



SCHOOLS FUNDING FORUM AGENDA

8.00 am

**Thursday
21 October 2021**

CEME, Room 235

Members 16: Quorum: 7

MEMBERSHIP:

Representative Groups

LA Maintained School Representatives:

Head Teachers (6): Emma Allen, Special
Steve Bowers or Chris Speller, Primary
Kirsten Cooper, Primary
Georgina Delmonte, Primary
David Unwin-Bailey, Primary
Hayley McClenaghan, Primary

Governors (1): Dave Waters, Primary

Academy Representatives:

Primary (1): Kate Ridley-Moy

Secondary (4) Neil Frost
David Turrell
Keith Williams
Denise Broom
Vacancy x2

Special (1) Vicki Fackler

AP Academy (1) Gary Haines

**Non-School
Representatives:**

Early Years PVI Sector Emma Reynolds
(1)

Post 16 Vacancy

Decision Board Vacancy

Trade Unions (2): John Delaney/John McGill, Teachers
Peter Liddle, Support Staff

**For information about the meeting or to give apologies, please contact:
Nick Carter 01708 433884
Email: nick.carter@haverling.gov.uk**

AGENDA ITEMS

1 CHANGES IN MEMBERSHIP, APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

To note that:

- (i) Hayley Durrant has left the Schools Funding Forum. Cluster B will be represented by Emma Allen who is already attends the Forum as the LA Maintained special school representative.
- (ii) Steve Bowers and Chris Speller will share the role of Cluster E representative, with one of them attending each meeting.
- (iii) Apologies have been received from David Waters

2 TO AGREE THE NOTES OF THE MEETING HELD ON 23 SEPTEMBER 2021 (Pages 1 - 4)

To agree the notes of the meeting held on 21st September 2021 as a correct and accurate record.

3 MATTERS ARISING

To consider any matters arising

4 EARLY YEARS FUNDING 2021-22 (Pages 5 - 7)

Report attached

5 HIGH NEEDS FUNDING REVIEW (Pages 8 - 15)

Report attached

6 SCHOOL FUNDING 2022-23 (Pages 16 - 22)

Report attached

7 EXCLUSION OF THE PUBLIC

To consider whether the public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Forum to resolve accordingly on the motion of the Chairman.

8 ST URSULA'S CATHOLIC PRIMARY SCHOOL FUNDING 2022-23 (Pages 23 - 24)

Exempt report attached

9 NEXT MEETINGS

Future meetings have been arranged as follows:

2 December 2021

13 January 2021

10 February 2021

16 June 2021

Meetings to start at 8.00 a.m. at CEME rooms 233-235

10 ANY OTHER BUSINESS

To consider any other business

Andrew Beesley
Head of Democratic Services

**MINUTES OF A MEETING OF THE
SCHOOLS FUNDING FORUM
CEME ROOM 235
23 September 2021 (8.00 - 10.00 am)**

Present:

Representative Groups

LA Maintained School
Representatives:

Head Teachers: Steve Bowers
Kirsten Cooper
David Denchfield
Hayley Durrant
Terry Hudson
Hayley McClenaghan
David Unwin-Bailey

Governors:

**Academy
Representatives:**

Primary:

Secondary: David Turrell

Special:

Alternative Provision:

**Non-School
Representatives:**

Early Years PVI: Joanne Ademoye

Trade Unions: John Delaney
Peter Liddle

73 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

Apologies were received for the absence of Emma Allen (Terry Hudson substituting), Denise Broom, Georgina Delmonte (David Denchfield substituting), Vicki Fackler, Neil Frost, Gary Haines, Kate Ridely-Moy, Emma Reynolds (Joanne Ademoye substituting), and Keith Williams.

74 ELECTION OF CHAIR AND VICE CHAIR

The Forum voted unanimously for Keith Williams to take the Chair until the first meeting of the autumn term 2022.

The Forum voted unanimously for Kirsten Cooper to take the Vice-Chair until the first meeting of the autumn term 2022.

75 TO AGREE THE NOTES OF THE MEETING HELD ON 17 JUNE 2021

The Forum requested that, in Item 5, the figure of £701m be corrected to £701k.

76 MATTERS ARISING

There were no matters arising.

77 HIGH NEEDS FUNDING FORECAST AND FUNDING REVIEW

The Forum was presented with a forecast of expenditure against the High Needs budget.

Members noted a projected in year deficit of £3million for 2021-22 and a projected cumulative deficit of £5.7million at the end of the financial year. It was explained to the Forum that representations had been made to the DfE about the level of funding received by the Local Authority for High Needs but that the level of funding remained insufficient.

The Forum noted the report.

Members agreed to the establishment of a Task and Finish Group to examine four areas of High Needs funding. Representatives would be drawn from the membership of the Special Educational Needs (SEN) Executive Board and Schools Funding Forum.

78 SCHOOLS FUNDING 2022-23

The Forum was presented with Havering's indicative Dedicated Schools Grant (DSG) Schools Block allocation for the 2022-23 financial year.

Members noted a 4.16% cash rise in the total allocation. This equated to 2.78% rise per pupil.

Members noted the National Funding Formula (NFF) factor values for 2022-23 and that most factors had risen by around 3%. The Local Authority could set a Minimum Funding Guarantee (MFG) of between 0.5% and 2.0%.

The Forum were advised that options for allocation of the Schools Block and the level of MFG would be brought to the next meeting.

The Forum noted the report and agreed that the NFF rates should again be applied when calculating schools' funding for 2022-23.

79 HIGH NEEDS FUNDING 2022-23

The Forum was presented with Havering's indicative DSG High Needs Block allocation for the 2022-23 financial year.

Members welcomed the funding increase of 10% (£3.27m) but were advised that this was unlikely to be sufficient to meet costs. Members noted that 2019 Key Stage 2 SATs results had been used in the calculation of LA funding, in the absence of more recent data.

The Forum noted the report.

80 CENTRAL SCHOOLS SERVICES BLOCK (CSSB) 2022-23

The Forum was presented with Havering's indicative DSG Central Schools Services Block (CSSB) allocation for the 2022-23 financial year.

The Forum noted that there had been an increase of £1.95 per pupil for on-going responsibilities but that the historical commitments funding was reducing by 20% year on year. Members noted that the charge for copyright licences may change and that the Local Authority (LA) had not been notified of a change until late on in the previous financial year.

Members agreed to the proposed use of the funding put forward by the LA.

81 DE-DELEGATION OF FUNDING FOR CENTRAL SERVICES 2022-23

The Forum was presented with a report in which the LA sought agreement from LA maintained schools for the de-delegation of funding for certain services. Agreement was also sought for a contribution towards the cost of statutory services and specific tasks carried out for LA maintained schools but not for academies.

The LA maintained primary school members on the Forum voted unanimously to agree de-delegation for:

- (i) Contingency to support schools in financial difficulty
- (ii) Free school meals eligibility
- (iii) Insurance
- (iv) Maternity insurance
- (v) Trade Union Facility Time

The LA maintained school members on the Forum voted unanimously to agree a contribution towards the cost of statutory services and specific tasks.

The LA maintained primary school members on the Forum agreed that they wanted to consult with their clusters before making a decision on de-delegation for:

- (i) Attendance & Behaviour
- (ii) EAL

82 EARLY YEARS FUNDING 2021-22 AND 2022-23

The Forum was presented with a proposed process for reviewing Early Years (EY) funding rates for 2021-22 and for setting 2022-23 rates.

Members noted the current funding rates agreed by the Forum in February 2021.

Members noted the report.

83 SCHOOLS BUSINESS RATES 2022-23

The Forum was presented with details of changes to the payment procedure for business rates for state-funding schools from 2022-23 onward.

Members welcomed the simplification of the process.

Members noted the report.

84 THE NATIONAL FUNDING FORMULA CONSULTATION

The Forum was presented with details of the Government's consultation document 'Fair school funding for all: completing our reforms to the National Funding Formula'.

Nick Carter took members through each of the proposals and the implications for schools and academies in Havering. A move to a national formula for the allocation of funding for growth and falling rolls was likely to have the greatest impact.

The forum agreed to the consultation responses proposed by the LA with no changes.

85 NEXT MEETINGS

The Forum noted that the next meeting would be held on 21st October 2021 at 8.00am. The meeting will take place at CEME.

86 ANY OTHER BUSINESS

There was no other business raised.



Schools Funding Forum 23rd September 2021 ITEM 4

Subject Heading:

Early Years Funding 2021-22

Report Author:

**Nick Carter – Principal Finance Officer
(Schools)**

Eligibility to vote:

All members

SUMMARY

This report details a proposed increase in the funding rates for Early Years providers using unspent balances brought forward.

RECOMMENDATIONS

That the Schools Funding Forum agrees the following, as recommended by the Early Years Provider Reference Group (EYPRG):

- (i) that the basic hourly rate for 3 & 4 year olds is increased for the current financial year from £5.02 to £5.09, backdated to 1 April 2021
- (ii) that the hourly rate for inclusion funding is increased for the current financial year from £4.90 to £5.09, backdated to 1 April 2021
- (iii) that the budget for the Early Years Inclusion Fund is increased from £300,000 to £400,000 to meet the cost of higher take up
- (iv) that a contingency of £200,000 is retained
- (v) that the use of any underspend in the Early Years Block is discussed with the Early Years Provider Reference Group before any proposals are brought to the Schools Funding Forum and before any decisions are made on its use.

REPORT DETAIL

Background

The funding rates for 2021-22 were agreed by the Schools Funding Forum at a special meeting held on 23rd February 2021. This followed discussions held at the Early Years Provider Reference Group (EYPRG) and consultation with Early Years providers.

Rates for 2021-22 were agreed as follows:

1. The basic hourly rate for 2 year olds was increased from £5.68 to £5.76
2. The basic hourly rate for 3 & 4 year olds was increased from £5.00 to £5.02. The substantive rate for 2020-21 was £4.90 but this had been enhanced for the year to £5.00. The enhancement was incorporated into the base.
3. The Early Years Inclusion Fund remained at £300,000 and that the hourly rate for eligible children remained at £4.90.

The total number of hours supported in autumn 2020 was 95% of the 2019 level. Budget projections for 2021-22 were made assuming that hours for the year would remain at 95% of those previously seen. In setting the rates above it was anticipated that the budget in year would overspend by £170k but this could be met from a known brought forward balance from 2019-20 of £701k.

Funding rates were to be reviewed during the year when the position on hours of attendance had become clearer and when underspends from 2021-22 were known.

2021-22 funding for Local Authorities

Subsequent to the agreement of funding rates for providers in February, the DfE announced a change to the way that local authorities would be funded for 2021-22. Given the uncertainty created by Covid, the DfE felt that a temporary variation to the approach for funding Early Years in 2021-22 was required to provide protection to both local authorities and providers.

Each LA is funded based on termly attendance for 2021-22 as measured at the termly census. This means that where hours increase after the census date the LA will receive no additional funding. Payments to providers will, however, increase.

The funding the LA will receive for the summer term 2021 will be based on the 3 & 4 year old cohort of 6,195 at the May 2021 census. At the end of the summer term the cohort had increased to 6,569. The additional, unfunded, payments to providers resulting from the increase in numbers attending settings is £338k.

Funding rates for 2021-22

The Early Years Provider Reference Group met on 6 October 2021 to discuss the use of the brought forward balances and the allocation of sums brought forward to providers.

Early Years Inclusion Fund

When budget projections were made in January 2021, £300,000 was allocated for Inclusion Funding. This was the sum agreed in June 2020 when the hourly rate was increased to £4.90. Payments to providers from this fund are based on the actual number of supported hours and there is no cap on the funding released via this route.

£300,000 equates to 107 children. There are currently 138 children with inclusion funding, meaning that the cost for the year is now projected to be £400k, an increase of £100k.

Contingency Funding

Contingency funding is required to meet the potential cost of any in-term increase in hours that occurs after the autumn and spring term census dates. It is also possible that hours supported through the Inclusion Fund will continue to rise requiring additional funding. A contingency figure of £200k was used in the budget calculations.

Funding rates for 2021-22

After allowing for the cost of additional hours post census date, the additional funding for inclusion and the need for a contingency, the remainder of the brought forward balance was available to allocate to providers.

Proposals for an increase in the 3 and 4 year old hourly rate from £5.02 to £5.09 were presented to EYPRG. This increase would be backdated to the start of the financial year. EYPRG felt, on balance, that an increase backdated to the start of the financial year was preferable to a higher increase starting from a later date.

The Group acknowledged that additional funding was needed for inclusion and agreed to an LA proposal to increase the Inclusion Fund rate from £4.90 to £5.09 to match the 3 and 4 year old basic rate. The cost of harmonising the rates is £15k. The saving from not increasing the rate is insufficient to add an additional 1p to the basic rate.

EYPRG accepted the need to hold a contingency sum of £200k but asked that any unspent balances at the end of the year were ring-fenced for use within Early Years. The Schools Funding Forum is asked to re-affirm the arrangements agreed in February.

As the proposed increases are being financed solely from balances brought forward there is no guarantee that the rates can be sustained for 2022-23.

Agenda Item 5



Schools Funding Forum 21 October 2021

ITEM 5

Subject Heading:

High Needs Funding Review

Report Author:

**Nick Carter – Principal Finance Officer
(Schools)**

Eligibility to vote:

All school and academy members

SUMMARY

This report provides a summary of the options considered at the first meeting of the High Needs Task and Finish Group and proposes a package of increases in High Needs funding for schools.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the areas examined by the Task and Finish Group
- (ii) considers a package of changes, proposed by the LA, that would increase High Needs funding for schools by £2.5m.
- (iii) agrees that the consultation with schools on 2022-23 funding include the option of a transfer of Dedicated School Grant from the Schools Block to the High Needs Block.

The Forum may wish to defer decisions on this item until after Agenda Item 7 has been considered.

REPORT DETAIL

1. Background

At their meeting of on 23 September 2021 the Schools Funding Forum agreed to set up a High Needs Task and Finish Group to look at four areas of High Needs funding for schools. These are:

- (i) The hourly rate paid for teaching assistant support in respect of Education Health Care Plans (EHCPs).
- (ii) The inclusion supplement, or headroom, paid to schools with a disproportionately high number of pupils with an EHCP.
- (iii) Whether schools should receive payment for the assessment period prior to an EHCP being finalised.
- (iv) Funding for Additional Resourced Provision (ARPs)

Funding for the above is met from the High Needs Block of the Dedicated Schools Grant (DSG). This is projected to overspend by £3.0m in 2021-22. With a £2.7m deficit brought forward, this will bring the cumulative deficit to £5.7m. Funding for 2022-23 will increase by £3.3m but costs are expected to increase by a similar figure.

2. Transfers between DSG blocks

An increase in High Needs funding for schools could be met, or partially met, by the transfer of money from the DSG Schools Block to the DSG High Needs Block.

For 2022-23, with the agreement of the Schools' Funding Forum, LAs will continue to be able to transfer up to 0.5% of their Schools Block to other DSG blocks. Using the indicative figure for 2022-23, this equates to £1,006,000. There was no transfer from the Schools Block to the High Needs Block in 2021-22. In 2020-21 the Forum voted to transfer £500k from the Schools Block to the High Needs Block.

3. DfE Review of High Needs Funding

The DfE are due to undertake a review of High Needs funding. This has been delayed a number of times but when complete it is likely to impact on the way that both LAs and schools are funded for High Needs.

4. Areas considered by the Task and Finish Group and LA proposals

Funding in support of EHCPs

Teaching assistant time in support of an EHCP is currently funded at £14.00 per hour after the first 11 hours. Appendix A shows a calculation of the average hourly cost of a teaching assistant. The average spinal point for a special needs teaching assistant in LA maintained primary schools is 4.34. The figure is unlikely to be significantly different

in academies and secondary schools. The hourly cost, including the current pay offer from employers, is £16.06 per hour.

Schools are funded for 39 weeks each academic year, with some variation each financial year depending on the timing of the Easter break. Teaching assistants are, however, paid for 43.6 weeks per year, or 44.1 weeks if they have over five years service. Taking this into account, the hourly cost increases to £18.04.

Schools are expected to meet the first £6,000 of support for an EHCP from the School Budget Share. At the current funding rate of £14.00 per hour this equates to the first 11 hours. As the rate is increased, the hours represented by £6,000 falls. For example if the rate increased to £15 per hour, £6,000 would only purchase 10.25 hours.

Appendix B shows the impact of hourly funding rates from £14.00 to £18.00, both in terms of the increased cost to the High Needs Block and the reduction in cost to the School Budget Share.

The local authority is recommending an increase from £14.00 to £16.00 for 2022-23 as a start in the move towards an £18.00 hourly rate. At £16.00 per hour, funding for an EHCP would begin after the first 9.5 hours.

The estimated cost of this change is £1,769,000.

The Inclusion Supplement

Frequently referred to as 'headroom', the Inclusion Supplement provides additional funding to schools that have a disproportionately high number of pupils with EHCPs. Schools are expected to meet the first £6,000 of support from the School Budget Share. The DfE acknowledges that where a school has a high number of EHCP pupils the need to fund the first £6,000 will place a strain on the budget. Local Authorities are, therefore, permitted to provide additional funding to schools that have a high number of pupils with an EHCP. The DfE does not prescribe the method of calculating the additional funding.

Notional SEN Funding

Part of a school's individual budget share is identified as 'Notional SEN funding'. In Havering this is calculated as:

Pupil led funding 1%
Plus
Deprivation funding 16.5%
Plus
Low prior attainment funding 40% primary schools, 45% secondary schools.

The idea of Notional SEN funding is to demonstrate that an element of the School Budget Share is intended for special needs. This includes meeting the first £6,000 cost of an EHCP and supporting SEN pupils who do not have an EHCP.

Current calculation of the Inclusion Supplement

Funding is currently calculated as follows:

- Calculate the percentage of pupils in the each sector that have an EHCP.
- Identify those schools with an above average number of EHCPs for the sector and calculate by how many EHCP pupils they are above average.
- Multiply the number of EHCPs the school is above average by £6,000. This identifies the cost to the school of meeting the first £6,000 of an above average number of pupils with an EHCP. (A)
- Calculate the average per pupil funding for each sector.
- Calculate the difference between the funding that each school receives and what it would receive if it were funded at the sector per pupil average. (B)
- If any additional funding the school receives at (B) is not sufficient to meet the additional cost at (A), the school will receive an Inclusion Supplement. This will be between 25% and 100% of the difference, depending on how far the school's funding deviates from the average.

In 2021-22 nine primary schools received a total of £163,907 and two secondary schools a total of £202,711. The total funding was £366,618.

Proposed calculation of the Inclusion Supplement

The LA is proposing to simplify the calculation of the Inclusion Supplement using the Notional SEN funding as the basis for calculation. A school would be expected to use up to 75% of the Notional SEN funding it receives to meet the £6,000 cost per EHCP. Each school would have at least 25% of the Notional SEN funding remaining to meet other SEN support costs.

Funding would be calculated as follows:

- Multiply the number of EHCPs in the school by £6,000 (A).
- Multiply the Notional SEN funding received by the school by 0.75 (B)
- If (A) is greater than (B), the school receives the difference.

If this methodology had been used for 2021-22, nine primary schools would have received a total of £315,738 and two secondary schools a total of £255,947. The total funding was £571,685.

The estimated cost of this change is £206,000

Backdating funding for new EHCPs

A pupil arriving a school may require one to one support from the first day. If that pupil does not have an EHCP in place, the school will not receive funding until an EHCP has been finalised and will then receive funding starting from the date of finalisation. This means that the school receives no funding for the assessment period.

The cost of simply backdating the start of each EHCP by 20 weeks, to cover the assessment period, would be between £1.5m and £2m a year making it prohibitively expensive.

The Task and Finish Group felt that the problem was most acute with reception children. The LA is proposing that when an EHCP is finalised for a pupil in the reception year, funding is backdated to the start of the academic year or to the pupil's start date at the school if this is later.

Calculating the cost of this additional funding with any degree of accuracy is not straightforward as the numbers from the last financial year are likely to be atypical due to the pandemic. Using the numbers from earlier years would not reflect the increase in EHCPs that has taken place.

The estimated cost of this change is £150,000.

Funding for Additional Resourced Provision (ARPs)

Schools with an ARP currently receive funding as follows:

- The pupil led funding relevant for the Key Stage of each pupil in the ARP. This is topped up to £4,000 for Key Stage 1 and 2 pupils.
- £4,000 for each place at the ARP that is unfilled
- £6,000 per place 'place funding'
- £6,667 per place 'pupil top-up'

This means that an ARP at a primary school receives £16,667 per place. An ARP at a secondary school receives £17,435 for each place filled by a KS3 pupil, £18,041 for each place filled by a KS4 pupil and £16,667 for each place that is unfilled.

The £6,667 pupil top-up matches the lowest funding band for pupil top-up in special schools, Level C (ii). There are, however, very few pupils in special schools that are funded on this lowest band. The LA is proposing that the £6,667 pupil top-up is increased to £10,000 to match the next funding band for pupil top-up in special schools, Level C (ii).

The additional £3,333 per place would provide a 12 place ARP with an additional £40k a year.

The cost of this change, based on existing ARP place numbers, is £353,000.

Total additional costs

The total estimated cost of the proposals outlined above is shown below:

Proposal	Cost (£)
Increasing the hourly rate for teaching assistant support for EHCP hours from £14.00 to £16.00. Reducing the hours met by the school from 11 to 9.5.	£1,769,000
Calculating the Inclusion Supplement (headroom) using a formula based on 75% of Notional SEN funding.	£206,000
Backdating EHCP funding received for reception children to the start of the academic year or their start date at the school.	£150,000
Increasing the pupil top-up funding for ARPs from £6,667 per place to £10,000 per place.	£353,000
Total cost of proposals	£2,478,000

The overspend on the High Needs Block means that these proposals could not be implemented without a transfer of 0.5% from the Schools Block. This would reduce the net increase in cost to the High Needs Block from £2.5m to £1.5m.

High Needs Funding Review Autumn 2021

EHCP hourly rate

		£
TA paid on Grade 1		
At July 2021 offer rate		
	1	21,226
	2	21,398
	3	21,783
	4	22,176
	5	22,573
Average point 4.34		22,311
Average N.I. %	5.33	1,189
Average pension %	29.77	6,642
Total average cost		30,142

Hourly cost **16.06**

Adjustment for holiday pay

No of weeks funding		39
Staff work 38 weeks paid	43.6	
or	44.1	
Use		43.8

Adjusted hourly rate **18.04**

High Needs Funding Review Autumn 2021

The impact of changes in the hourly rate of funding for an EHCP

Total number of pupils supported by TA

821

Hourly rate £	Total TA hours / week	£6,000 represented as hours per week	Hours per week per pupil met from Notional SEN	Total hours per week met from Notional SEN	Total hours per week met from HN Block	Total weeks	Cost met by HN Block £	Increase over current £	Funding received by school for 32.5 hpw pupil £	Increase over current £	Cost to SBS of supporting 32.5 hpw pupil £
14.00	21,870	10.99	11.00	9,031	12,839	39	7,010,094		11,739		11,109
15.00	21,870	10.26	10.25	8,415	13,455	39	7,871,029	860,935	13,016	1,277	9,832
16.00	21,870	9.62	9.50	7,800	14,071	39	8,779,992	1,769,898	14,352	2,613	8,496
17.00	21,870	9.05	9.00	7,389	14,481	39	9,600,903	2,590,809	15,581	3,842	7,268
18.00	21,870	8.55	8.50	6,979	14,892	39	10,453,833	3,443,739	16,848	5,109	6,000

Agenda Item 6



Schools Funding Forum 21 October 2021

ITEM 6

Subject Heading:

Schools Funding 2022-23

Report Author:

**Nick Carter – Principal Finance Officer
(Schools)**

Eligibility to vote:

All school and academy members

SUMMARY

This report summarises the announcement of indicative DSG Schools Block funding for financial year 2022-23 and provides options on a transfer of funding to the High Needs Block, meeting the cost of pupil growth and falling rolls and allocating the funding to schools.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) considers the options presented on allocating funding to schools for 2022-23
- (ii) considers a transfer of funding from the Schools Block to the High Needs Block
- (iii) considers the funding of pupil growth and falling rolls
- (iv) agrees to a consultation with schools on an appropriate formula allocation or range of options, the funding of pupil growth and falling rolls, and a transfer of funding from the Schools Block to the High Needs Block

REPORT DETAIL

1. Background

In 2018-19 a “soft” National Funding Formula (NFF) was implemented. In that year, and in subsequent years, Havering has used the NFF rates in calculating funding for its schools. The DfE held a consultation on moving to a “hard” NFF in July – September 2021. The outcome of this is not yet known and any changes will not take effect until 2023-24. Arrangements for 2022-23 are largely unchanged. At their meeting held on 23 September 2021, the Schools Funding Forum agreed that NFF funding rates should again be used in the calculation of schools’ funding allocations for 2022-23.

Since the introduction of the soft NFF the Schools Funding Forum has made decisions each year on whether funding should be transferred from the Schools Block to the High Needs Block of the Dedicated Schools Grant (DSG) and whether to supplement the funding received from the DfE for growth and falling rolls.

The Schools Funding Forum has then gone on to make decisions on the minimum funding guarantee (MFG) and a gains cap. For 2021-22, the MFG was set at +1.75% and there was no gains cap. In 2020-21 a gains cap of 4% was applied to limit the gains of schools that would otherwise have received more.

2. DSG Schools Block 2022-23

The DfE has announced indicative funding for 2022-23 through the DSG Schools Block. The figures were reported to the Schools Funding Forum at their last meeting but are shown again below.

The first table below shows indicative funding against the baseline data from 2021-22.

	Pupil Numbers	Schools Block allocation excluding pupil growth and premises factors £	Allocation through premises factors £	Total allocation (excluding funding for pupil growth) £	Allocation per pupil £
2022-23	37,478	198,818,062	2,430,762	201,248,824	5,370
2021-22	36,979	190,978,314	2,241,145	193,219,458	5,225
increase	499	7,839,748	189,617	8,029,366	145
				4.16%	2.78%

The Schools Block funding for 2022-23 shown above will be updated in December using pupil numbers from the October 2021 census and will also include Havering’s allocation of funding for pupil growth/falling rolls. Until then the LA models various options based on estimated pupil numbers and data.

The table above shows the comparison of indicative 2022-23 funding against the baseline figure for 2021-22. This is not the final allocation that the LA received in 2021-

22 which is shown in the table below together with the indicative Schools Block funding for 2022-23.

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Rates (NNDR) £	Total Funding £
2022-23	4,667	6,285	22,701	14,777	198,818,062	2,430,762	201,248,824
2021-22	4,559	6,097	22,701	14,777	193,595,869	2,241,195	195,837,015
Diff	108	188	-	-	5,222,193	189,617	5,411,809

The Schools Block also includes funding for pupil growth. Using a growth calculator tool provided by the DfE, the LAs current estimate of growth funding for 2022-23 is £1.5m. This will be insufficient to meet the cost of funding growth and falling rolls on the current basis.

3. NFF Funding Rates

The NFF Funding rates for 2022-23 are shown at Appendix A, together with the rates for 2021-22. The NFF Basic per pupil funding rate has increased by 3.0%. The Area Cost Adjustment (ACA), which recognises higher costs in London, has increased slightly from 1.08274 to 1.08410 for Havering. This means the Basic per pupil rate for Havering has risen by 3.14% for Key Stages 1 and 2 and by 3.13% for Key Staged 3 and 4.

4. Minimum Funding Guarantee and Gains Cap

The range for the minimum funding guarantee (MFG) percentage that local authorities can apply is between 0.5% and 2%. This means that where the per pupil funding for a school has risen by less than the MFG rate, the increase will be topped up to the level of the MFG.

Local Authorities can also apply a cap on the percentage gains per pupil that schools will receive to ensure that the total amount allocated to schools does not exceed the Schools Block funding. The gains cap is applied to schools that would otherwise receive a higher per pupil increase. This will be determined by the level of affordability once the amount required for MFG is calculated.

In calculating funding to schools in 2021-22 an MFG of 1.75% was applied and there was no gains cap.

5. Minimum Per Pupil Funding Level

In allocating funding to schools LAs need to ensure that minimum pupil funding levels are met. For 2022-23 these are set at £4,265 for primary schools and £5,525 for secondary schools, a rise of 2.0% on the rate for last year.

6. Transfers between DSG blocks

For 2022-23, with the agreement of the Schools' Funding Forum, LAs will continue to be able to transfer up to 0.5% of their Schools Block to other DSG blocks. Using the indicative figure for 2022-23, this equates to £1,006,000. There was no transfer from the Schools Block to the High Needs Block in 2021-22. In 2020-21 the Forum voted to transfer £500k from the Schools Block to the High Needs Block.

7. School Funding Options

At this stage, all calculations are based on October 2020 data. These show the sums that each school would receive if there were no changes in pupil numbers or other data since October 2020 but using the 2022-23 funding rates.

Once the revised data is received in December, the LA will apply the NFF funding factors for each school to the data from the October 2021 census. Until the October 2021 data is received from the DfE it is not possible to calculate final figures for 2022-23. Minor changes may be needed to any decisions made by the Forum prior to the calculation of final funding figures.

Given that the LA is using the NFF factors and rates to allocate funding to schools, the options to be considered are whether to transfer funding from the Schools Block to the High Needs Block, the level of the minimum funding guarantee and the level of any gains cap.

A summary of two possible options is shown below. The impact on individual schools, shown anonymously, will be circulated at the meeting.

Based on current figures, it is possible to allocate funding to schools with the maximum permitted MFG of 2% and no gains cap. This is shown as Option A. With a minor overspend, it would also be possible to allocate the additional funding required for growth and falling rolls.

If funding is transferred from the School Block to the High Needs Block, then it is necessary to reduce the MFG and include a gains cap. An MFG of 1% together with a gains cap of 2.5% would enable a transfer of 0.5% from the Schools Block to the High Needs Block, and the allocation of additional funding for growth and falling rolls. This is shown as Option B.

Option	MFG	Cap	DSG remaining £000s	No. of schools on MFG		No of schools capped		Cost of MFG £000s	Saving from cap £000s
				Prim.	Sec.	Prim.	Sec.		
A	2.0%	-	605	0	3	-	-	609	0
B	1.0%	2.5%	1,804	0	2	50	14	455	1,045

Havering has 60 primary schools and 18 secondary schools

8. Pupil Growth and Falling Rolls Fund

In 2019-20 the DfE introduced a formula for the allocation of growth funding to LAs. This is based on multiplying the difference between the October data in one year and the previous year and multiplying that difference by £1,485 per primary pupil and £2,220 per secondary pupil, an increase of 2.1% from 2021-22. These arrangements, based on lagged data, do not support LAs with a growing number of pupils.

Havering's funding has reduced significantly since this funding mechanism was introduced

2018-19	£3.3m
2019-20	£2.5m
2020-21	£1.6m
2021-22	£1.6m
2022-23*	£1.5m

* The figure for 2022-23 is a locally calculated estimate.

Havering's formula for allocating growth funding is as follows:

Primary

Single form of entry expansion or bulge class

28 pupils x AWPU £3,381.40 x 7/12 (Sept – March) = £55,230

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

It is expected that bulge classes will fill and therefore funded the following year by the pupils on roll but if they do not fill the funding is protected up to 28 pupils.

Secondary

Expansion or bulge class

Smaller increases in numbers are expected to be absorbed into existing classes. This is reflected in the pupil numbers funded as follows, using an example of an increase in PAN from 180 to 210.

Increase = 30 less 1 pupil absorbed into each of the existing 6 classes = 24 to be funded

e.g. 24 pupils x AWPU £4,768.39 x 7/12 (Sept – March) = £66,757

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

For 2022-23 it is currently estimated that the costs will be as follows:

Primary

New expansions in September 2022	0	£0
Expansions from previous years	8	£514,015
New bulge classes in September 2022	1	£55,230
Unfilled bulges from previous years	1	£11,271
Infant class sizes	1	£47,340
		<hr/> £627,856

Secondary

New expansions in September 2022	0	£0
Expansions from previous years	5	£367,308
New bulge classes in September 2022	0	£0
Bulges from previous years	0	£0
		<hr/> £367,308

TOTAL GROWTH £995,164

This budget must also fund schools with falling rolls

The DfE regulations require this to be good and outstanding schools only and when the capacity is likely to be filled in 3 years.

Havering's formula is as follows:

PAN x 90% minus NOR in YrR/Yr3/Yr7 x AWPU x 90%
Plus
PAN x 90% minus NOR in Yr1/Yr4/Yr8 x AWPU x 50%

It is estimated that this will cost £182,974 in 2022-23.

Havering also has local arrangements that support primary schools that have significantly and consistently low numbers in some year groups. It is estimated that this will cost £994,131 for 25 schools.

Total funding requirement	<u>£2,172,269</u>
Estimated DfE allocation	£1,491,267
Shortfall	£681,002

The options for consideration are to either reduce the amount of funding allocated to all or some of the categories above, to top slice the Schools Block by £681k or a combination of a reduction and a lower top slice.

ITEM 6 Appendix A

NFF rates 2022/23

ACA 1.08410

Factor	Primary			
	2022/23		2021/22 % change	
	NFF £	LBH £	LBH £	LBH
Basic per pupil	3,217.00	3,487.55	3,381.40	3.14
Free School Meals	470.00	509.53	498.06	2.30
FSM Ever 6	590.00	639.62	622.58	2.74
IDACI A	640.00	693.82	671.30	3.36
IDACI B	490.00	531.21	514.30	3.29
IDACI C	460.00	498.69	481.82	3.50
IDACI D	420.00	455.32	443.92	2.57
IDACI E	270.00	292.71	281.51	3.98
IDACI F	220.00	238.50	232.79	2.45
Low Prior Attainment	1,130.00	1,225.03	1,185.60	3.33
EAL	565.00	612.52	595.51	2.86
Mobility	925.00	1,002.79	974.47	2.91
Lump sum	121,300.00	131,501.33	127,546.77	3.10
Minimum Per Pupil Level	4,265.00	4,265.00	4,180.00	2.03
Minimum Funding Guarantee	0.5% - 2.00%	1.75%	0.5% - 2.00%	tbd

	Secondary			
	2022/23		2021/22 % change	
	NFF £	LBH £	LBH £	LBH
KS3	4,536.00	4,917.48	4,768.39	3.13
KS4	5,112.00	5,541.92	5,373.64	3.13
	470.00	509.53	498.06	2.30
	865.00	937.75	909.50	3.11
	890.00	964.85	936.57	3.02
	700.00	758.87	736.26	3.07
	650.00	704.67	682.13	3.30
	595.00	645.04	627.99	2.72
	425.00	460.74	449.34	2.54
	320.00	346.91	335.65	3.36
	1,710.00	1,853.81	1,797.35	3.14
	1,530.00	1,658.67	1,607.87	3.16
	1,330.00	1,441.85	1,396.73	3.23
	121,300.00	131,501.33	127,546.77	3.10
KS3	5,321.00	5,321.00	5,215.00	2.03
KS4	5,831.00	5,831.00	5,715.00	2.03
Weighted	5,525.00	5,525.00	5,415.00	2.03
	0.5% - 2.00%	1.75%	0.5% - 2.00%	tbd

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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