%
	Primary - Income Deprivation Affecting Children Index (C)	£390	£390	£406	4.0%
	Primary - Income Deprivation Affecting Children Index (B)	£420	£420	£437	4.0%
	Primary - Income Deprivation Affecting Children Index (A)	£575	£575	£598	4.0%
	Secondary - Income Deprivation Affecting Children Index (F)	£290	£290	£302	4.0%
	Secondary - Income Deprivation Affecting Children Index (E)	£390	£390	£406	4.0%
	Secondary - Income Deprivation Affecting Children Index (D)	£515	£515	£536	4.0%
	Secondary - Income Deprivation Affecting Children Index (C)	£560	£560	£582	4.0%
	Secondary - Income Deprivation Affecting Children Index (B)	£600	£600	£624	4.0%
	Secondary - Income Deprivation Affecting Children Index (A)	£810	£810	£842	4.0%
	4	Primary - English as an Additional Language	£515	£515	£536
Secondary - English as an Additional Language		£1,385	£1,385	£1,440	4.0%
6	Primary- Low Prior Attainment	£733	£1,050	£1,092	48.9%
	Secondary - Low Prior Attainment	£1,193	£1,550	£1,612	35.1%
7	Primary- Lump Sum	£120,000	£110,000	£114,400	-4.7%
	Secondary Lump Sum	£120,000	£110,000	£114,400	-4.7%
	Primary - Minimum Funding Level	£3,400	£3,500	£3,750	10.3%
	Secondary - Minimum Funding Level	£4,700	£4,800	£5,000	6.4%

Note: Rates in the above table exclude Area Cost Adjustment

Evidence to support the proposal to transfer funding to the High Needs Block

Details of any previous movements between the blocks

In 2019-20, the High Needs budget for placement costs (excluding alternative provision and Local Authority statutory responsibilities) is just under £167m. We are currently forecasting an overspend on this budget of approximately £17m. Further detail is provided in tables 8 and 9 at the end of this appendix.

It is clear from these tables that the number of children and young people who require support with their Special Educational Need or Disability is rising exponentially and funding provided by the Government through the High Needs Block is unable to keep pace with demand. More detail on the underlying reasons for our current budget pressures is contained later in this document.

In common with many other local authorities, KCC has sought to address the sufficiency of the High Needs funding by transferring monies from the Schools Block into the High Needs Block. Table 6 below provides details of the transfers that KCC has made over the last two years, both of which were one-off and therefore did not permanently increase the value of the High Needs budget.

Table 6 – details of transfers made from the Schools Block since 2018

	Transfer value	Transfer % of the Schools Block
2018-19	£4.4m	0.5%
2019-20	£9.2m	1.0%

Having the facility to transfer funding from the Schools Block on a one-year only basis, in the context of rising demand year after year, isn't particularly helpful. It means that the gap between expenditure and recurring funding is becoming wider each year. However, it is the only tool local authorities have available to increase the funding within the High Needs block and one that we are obliged to consider each year.

What pressures have the movements funded?

The transfers detailed in table 6 above have been used to support the overall High Needs budget rather than any specific pressure. Tables 8 and 9 at the end of this appendix provide evidence of the overall High Needs budget pressure, and they show that the growth in those children and young people with the most profound and

complex needs who typically attend specialist settings (special schools, both maintained and independent) accounts for the greatest proportion of the budget pressure.

Why have these transfers not been adequate to cover the cost pressures?

The cost pressures arising from the growth in those children and young people with the most profound and complex needs have far exceeded the combination of the movement in funding between the blocks and the additional funding provided by Government, as illustrated in table 7 below.

Table 7 showing additional funding and key cost pressures

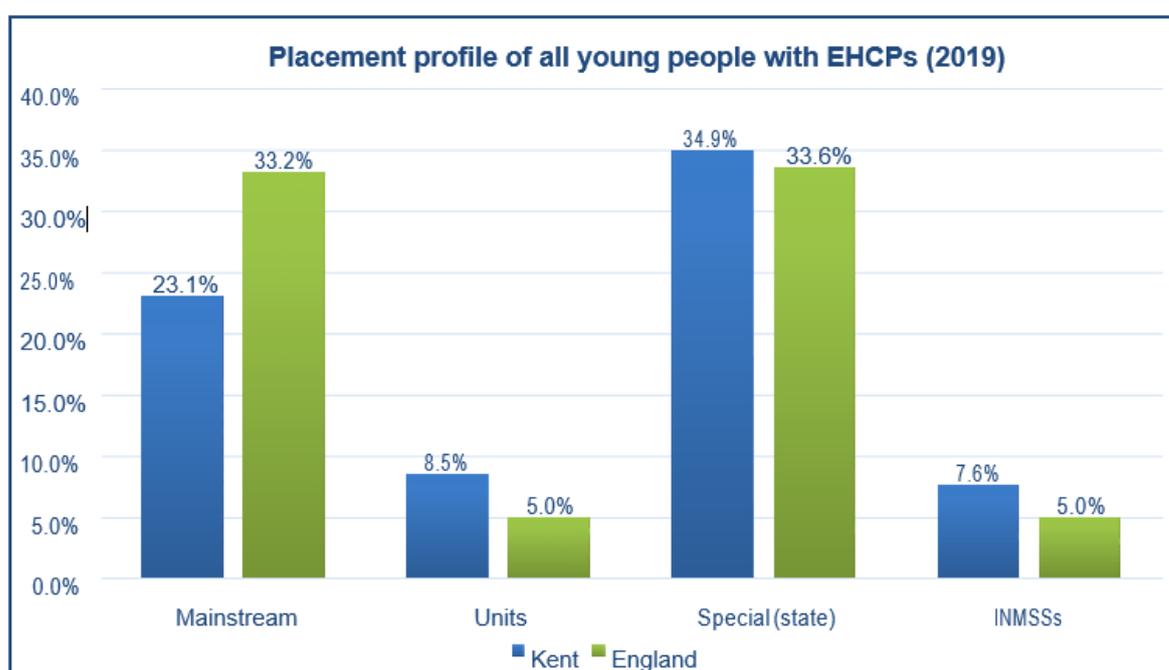
	2018-19	2019-20
Additional Funding		
- Transfer from Schools Block (one-off)	£4.4m	£9.2m
- Additional grant funding from Government	£3.6m	£3.6m
Sub Total - Additional Funding	£8.0m	£12.8m
Cost pressures (increases over 2017-18 levels)		
Special Schools – KCC	£5.0m	£10.3m
Special Schools – Other Local Authority	£1.1m	£2.4m
Independent Special Schools	£6.2m	£11.0m
Sub Total – Cost Pressures	£12.3m	£23.7m
In Year Net Position (-'ve = deficit balance)	-£4.3m	-£10.9m

Note: the cost pressures shown are the ones that are growing at the fastest rate. Other pressures are present within the High Needs budget as detailed in the tables at the end of this appendix.

There are a number of factors that are putting pressure on the High Needs budget. Overall there continues to be a significant increase in the number of statutory assessments and the number of children and young people issued with an Education, Health and Care Plan (EHCP). This is not a Kent phenomenon; the

nationally available data suggests that this issue is widespread and being experienced in many other local authorities to varying extents.

- Between 2014 and 2019 there was an increase of 112% of children and young people with EHCPs in Kent, compared to a national increase over the same period of only 17%. Some of this difference will be explained by the growth in the Kent pupil population which has been growing at a faster rate than the rest of the Country.
- Reduced parental confidence in mainstream school SEND provision, evidenced by rising demand in special school placements.
- A greater proportion of those with EHCPs are being educated in special schools rather than mainstream due to the severity of their needs.



- There has been a 70% increase between 2015-16 and 2019-20 (forecast) in the number of children and young people with an EHCP attending Independent Non-Maintained Special Schools (INMSS). These additional children and young people account for £39m of the current expenditure forecast within the High Needs budget, at an average annual cost per placement of £44k
- There has been dramatic increase in the number of children and young people with an EHCP identified as their primary need type being Autistic Spectrum Disorder (ASD); 40% of children and young people with an EHCP in Kent have ASD which is far higher than the national rate of 29%⁷. This has resulted in increasing pressures on special school places for ASD which

⁷ Source: Department of Education SEN in England: January 2019

cannot be fully met and has led to the need for placements within the independent sector.

- The extension of pupils' statutory SEND from 0 to 25 year of age, where it was previously 5 to 18, has not been fully funded by the Government and it is contributing towards our High Needs budget pressure.
- We are experiencing a significant rise in the number of appeals to SEND Tribunals. In 2014 we had 210 appeals, and this has risen to 496 in 2019.
- The percentage of children and young people with an EHCP (from the total population) remains higher than the national average. Currently in Kent we have 3.4%, compared to 3.1% nationally.

What are KCC doing to help manage the High Needs budget?

We are clear that transferring additional funding into the High Needs budget is not the only solution to this national issue. This has been recognised by Government who, alongside the additional investment of £700m have launched a major review into support for children with SEN. This review aims to improve the services available to families who need support, equip staff in schools and colleges to respond effectively to their needs, as well as ensuring greater consistency of support and provision across the country.

The Government have said that the review will look at the how the SEND system has evolved since 2014, how it can be made to work best for all families and ensure quality of provision is the same across the country. It will also explore the role of health care in SEND in collaboration with the Department of Health and Social Care.

The review is expected to conclude with action to boost outcomes and improve value for money, so that vulnerable children have the same opportunities to succeed, as well as improving capacity and support for families across England.

In terms of what we are doing locally, schools will be aware that not only do we have a budget issue, but along with our colleagues from Health we are responding to the Ofsted/CQC Local Area SEND Inspection that took place earlier this year. The report from Ofsted identified some serious weaknesses in the system with some 9 areas that needed to be addressed by Health, KCC, Schools and Academy Trusts. The actions that have been agreed are set out in a Written Statement of Action (WSOA) which was approved by Ofsted on 3 September 2019. The WSoA can be accessed here: https://www.kent.gov.uk/data/assets/pdf_file/0008/99719/SEND-Written-Statement-of-Action.pdf

Our response to the WSoA overlaps in a number of places with our strategy for reducing the pressure on the High Needs budget. We do not think we will be able to solve this challenge locally without reform to the national system and we have been

clear about this in our previous consultations on this subject and in our response to the Government's SEND Call for Evidence. In terms of our local action, we:

- Have commissioned 474 additional places in Kent Special Schools since September 2018.
- Are opening two new special schools in September 2020, eventually offering 308 places.
- Have opened eight new Specialist Resource Provisions in September 2019, creating a total of 44 additional places. These Provisions will increase their numbers over the next three years.
- Are reviewing our commissioning arrangements with independent providers to achieve greater value for money for each placement within the sector including block payment arrangements.
- Are continuing the block payment arrangement with FE colleges for a further year.

Improving parental confidence through inclusive practice in mainstream schools

To bring about a sustainable reduction in demand we need to consider shifting the threshold for statutory assessment, whilst complying with legislation. More children and young people need to be supported in their local mainstream school with an appropriate plan and package of support, put in place early enough to address emerging concerns without the need to progress onto an EHCP.

Improving parental confidence in KCC and Health systems, processes and in the ability of mainstream schools to support their children and young people is essential to managing demand.

From the parental survey undertaken in July 2019 parents tell us that to improve their confidence in the system we need to ensure their children's needs are met and to have better communication and engagement with parents. This includes better quality EHCPs, school provision and more co-production and co-design of services, as well as providing a range of clear information on SEN processes and systems from pre-school through to the statutory assessment of needs process. We accept that communication between KCC and parents and schools has not always been satisfactory. This has led to parental frustration and general dissatisfaction with parts of our system. To address this KCC are taking a range of actions including:

- The Kent Local Offer website will be developed with parents to be a comprehensive source of information.

- The SEND teams are being expanded to ensure there is capacity for caseworks to have time to communicate effectively with parents.

Mainstream Inclusion

Last year, in support of the transfer from the Schools Block into the High Needs Block, we stated that we would be working with mainstream schools to build capacity and improve inclusive practices. This work included some of the following activities:

- Increasing opportunities for developing more in-school provision to support children and young people with additional educational needs, working with schools to maximise resources and opportunities through partnerships; and
- Create opportunities for schools to access additional support for children with SEND without the need to go through statutory assessment and increase the use of school plans to drive improvements for individual children and young people; and
- Kent is working with mainstream schools to identify the barriers to inclusive practice and to jointly create an agreed county wide approach to inclusion. This will include supporting schools with guidance, training and peer reviews to build their capacity to meet children's needs especially for Social, emotional and mental health (SEMH) and Autistic Spectrum Disorder (ASD) needs.

The initial signs are that this work has been successful. Last year we had an average of 2,293 pupils in mainstream schools receiving High Needs funding. That number is now forecast to be 2,777, representing an increase of 484 or +21%. Overall the proportion of children and young people in mainstream schools has increased from 24% to 26% of all children and young people in receipt of High Needs funding. Whilst this is encouraging, we still have a long way to go. Nationally the proportion of children in mainstream education is 33.2%. In Kent it's currently 23.1%. We have 7.6% of children with EHCPs in the Independent Non-Maintained sector compare to the national average of 5%.

Developing collaborative working to secure affordable provision

We are working closely with our special schools to develop additional capacity by creating satellites and increasing post 16 and post 19 provision. The special schools also manage the district-based Specialist Teaching and Learning Services (STLS) as well as outreach, their purpose being to build capacity and knowledge of SEND within our mainstream schools. Joint working with colleagues within Children's Social Care, Disabled Children's Service, Early Help and Educational Psychology

Service aims to create a more efficient and effective solution for securing suitable and stable High Needs placements.

Our partners within the Further Education sector continue to work closely with us to support a range of students with SEND, ensuring that the provision they offer meets the demand and needs of students today and in the future.

Contribution from Health and Social Care partners

The Kent Clinical Commissioning Groups (CCGs) have recently appointed a Designated Clinical Officer (DCO) who's role is to support the CCGs in meeting their statutory responsibilities for children and young people with SEND. This has enabled the development of new coordinated referral processes for statutory assessment and co-design of systems to moderate EHCPs. New EHCP Coordinators for Health will be co-located within the Local Authority SEND teams once in post.

Social care has worked collaboratively with SEND to implement new procedures for sharing information which has included the placement of a SEND officer at the 'front door'.

The Disabled Children's Service, together with Education and Health have agreed to review the present Joint Resource Allocation Panel process to allow for joint commissioning of provision by having a 'shared pot'. This ensures there is greater focus on quality of provision and supporting CYP to achieve good outcomes.

Table 8 : High Needs Pupil/Student Numbers

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Forecast
Special Schools (Kent)	3,272	3,349	3,572	3,649	3,854	4,197	4,573
Resource Provision	804	810	874	884	890	985	1,085
Mainstream	802	860	1,475	2,222	2,341	2,293	2,777
Independent Non-Maintained	458	491	521	562	726	796	885
Independent Specialist Providers	87	71	64	61	70	72	73
Special Schools - OLA	95	103	87	107	121	152	189
FE Colleges (Kent)	467	570	636	800	805	805	805
SPI, CCP and OLA FE	0	0	0	55	250	169	223
Totals	5,985	6,254	7,229	8,340	9,057	9,469	10,610

Key: OLA is Other Local Authority, FE is Further Education, SPI is Special Post16 Institutions and CCP is Commercial and Charitable Providers

Table 9: High Needs Budget Expenditure - By type of High Needs institution

	2013-14 Actual £'000	2014-15 Actual £'000	2015-16 Actual £'000	2016-17 Actual £'000	2017-18 Actual £'0000	2018-19 Actual £'000	2019-20 Forecast £'000
Special Schools (Kent)	67,048	68,543	68,118	70,460	74,108	79,022	86,217
Resource Provision	13,118	14,919	15,274	16,009	12,443	13,438	14,701
Mainstream	8,755	8,899	14,398	23,797	22,084	17,571	22,512
Independent Non-Maintained	17,581	19,840	22,588	24,384	29,461	35,717	39,000
Independent Specialist Providers	6,000	5,359	4,281	4,561	5,225	5,270	4,817
Special Schools - OLA	2,295	2,531	2,661	3,160	4,165	5,275	5,614
FE Colleges (Kent)	4,229	4,980	6,867	8,081	8,724	8,944	8,948
SPI, CCP and OLA FE	0	0	0	366	1,728	2,227	1,999
Totals	119,026	125,071	134,187	150,818	157,938	167,464	183,808

Key: OLA is Other Local Authority, FE is Further Education, SPI is Special Post16 Institutions and CCP is Commercial and Charitable Providers

Summary tables showing percentage gains in funding (count of schools within each category) for three different scenarios (as detailed in table 3 within Section 2: Increases to Funding Rates)

Scenario 1 – impact of fully implementing the NFF without addressing any areas of local concern

Table 1	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9%.9%	Above 10%	Grand Total
Primary Below 105		1	9	23	11	7	1					52
Primary 106 to 140	1	1		10	10	4	5					31
Primary 141 to 175		1		3	13	12	8	2	1			40
Primary 176 to 210	2			1	13	41	25	13	2			97
Primary 211 to 315	2				2	15	31	18	4	4	1	77
Primary 316 to 420	3	1		1			15	24	13	9	16	82
Primary 421 and above	1	1			1		1	22	14	6	31	77
Selective							32					32
Non-selective				1		7	23	23	8	2		64
All-through								2	2			4
Grand Total	9	5	9	39	50	86	141	104	44	21	48	556

Note: Based on a 0.5% MFG percentage and our assumptions about the NFF rates for 2020-21

Scenario 2 impact of fully implementing the MfLs whilst also recognising the areas of local concern (1% transfer to High Needs Block and maintaining a higher lump sum for primary schools). At this stage we have not include a top slice for a Falling Roll fund.

	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9.9%	Above 10%	Grand Total
Primary Below 105	1			30	21							52
Primary 106 to 140	1	1		6	21	2						31
Primary 141 to 175		1		3	28	8						40
Primary 176 to 210	2		2	1	49	37	4	2				97
Primary 211 to 315	2			1	18	37	9	6	1	2	1	77
Primary 316 to 420	4	1			1	37	10	5	4	4	16	82
Primary 421 and above	2			1		19	8	7	6	5	29	77
Selective							32					32
Non-selective		1		3	9	39	12					64
All-through						3	1					4
Grand Total	12	4	2	45	147	182	76	20	11	11	46	556

Note: Based on a 0.5% MFG percentage and our assumptions about the NFF rates for 2020-21

Scenario 3 impact of spreading the cost of the areas of local concern across all schools. This would mean that we would not fully implement the MfLs.

	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9.9%	Above 10%	Grand Total
Primary Below 105	1			9	33	9						52
Primary 106 to 140	1		1	4	10	13	2					31
Primary 141 to 175		1		1	9	27	2					40
Primary 176 to 210	2			3	9	64	19					97
Primary 211 to 315	2				4	43	23	3	2			77
Primary 316 to 420	4		1		1	19	35	4	18			82
Primary 421 and above	2				1	5	28	8	33			77
Selective						32						32
Non-selective			1		6	24	32	1				64
All-through							3	1				4
Grand Total	12	1	3	17	73	236	144	17	53	0	0	556

Note: Based on a 0.5% MFG percentage and our assumptions about the NFF rates for 2020-21