



Notice of Non-key Executive Decision

Subject Heading:	Schools and High Needs Funding 2021-22
Cabinet Member:	Councillor Robert Benham
SLT Lead:	Robert South
Report Author and contact details:	Nick Carter Principal Finance Officer Education Services nick.carter@havering.gov.uk 01708 433884
Policy context:	The fair and equitable distribution of resources supports schools in providing a good start for every child to reach their full potential.
Financial summary:	This decision meets the DfE requirements for the funding of schools, retention for central services and provision and support for pupils with high needs, all funded from the LA allocation of funding from the Dedicated Schools Grant.
Relevant OSC:	Children and Learning
Is this decision exempt from being called-in?	Yes, it is a Non Key Decision by officer.

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

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Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To agree the formula factors and the funding rates to be applied as recommended in Appendix A, in order to distribute funding to schools and academies from the Schools Block of the Dedicated Schools Grant in financial year 2021-22. Also to agree the transfer £550k from the Schools Block into the Growth Fund.

This is required to comply with the Education and Skills Funding Agency (ESFA) process.

AUTHORITY UNDER WHICH DECISION IS MADE

The Assistant Director of Educational Services has delegated authority in accordance with Part 3, section 3.5 of the Constitution as follows:

(mm) School organisation, funding and governance

(ix) To formulate, consult upon, determine, maintain and review a scheme for the allocation of budget shares to each maintained school and for the financing of such schools.

STATEMENT OF THE REASONS FOR THE DECISION

1. Schools National Funding Formula

- 1.1 2021-22 is the fourth year of the Government's national funding formula for schools. It is intended that eventually, the funding of all schools in the country will be set by the Department for Education (DfE) on the basis of a single national formula at the same funding rates for each formula factor (subject to an area cost adjustment). This will follow a transitional period in which local authorities, in consultation with their schools forums, may apply local adjustments to the funding rates. The transitional period was originally intended to be two years but the DfE has decided that it will now be extended by a fourth year with the "hard" formula not implemented until at least 2022-23.
- 1.2 The national funding formula determines the allocation of funding from central government to local authorities through the Schools Block of the Dedicated Schools Grant (DSG). Local authorities then apply their locally agreed rates to the formula factors required by the DfE to distribute funding to schools and academies. The operational guidance to local authorities includes provision for a minimum funding guarantee for all schools of between +0.5% and +2.0% per pupil above the previous year and for a gains cap to be applied where the full amount a school would receive through the formula would overspend the LA's allocation.
- 1.3 In 2020-21, Havering was able to apply the national funding formula in full including an increase of 0.5% per pupil and a gains cap of 4.0%. For 2021-22, a number of options were modelled and presented to the Schools Forum and following wider consultation with schools it was agreed to implement the following:
- the funding rates used by the Government to allocate the DSG Schools Block to Havering to be replicated without adjustment in the distribution of funding to schools
 - each school's per pupil funding as used to calculate the minimum funding guarantee to be increased by 1.75%
 - no gains cap to be applied to those schools that would otherwise receive a greater increase through the formula.

The funding formula and the agreed funding rates for each factor are shown at Appendix A.

- 1.4 The number of schools that will receive either the minimum 1.75% increase or an increase above 1.75% are shown in the table below.

	No of schools receiving the minimum 1.75% increase per pupil	No of schools receiving an increase greater than 1.75% per pupil
Infant	0	11
Junior	1	10
Primary	13	25
Secondary	5	13
Total	19	59
	24%	76%

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- 1.5 Agreement has also been given by the Schools Forum to one other significant use of the schools block:
- (i) to allocate £550k to the fund that supports pupil growth and falling rolls following a reduction in Havering's allocation from the DfE (see below)
- 1.6 As in previous years, deducted (de-delegated) from the budgets of LA maintained schools will be funding for centrally retained services as below. This de-delegation has been agreed with the Schools Forum.

EAL (English as an Additional Language) Service
Attendance & Behaviour Service
Maternity Insurance
General Insurance
Trade Union Facility Time
FSM eligibility checking service
Contingency for schools in financial difficulty

In additional to the above, the Schools Forum has agreed a further deduction relating to the cost of the LA's central services following the loss of Education Services Grant (ESG) to the LA. LAs provide a range of functions for LA maintained schools that it does not provide for academies that have previously been funded from ESG. These include: budgeting and accounting, closure of accounts, audit, HR and pensions administration, asset management and monitoring of the national curriculum assessment. The DFE finance regulations now permit the LA to pass these costs on to LA maintained schools so there is consistency between all schools and academies in meeting the costs of similar functions. This will amount to an additional charge of £17.90 per pupil to every maintained school.

2 Havering's allocation of DSG 2021-22

- 2.1 The Dedicated Schools Grant (DSG) is allocated to local authorities in four blocks:
- Early Years
 - Schools
 - High Needs
 - Central School Services
- 2.2 The Early Years Block is to fund the provision of early years education for 2, 3 and 4 year olds. Hourly rates and central retentions are agreed following consultation with providers and the Schools Forum.
- 2.3 The Schools Block is ring-fenced to allocate funding to schools and academies although a one-off transfer of up to 0.5% of the total allocation may be transferred to the High Needs Block with Schools Forum approval. It is the formula to be used in Havering to distribute funding to schools that is the subject of this Executive Decision.
- 2.4 The High Needs Block is to fund support and provision for pupils with special educational needs and disabilities and for alternative provision. Funding issues are covered later in this report.
- 2.5 The Central School Services Block funds some LA statutory functions, a national copyright licence covering all schools and academies and some historical commitments in certain local authorities which will be phased out over time.
- 2.6 Havering's allocation of DSG funding was announced on 17th December as follows:

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	£m
Early Years	20.736
Schools	197.434
High Needs	31.886
Central School Services	1.598
TOTAL DSG	251.654

The Schools Block is calculated on the basis of primary and secondary school units of funding multiplied by the number of pupils on roll in schools and academies as at the Autumn census. To this is added funding for national non domestic rates and pupil growth.

For Havering the calculation is as follows:

	Unit of funding	Pupil numbers	Funding £
Primary	£4,559.26	22,701	103,499,761
Secondary	£6,097.05	14,777	90,096,107
Premises factors			2,241,145
Pupil Growth			1,596,951
TOTAL			197,433,964

For information, compared to the 31 other London Boroughs, Havering's units of funding are: Primary 6th lowest, Secondary, 7th lowest.

3. Consultation with Schools

In planning for 2021-22, officers used October 2019 data to estimate the amount of Schools Block funding that would be received and consulted on a number of funding options with the Schools Forum and more widely with schools. The recommendation of the local authority was to adopt the national funding formula but with a 0.5% minimum funding guarantee and no cap on gains as explained in paragraph 1.3 above.

At their meeting on 14th January 2021 the Schools Forum was presented with revised figures showing the effect on schools based on updated October 2020 data. A minimum funding of 1.75% was now affordable. The Schools Forum also considered the responses to the consultation. On this basis the Forum agreed the formula for distribution of the funding to school with a 1.75% minimum funding guarantee and no gains cap. The final submission has been made to the DfE to meet the deadline of 21st January.

A summary of the responses to the consultation is attached at Appendix B.

4. High Needs Funding

- 4.1 As with the national funding formula for schools, High Needs funding is, from 2018-19, allocated to local authorities on the basis of a national funding formula.
- 4.2 The allocation to Havering for 2021-22 compared to 2020-21 is shown in the table below.

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	Actual high needs NFF allocations, excluding basic entitlement factor and import/export adjustments (£m)	ACA-weighted basic entitlement factor unit rate (£)	Actual number of pupils in special schools/academies (headcount)	Import / export adjustments (£m)	Additional high needs funding (£m)	Total high needs block (£m)
2021-22	30.954	5,068.47	415.50	-1.320	0.146	31.886
2020-21	28.332	4,350.62	404.16	-0.510	0.036	29.616
Difference	2.622	717.85	11.34	-0.810	0.110	2.270

4.3 In 2020-21, the two Havering based colleges amalgamated with another college based in another LA, and the 2021-22 import/export adjustment reflects the change of place responsibility to the other LA. For 2021-22 the additional high needs funding includes £18,000 towards the new special school, funding for Hospital education, a contribution towards additional teachers' pay/pension costs and a supplementary funding factor.

4.4 Although this increase in funding is welcome there are considerable pressures on the High Needs Block that have already been reported to the Schools Forum arising from an increasing number of children with Education, Health and Care Plans and an increase in the complexity of need.

5. Central School Services Block (CSSB)

This DSG funding block is to fund provision that was previously allocated as part of the Schools Block and a central Education Service Grant to local authorities.

Funding for ongoing allocations is made on the basis of a national formula as shown below. To the formula allocation is added an allocation for historic commitments. From 2020-21 the DFE has begun to reduce LAs' allocation for historic commitments each year.

Havering's CSSB allocation is as follows:

	£	Data	Actual allocation £
Per pupil rate	37.74	37,478	1,414,420
Historic Commitments			183,994
Total			1,598,414

This is an overall increase of £11,838 from the 2020-21 allocation of £1,586,576, with the increase in pupil numbers outweighing the ongoing reduction in funding.

Excluding historic commitments, the funding is intended to meet the costs that were previously funded through the DSG Schools Block and Education Services Grant (ESG) as follows:

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	£
Retained duties of the LA (previously funded through Education Services Grant)	594,190
School Admissions and Appeals	511,590
National copyright licences	183,182
Schools Forum Servicing	44,548
Schools Partnership/Schools Causing Concern	183,994
Central & Pension Funding	80,910
Total	1,598,414

The cost to Havering Education Services of meeting LA statutory functions far exceeds the level of grant available within the CSSB. As advised in paragraph 1.6 above, to contribute towards this shortfall LA maintained schools will be charged £17.90 per pupil to generate a further £305k. The combined total of this contribution and the funding within the CSSB is £899k which is approximately 50% of the costs of the LA's statutory education functions. Further savings and funding sources are therefore being identified to meet the shortfall.

OTHER OPTIONS CONSIDERED AND REJECTED

The decisions taken have followed extensive modelling of various permutations of funding factors and values with the aim of minimising the impact on school budgets.

PRE-DECISION CONSULTATION


The Schools Forum has been fully consulted on the implications of the funding changes throughout the year. The Schools Forum meeting held on 3rd November dealt specifically with proposals for Havering schools funding arrangements for 2021-22.

A consultation paper was sent to all schools on 2nd December.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Nick Carter

Designation: Principal Finance Officer

Signature: 

Date: 08.02.21

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

Arrangements for schools funding in 2021-22 are set out in the School and Early Years Finance (England) Regulations 2021/59 which come into force on 11th February 2021.

The regulations set out the factors that a local authority may deploy in its schools funding formula and the areas of expenditure which may be retained centrally. Regulation 9 (2) requires that the local authorities must consult with their schools forums and the schools they maintain on any changes from the previous year. As set out in the report, the Schools Forum has agreed the proposals on which there was wider consultation with schools. The responses from the schools are set out in Appendix B. The decision maker must conscientiously take into consideration the responses from consultation before making the decision.

FINANCIAL IMPLICATIONS AND RISKS

2021-22 is the fourth year in which local authorities receive funding for schools through a national funding formula. After committing £550k to the Pupil Growth and Falling Rolls Fund, the allocation to Havering through the DSG Schools Block is sufficient to fund schools according to the national funding formula and the rates of funding for each formula factor, apply a minimum 1.75% per pupil increase and no cap on gains.

As shown at paragraph 3.6 the Schools Block funding is £197,433,964. This is broken down as follows:

	£
Pupil number funding	193,595,868
National non domestic rates	2,241,145
Pupil growth funding	1,596,951
Total Schools Block DSG	197,433,964

The cost of applying the national funding formula with a minimum increase per pupil of between 1.75% and provision for pupil growth funding to schools is as follows:

	£
Formula funding of schools including rates	195,315,322
Pupil growth	2,146,951
Summer term growth funding to Academies	426,355
Total costs	197,888,628

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This is funded by:

	£
Total Schools Block DSG	197,433,964
Recoupment of summer term growth funding for academies	426,355
Recoupment of funding for growing schools	151,100
Adjustment for rates	-122,791
Total funding	197,888,628

As shown in the above table, the local authority allocates growth funding to academies for a full academic year but is able to recoup the value of the summer term allocation from the ESFA (Education and Skills Funding Agency). Similarly, estimated pupil numbers must be included in the funding of Havering's two growing schools that do not yet have pupils in all year groups but that can also be recouped from the ESFA.

The adjustment for non domestic rates reflects the DfE's lagged arrangements for funding the cost to local authorities of allocating budgets to schools for rates. In 2020-21 the funding allocated fell short of the actual cost following revaluations of school premises by the Valuation Office Agency. £122,791 is therefore accrued into 2021-22 and the adjustment is reflected above.

The formula factors and the funding rates set out in this report at Appendix A are those published by the DfE for the national funding formula and therefore comply with schools finance regulations.

Although funding for schools, high needs and for the central services block is met entirely from the Dedicated Schools Grant, continuing pressures in some areas of expenditure present risks to core council budgets.

As stated at paragraph 4.4, in common with the majority of local authorities, there are significant pressures on Havering's High Needs funding including the rising trend in the number of children and young people requiring Education Health and Care Plans. In spite of increases in the allocation of grant funding, the LA overspent for the first time in 2019-20, with the deficit set to increase in 2020-21. This is monitored closely, and the LA is following the DfE deficit recovery Management Plan, alongside the local SEN Review. The expectation of the DfE is that the deficit will be first call on the subsequent year's DSG.

Paragraph 6 provides a breakdown of the Central Services Block which includes an amount in support of statutory education functions. The £594,190 meets only a proportion of the costs of central services leaving a significant shortfall to be met from other sources. Havering's maintained schools have agreed to contribute £305,796 from their delegated budgets towards the costs of services provided on their behalf (i.e. not to academies) but there remains a shortfall of approximately £870,000. The intention is to manage the shortfall in funding as part of the ongoing transformational review of the service. The service will come forward with longer-term proposals for implementation aimed at minimising the future funding gap.

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HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no direct HR implications or risks to the Council or its workforce that can be identified from the recommendations made in this report in relation to determining the formula for distribution of funding to schools in the short term. Although there may be implications for some schools in maintaining existing staffing levels as cost pressures increase. However, there may be wider HR implications due in the couple of years when the distribution of funding from the DfE changes.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

There are no Equalities and Social Inclusion implications arising from this report. All schools and academies are funded using the same formula factors.

An Equalities Impact Assessment is not considered necessary as this report relates only to a schools funding formula.

BACKGROUND PAPERS

Havering consultation paper sent to schools on 2nd December 2020.

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

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Proposal agreed

Details of decision maker

Signed



Name: Trevor Cook

Assistant Director for Education

Date: 8th March 2021

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration Manager, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____

Schools and High Needs Funding 2021-22

The national funding formula rates for each formula factor and the rates for Havering with the area cost adjustment applied.

	2021-22 national rates £	with ACA @ 1.08274 £
AWPU (Primary)	3,123.00	3,381.40
AWPU (KS3)	4,404.00	4,768.39
AWPU (KS4)	4,963.00	5,373.64
Ever6 FSM (Primary)	575.00	622.58
Ever6 FSM (Secondary)	840.00	909.50
FSM (Primary)	460.00	498.06
FSM (Secondary)	460.00	498.06
IDACI F (Primary)	215.00	232.79
IDACI E (Primary)	260.00	281.51
IDACI D (Primary)	410.00	443.92
IDACI C (Primary)	445.00	481.82
IDACI B (Primary)	475.00	514.30
IDACI A (Primary)	620.00	671.30
IDACI F (Secondary)	310.00	335.65
IDACI E (Secondary)	415.00	449.34
IDACI D (Secondary)	580.00	627.99
IDACI C (Secondary)	630.00	682.13
IDACI B (Secondary)	680.00	736.26
IDACI A (Secondary)	865.00	936.57
Low Attainment (Primary)	1,095.00	1,185.60
Low Attainment (Secondary)	1,660.00	1,797.35
EAL (Primary)	550.00	595.51
EAL (Secondary)	1,485.00	1,607.87
Mobility (Primary)	900.00	974.47
Mobility (Secondary)	1,290.00	1,396.73
Lump Sum (Primary)	117,800.00	127,546.77
Lump Sum (Secondary)	117,800.00	127,546.77

Consultation on Schools' Funding 2021-22

Summary of responses

No. of schools responding:	Number	Percentage
Primary	6	10%
Secondary	4	22%
Total	10	13%

Growth and falling rolls

	Yes	No
Q1 To use approx. £450k of the additional funding available within the DSG Schools Block to maintain the Pupil Growth and Falling Rolls Fund at the current level.	Pri. 6	Pri. 0
	Sec. 3	Sec. 0

Comments:

1. We think it is very important to protect schools with falling roll to support them in avoiding going into deficit, and therefore stopping those schools coming back to schools forum to ask for support at a later date.
2. There is an anomaly in terms of balancing falling rolls with growth. How will costs be reduced over time?
3. Is there any scope for some of the £450 proposed for growth and falling rolls to be used for Covid related expenditure

Formula Funding MFG and Cap

	Yes	No
Q2 That the minimum funding guarantee should be set at 0.5% per pupil and that there should be no cap on the per pupil increase that schools receive	Pri. 5	Pri. 1
	Sec. 3	Sec. 1

Comments:

1. This would have a detrimental effect on our funding.
2. Our schools are better off with the 2% proposal. We would want to see an increase in funding based on the new Government allocation. Not having 2% would leave funds perilous.

Formula Funding MFG

	Yes	No
Q3 That if affordable in the final figures, the minimum funding guarantee should be increased towards the maximum of 2.0%.	Pri. 6	Pri. 0
	Sec. 4	Sec. 0

Comments: None

General comments

1. High Needs Block needs to be considered with this consultation. Being fully inclusive should not have such an impact on individual schools.
2. Will the LA provide additional funds for schools/academies that currently have a deficit budget to cover the cost of Covid?