

# **Consultation on Schools and High Needs Funding 2019-20**

## **Introduction**

This consultation document sets out the proposals of Havering Local Authority for the funding of schools for the financial year 2019-20, the second year of operation of the Government's national funding formula for schools and high needs. Although there are no specific questions raised in this consultation, schools are welcome to comment on any part of the proposed funding arrangements.

## **Process**

The consultation period will run until 10<sup>th</sup> December 2018.

A summary of responses to the consultation will be reported to the meeting of the Schools Funding Forum on 13<sup>th</sup> December and final decisions taken by the Local Authority in January before schools are issued with their funding.

## **Responding to the Consultation**

Although the consultation paper is sent to all head teachers and Chairs of Governors, we would prefer to receive a single response from each school.

Any responses should be sent to:

School Finance Team  
Education Services  
London Borough of Havering  
Mercury House  
Mercury Gardens  
Romford  
RM1 3DW

E-mail: [education.finance@haverling.gov.uk](mailto:education.finance@haverling.gov.uk)

All responses should be returned by 10<sup>th</sup> December 2018.

## **Further Information**

If you require any further information about any item included in the consultation paper please contact:

David Allen  
Strategic Finance Manager  
 01708 433851  
Email: david.allen@haverling.gov.uk

## Schools Funding 2019-20

2019-20 is the second year of the transitional arrangements before full implementation of the Government's national funding formula for schools. Full implementation was originally planned for 2020-21 but has now been delayed until 2021-22 at the earliest.

This means that local authorities continue to be responsible for setting the formula for schools to distribute the funding allocated through the Schools Block of the Dedicated Schools Grant (DSG). Decisions are made following consultation with schools and the Schools Funding Forum.

Although the direct funding of schools from the DFE is delayed, the national funding formula is used to calculate the DSG Schools Block that is allocated to local authorities. This is done by applying Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs) to the number of pupils on the October 2018 census for 2019-20 funding.

The PUFs and SUFs are calculated by applying the NFF rates to schools' data (deprivation, prior attainment data etc.) from October 2017. However, the local authority will need to fund actual data from the October 2018 census and needs to model the likely cost against the estimated amount of DSG Schools Block it will receive from the DFE. If data increases e.g. the number of free school meals or the number of children living in areas of deprivation then full application of the national funding formula may not be affordable as the cost of funding schools on October 2018 is greater than the amount allocated by the DFE based on 2017 data.

The verified data from the October 2018 census is not received from the DFE until mid-December so the local authority has modelled schools funding based on locally held data.

In 2018-19, the local authority was able to implement the NFF in full. This was as follows:

- The national funding formula rates were used for each formula factor
- Every mainstream school received a 0.5% increase in its per pupil funding
- A gains cap of 3% per pupil was applied for schools that would otherwise have received a greater increase from the NFF

The result of this for Havering schools for 2018-19 was as shown in the table below.

Phase	Per pupil increase			Total
	0.5%	Between 0.5% and 3%	3%	
Infant	4	2	6	12
Junior	0	2	10	12
Primary	4	8	24	36
Secondary	10	5	2	17
<b>Total</b>	<b>18</b>	<b>17</b>	<b>42</b>	<b>77</b>
<b>% Total</b>	<b>23%</b>	<b>22%</b>	<b>55%</b>	

The local authority's modelling of the October 2018 data shows that it is unaffordable to implement this for a second year within its estimated Schools Block allocation.

This was discussed at the Schools Funding Forum meeting of 8<sup>th</sup> November and it was agreed to implement the formula as far as possible in 2019-20 but restrict gains to 2% per pupil whilst ensuring that all schools receive the minimum 0.5% per pupil increase. This is summarised as follows:

- The national funding formula rates to be used for each formula factor
- Every mainstream school receives a 0.5% increase in its per pupil funding
- A gains cap of 2% per pupil to be applied for schools that would otherwise have received a greater increase from the NFF

The cost of applying a cap of 2% on gains is £210k less than applying a cap of 3%. Although the 20 schools in the table below would have otherwise received a higher amount, this allows all schools to receive at least a 0.5% increase per pupil. An alternative would have been to set a lower minimum funding guarantee than the 0.5% and increase the cap to 3%. The Schools Funding Forum considered that the application of a 2% cap to be fairer model of distribution.

The result of this for Havering schools for 2019-20 based on indicative data should be as below although the numbers will change once the full and final data set is received.

Phase	Per pupil increase			Total
	0.5%	Between 0.5% and 2%	2%	
Infant	8	1	3	12
Junior	4	1	7	12
Primary	21	4	10	36
Secondary	12	6	0	17
<b>Total</b>	<b>45</b>	<b>12</b>	<b>20</b>	<b>77</b>
<b>% Total</b>	<b>58%</b>	<b>16%</b>	<b>26%</b>	

The NFF also needs to ensure that every school in the country receives the minimum funding per-pupil of £4,800 for secondary schools and £3,500 for primary schools in 2019-20. The proposals above achieve this for every school except for one primary and one secondary school whose per pupil amounts are uplifted to ensure this minimum is received.

The DFE has made some minor changes to the rates of some funding factors as shown at Appendix A and has increased the Schools Block to achieve a 1% increase for schools on 2017-18 per pupil baselines. The LA has demonstrated to the Schools Funding that a 0.5% increase on 2018-19 baselines is more favourable for schools so has applied this in the financial modelling.

## De-delegation 2019-20 (LA maintained primary schools only)

On behalf of all LA maintained primary schools, the Schools Funding Forum is asked to consider the de-delegation of funding for a limited number of central support services. Agreement has been given for the services below. The deduction from the various funding factor rates have all reduced from 2018-19 except for FSM Eligibility, Maternity Insurance and Trade Union Facility Time all of which remain unchanged

### Attendance & Behaviour

Formula factor	AWPU	FSM	IDACI C	IDACI B	IDACI A	Low attainment	
Amount	£2.00	£17.00	£15.00	£45	£300	£9.00	
Total	£33,758	£33,116	£18,276	£49,927	£1,500	£44,912	£181,489

### EAL Service

Formula factor	EAL 3
Amount	£49.00
Total	£110,000

This decision followed a consultation with schools who were 73% in favour of retaining the central service.

### Free School Meals Eligibility Checking Service

Formula factor	FSM
Amount	£9.00
Total	£17,613

### General Insurance

Formula factor	AWPU
Amount	£20.50
Total	£346,000

### **Maternity Insurance**

Formula factor	AWPU
Amount	£26.00
Total	£439,000

### **Contingency for Schools in Financial Difficulty**

Formula factor	AWPU
Amount	£11.00
Total	£186,000

### **Trade Union Facility Time**

Formula factor	AWPU
Amount	£2.50
Total	£42,200

This is subject to further review by the Schools Funding Forum

### **Central Education Services**

This relates to service for LA maintained schools for which government grant has ceased.

Formula factor	AWPU
Amount	£17.90
Total	£302,000

### **Pupil Growth and Falling Rolls Funding 2019-20**

For several years, Havering has held a central budget to support pupil growth in the borough and for schools with falling rolls. This has provided expanding schools with additional funding where the pupil numbers on which the school has been funded has not taken account of additional classes in a new academic year. This includes the funding of bulge classes. Schools with falling rolls have also received some transitional funding in the years before pupil numbers increase or while the school implements a class reorganisation to reduce its costs. DFE regulations permit this for Good and Outstanding schools only.

In 2018-19 the total budget for pupil growth and falling rolls received from the DFE was £3.2m. For 2019-20 the DFE has drawn all funding back centrally and redistributed it to LAs according to a formula. This will mean that Havering's allocation will reduce by approximately £700,000. The LA is currently modelling the impact of this and has brought to the attention of the DFE that Havering has the highest increase in pupil numbers in London and a reduction in funding could have significant implications for the LA's ability to adequately fund pupil growth.

## **High Needs Block**

As with the DSG Schools Block, the 2019-20 will be the second year that the High Needs Block is allocated on a national funding formula. Havering's allocation in 2018-19 was capped at the maximum 3% and would otherwise have delivered approximately £2m extra rather than the £800k received. In 2019-20 Havering's indicative allocation is £1.3m greater than the current year although there are still some adjustments to be made before the final sum is confirmed.

Although this increase is welcome, the current year's High Needs Block is forecast to overspend by approximately £2m and with increasing numbers of children with EHC plans and an increasing complexity of need, the trend is for higher levels of expenditure in future years

This is a national problem and several local authorities are accumulating deficits from previous years. A recent survey by London Councils has predicted a £68m shortfall in the funding of London Boroughs by the end of the current financial year.

The local authority will be reviewing all areas of expenditure and will continue to invest in local provision with the aim of reducing the number of pupils placed in costly out of borough, non-maintained and independent provision.

The DFE regulations permit a one-off transfer between DSG funding blocks into the High Needs Block to mitigate some of the pressures. The maximum transfer between funding blocks is 0.5% which would allocate an additional £800k into the High Needs Block if agreed. This was considered by the Schools Funding Forum at the November meeting and members were advised that the reduction in schools budgets would be approximately £23 per pupil. After much debate the decision was to refuse the request of the LA to transfer the funding given the already considerable pressures on school budgets.

## Appendix A

### Comparison of NFF formula factor values

	2018-19		2019-20		Difference
	national rates	ACA @ 1.08204	national rates	ACA @ 1.08204	
AWPU (Primary)	2,746.99	2,972.35	2,746.99	2,972.35	
AWPU (KS3)	3,862.65	4,179.54	3,862.65	4,179.54	
AWPU (KS4)	4,385.81	4,745.62	4,385.81	4,745.62	
Ever6 FSM (Primary)	440.00	476.10	440.00	476.10	
Ever6 FSM (Secondary)	440.00	476.10	440.00	476.10	
FSM (Primary)	540.00	584.30	980.00	1,060.40	
FSM (Secondary)	785.00	849.40	1,225.00	1,325.50	
IDACI Band F (Primary)	200.00	216.41	200.00	216.41	
IDACI Band E (Primary)	240.00	259.69	240.00	259.69	
IDACI Band D (Primary)	360.00	389.53	360.00	389.53	
IDACI Band C (Primary)	360.00	389.53	390.00	422.00	32.46
IDACI Band B (Primary)	420.00	454.46	420.00	454.46	
IDACI Band A (Primary)	575.00	622.17	575.00	622.17	
IDACI Band F (Secondary)	290.00	313.79	290.00	313.79	
IDACI Band E (Secondary)	390.00	422.00	390.00	422.00	
IDACI Band D (Secondary)	515.00	557.25	515.00	557.25	
IDACI Band C (Secondary)	515.00	557.25	560.00	605.94	48.69
IDACI Band B (Secondary)	600.00	649.22	600.00	649.22	
IDACI Band A (Secondary)	810.00	876.45	810.00	876.45	
LAC	0.00	0.00	0.00	0.00	
Low Attainment (Primary)	1,050.00	1,136.14	1,022.00	1,105.84	-30.30
Low Attainment (Secondary)	1,550.00	1,677.16	1,550.00	1,677.16	
EAL (Primary)	515.00	557.25	515.00	557.25	
EAL (Secondary)	1,385.00	1,498.63	1,385.00	1,498.63	
Lump Sum (Primary)	110,000.00	119,024.40	110,000.00	119,024.40	
Lump Sum (Secondary)	110,000.00	119,024.40	110,000.00	119,024.40	

ACA = Area Cost Adjustment