

# How should we meet education funding challenges in Somerset?

## Have your say

Across the country, many public, private, and voluntary organisations are facing tough budget challenges, as are families and households, and Somerset is no exception.

In this consultation, we're asking you to have your say on funding for education – a vital service for the 70,000 **school-age** children in Somerset.

In Somerset, £568m is spent on education each year, not including money on school buildings and estates. Most education funding decisions are made by central government, but there are some important services where decisions must be made locally.

### **Problem 1: Funding for Special Educational Needs and Disabilities (SEND)**

High needs funding is a type of funding that helps children and young people with special educational needs and disabilities (SEND) from their early years to age 25.

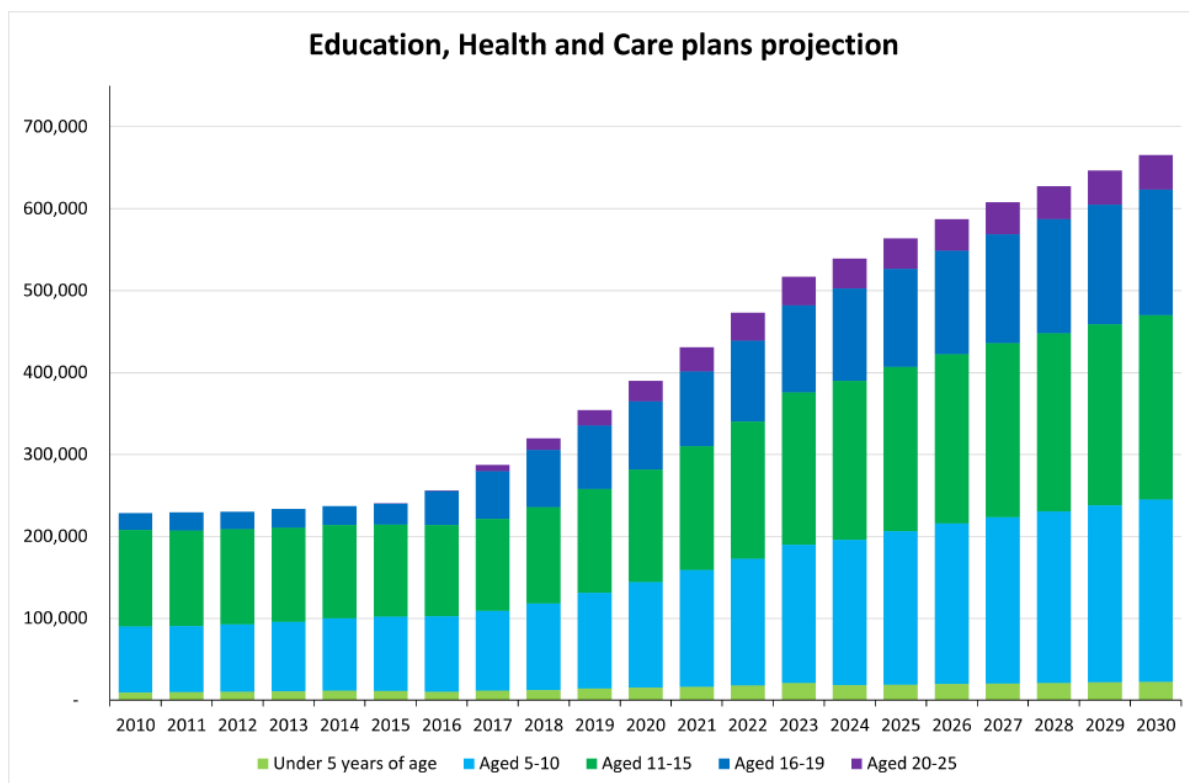
**In Somerset, our High Needs funding is overspent.** Costs are likely to continue to rise in coming years. This is creating a debt that is expected to soon reach more than £100 million.

A lot of this money is spent on Education, Health and Care Plans (EHCPs), which outline the extra help a child or young person needs to learn and live well, including what support they will get from their school, health service and social care. EHCP funding is spent on different things depending on the needs of each individual child or young person. Some examples of what EHCP funding can be spent on are:

- Specialist teaching and support staff
- Specialist equipment and resources
- Therapy services such as speech and language, occupational or physiotherapy
- Transport to and from school or college
- Personal care and medical support
- Extra-curricular activities and trips
- Transition support to prepare for adulthood

In Somerset, we have seen a very large increase in the number of EHCPs being created, and a decrease in the number coming to an end.

The same thing is happening all around the country. The chart shows the estimated increase nationally over the coming years.



## Proposal 1: Up front funding

Feedback from schools and parents is that some of the ways that the system works leads to more EHCPs and more cost than may be necessary.

In the current system, schools must apply for an EHCP in order to receive funding for a pupil. We could look at ways to **give schools money up front**, without applying for an EHCP. This might mean they wouldn't have to wait so long for funding, and it would mean they could make faster and more flexible decisions about providing an effective education for each child.

While we don't know for sure whether this would work, we could test whether this could **address needs earlier, improve the education experience for children while reducing the need** for EHCPs and high-cost packages.

## Proposal 1b: Equalising banding

When a child is given an EHCP, they are assessed as having needs within certain 'bands'. If a child goes to a mainstream school, the amount of money that school receives is a lot less than if that child goes to a special school.

This means that there is more money available to support a child who goes to a special school. This might be making special schools more attractive, even for children **where a mainstream school experience would suit them better**.

We could look at options to **make this funding system more equal**, so that children with needs at a similar level were funded at **the same** level, whatever type of school they go to.

### **How would this reduce cost?**

From one perspective, it wouldn't. It would mean having to spend a lot more money in mainstream schools.

However, because there is more money provided for special schools, it is possible that this is creating more **need** for **children to travel to special school rather than being able to stay with their friends at their local school**. We know that the number of children in independent non-maintained special (INMS) schools is rising and these places cost much more than other places.

If there was better funding for mainstream schools, more children might **do** well there and therefore fewer would **need to be in special** schools. We could look at ways to test whether this would be the outcome.

### **Proposal 1c: Pupil budgets**

When EHCPs are created, the funding arrangements are not usually discussed with parents. We know that **it is not always the most expensive thing that gives the most help**. Access to things **outside school** like activities, enrichment and respite can make a huge difference to a child and their family.

We could look at ways of setting a budget based on a child's needs, giving parents a voice in making choices about **how money is spent to support their child and family**. If this was a flexible budget, this means that they could try different things at different times. **This would not be a direct payment. Those already exist and would not be impacted by this proposal.**

*Important note: This consultation is only about finding out which of these options are a good idea to look at further. Nothing will change for schools or families without a further consultation that gives a lot more detail about how an option would work.*

### **Problem 2: Early Help**

Early help is a term that describes any service that helps children and families, at a point when a problem is first emerging and before it gets serious. It can be offered to anyone, at any age, and for any reason. Early help can include things like parenting support, play and activity groups, emotional health and wellbeing support, and communication and language support. **Early help is important because it can prevent problems from getting worse** and help children and families have better lives. Early help can also save money by reducing the need for more expensive services later on.

Work is underway to build a new Early Help system for Somerset, called Connect Somerset.

Some of the people who provide Early Help at present are Parent and Family Support Advisors (PFSAs). A PFSA is someone who works in school providing help for parents and families. They support parents with some of the everyday problems that they might be having with their children so that the children are happy to attend school and engage in their learning. Some of the things that a PFSA can do are:

- Meet with school staff, pupils and parents to identify problems and possible solutions
- Help families to receive all the benefits and help they are entitled to, such as financial help with school meals, transport and clothing
- Make referrals to other agencies, such as social services, educational psychologists, health professionals or the careers service
- Make home visits or meet pupils and parents in school to provide ongoing support
- Encourage parents to make good relationships with the school
- Help arrange alternative education for pupils who are excluded from school

PFSAs are a very important part of how we deliver early help in Somerset, but the funding source from central government (called 'Historic Commitments') is reducing 20% each year and could be discontinued entirely with limited notice.

Somerset Works, which supports young people who are not in education, employment or training (NEET) or at risk of being NEET, is also at risk of losing its funding.

## Proposal 2: Early Help

We are proposing to stop relying on 'Historic Commitments' to fund Early Help, and instead use 'match-funding' – where the council, schools and **partners** all contribute some money.

The total fund would be £3million in the first year. This would replace:

- Central PFSA funding
- Trust or school top-ups to PFSA funding
- Somerset Works funding

This means that schools would pay less while Historic Commitments funding was still available. School contributions would rise as the fund diminished.

School contributions would remain below the ceiling of 0.5% that can be agreed locally. The target would be to reach a 50/50 split between School Block topslice and funding from the Council and **partners** by the year 2028/29.

Because one of the most important things to achieve is a long-term stable **workforce**, it is proposed to approach the Secretary of State to agree the deal over the five-year term, without an annual reconsideration by Schools Forum. We are proposing this because it was the view of Schools Forum that this was a better option than an annual vote.

Early Help Five Year Funding Proposal					
	24-25	25-26	26-27	27-28	28-29
Bank of England inflation assumption		0.6%	0.0%	0.7%	1.7%
Schools Block	<b>£393.2m</b>	<b>£395.6m</b>	<b>£395.6m</b>	<b>£398.3m</b>	<b>£405.1m</b>
Schools Block %	0.06%	0.18%	0.30%	0.38%	0.38%
Schools Block sum	£236,000	£712,000	£1,187,000	£1,514,000	£1,539,000
Historic Commitments	£2,000,000	£1,500,000	£1,000,000	£500,000	0
Council	£14,000	£56,000	£81,000	£275,000	£802,000
<b>Partners</b>	£750,000	£750,000	£750,000	£750,000	£750,000
<b>TOTAL</b>	<b>£3,000,000</b>	<b>£3,018,000</b>	<b>£3,018,000</b>	<b>£3,039,000</b>	<b>£3,091,000</b>
<b>Proportion:</b>					
Schools	7.9%	23.6%	39.3%	49.8%	49.8%
LA/NHS	25.5%	26.7%	27.5%	33.7%	50.2%
CSSB	66.7%	49.7%	33.1%	16.5%	0.0%

### Problem 3: Early Years

Early years is a term that refers to the first years of children's education, especially the years up to the age of 5 in the UK education system. Early years settings include day nurseries, pre-schools, and nursery schools.

The funding for the Early Years sector is too low, which means many providers cannot meet their costs just through government funding and must look to income from parents to run a viable setting. This is very difficult where a higher proportion of parents are on low incomes themselves.

The government is investing over £4billion in expanding the entitlement to free hours, but without increasing the rate at which these hours will be paid.

**What options are there that might make a difference?**

This could increase the risk and pressure to providers, and so there is a need to look at ways to make providers more financially resilient. The best thing would be for the government's hourly rates to rise, but we cannot do this in Somerset without government increasing our funding.

Some providers pay business rates, and others don't. We could look at ways to remove business rates for those who pay, but this might advantage some providers and disadvantage others.

In this consultation we are asking about funding Early Help. As we design the Early Help system, we could consider what is already being provided for under fives to see if there are better ways of delivering this support that would relieve burdens on settings.

Parents who receive Universal Credit are sometimes eligible for significant funding for childcare. Parents on low income can also sometimes apply for Early Years Pupil Premium for their child's setting. Both of these often go unclaimed because the administration and effort is too much. We could look at ways to make claiming simpler so that more of this money came to settings.

#### **Problem 4: Minimum Funding Guarantee**

This question is just for schools.

The Minimum Funding Guarantee (MFG) is something the Council and Schools Forum can make a decision on. What it does is set a bottom limit for the amount that a school's budget can rise by.

In 2023/24 the MFG was 0.5%. That means that every school received an increase of at least 0.5%. However, when the funding settlement was finalised, there was insufficient funding to afford the National Funding Formula, including the MFG. This meant the money given to schools was £1.2million more than we had available to give out.

For 2024/25 we are proposing to set the level of MFG based on what is affordable once the funding settlement has been finalised. This means that the level could be anywhere between 0.0% and 0.5%.

If this is agreed, we would see how much money was given in the final settlement. Then we would work out how much the National Funding Formula was going to cost. When we knew how much money was left over, we would work out how much MFG that would pay for. That would be the level of MFG we would give schools.