

## Notice of Non-key Executive Decision

<b>Subject Heading:</b>	Schools and High Needs Funding 2024-25
<b>Decision Maker:</b>	Trevor Cook – Assistant Director of Education
<b>Cabinet Member:</b>	Councillor Oscar Ford – Cabinet Member for Children and Young People
<b>ELT Lead:</b>	Tara Geere, Director of Starting Well
<b>Report Author and contact details:</b>	Hany Moussa, Principal Education Finance Officer 01708 433895
<b>Policy context:</b>	The fair and equitable distribution of resources supports schools in providing a good start for every child to reach their full potential.
<b>Financial summary:</b>	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.
<b>Relevant Overview &amp; Scrutiny Sub Committee:</b>	People OSSC
<b>Is this decision exempt from being called-in?</b>	The decision will be exempt from call in as it is a Non key Decision

**Non-key Executive Decision**

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

People - Things that matter for residents

Place - A great place to live, work and enjoy

Resources - A well run Council that delivers for People and Place.

## Part A – Report seeking decision

### DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To agree:

1. 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 2024-25.
2. the transfer of £146k from the Schools Block into the Growth Fund,
3. the transfer of 0.5% (£1.188m) of the overall Schools Block to High Needs.

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 2024-25 is the seventh 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 seventh year with the "hard" formula not implemented until at least 2027-28.

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

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guidance to local authorities includes provision for a minimum funding guarantee for all schools of between +0.0% and +0.5% 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 2023-24, Havering was able to continue to apply the national funding formula in full including a minimum increase of 0.5% per pupil and a 3.15% gains cap to be applied to those schools that would otherwise receive a greater increase through the formula. For 2024-25, a number of options were modelled and presented to the Schools Forum. 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 used without adjustment in the distribution of funding to schools,
- each school's per pupil funding be increased by 0.5% as a minimum funding guarantee
- a gains cap of 2.5% to be applied to those schools that would have received a higher per pupil increase through the formula.

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

1.4 The effect on Havering schools of implementing the NFF in 2024-25 is as demonstrated on the table below.

	No of schools receiving the minimum 0.5% increase per pupil	No of schools receiving an increase between 0.5-2.5% per pupil (on formula)	No of schools increase capped at 2.5% per pupil
Primary	4	25	30
Secondary	0	10	8
<b>Total</b>	<b>4</b>	<b>35</b>	<b>38</b>
	5%	46%	49%

1.5 Agreement has also been given by the Schools Forum to the following use of the DSG Schools Block:

- (i) the allocation of £146k to the fund that supports pupil growth and falling rolls at existing levels
- (ii) the transfer of 0.5% of the overall Schools Block to High Needs, increasing the High Needs budget by £1.188m for 2024-25

1.6 As in previous years, sums deducted (de-delegated) from the budgets of LA maintained schools will be used to fund centrally retained services as below. This de-delegation has been agreed with the Schools Forum.

Behaviour Service  
EAL (English as an Additional Language) Service  
FSM eligibility checking service  
General Insurance  
Maternity Insurance  
Trade Union Facility Time

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In addition to the above, the Schools Forum has agreed deductions for the LA's central services for statutory, regulatory and improvement services that were previously funded by the Education Services Grant (ESG) and School Improvement, Monitoring and Brokerage Grant (SIMB).

LAs provide a range of functions for LA maintained schools that it does not provide for academies, that were previously 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 finance regulations of the DfE allow LAs to transfer these expenses to LA maintained schools, ensuring uniformity across all schools and academies in covering similar functions. This amounts to a charge of £19.31 per pupil for every maintained school.

LAs provide core school improvement activities for maintained schools, and the applicable grant that supported LAs to deliver their obligations ceased completely in financial year 2023-24, following transitional reduction in 2022-23 for 50% of the previous level of SIMB grant. The Schools Forum agreed a charge for maintained schools of £5.11 per pupil to fund the delivery of the activities that the LA needs to undertake.

## **2 Havering's allocation of DSG 2024-25**

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 9 months old to 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 from this block 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 19<sup>th</sup> December as follows:

	£m
Early Years	33.370
Schools	237.616
High Needs	42.959
Central School Services	1.747

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<b>TOTAL DSG</b>	<b>315.692</b>
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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	£5,170.75	23,963.5	123,909,268
Secondary	£6,980.96	15,690.5	109,534,753
Premises factors			2,106,176
Pupil Growth			2,065,774
<b>TOTAL</b>			<b>237,615,971</b>

For information, of the 32 London Boroughs, Havering's units of funding continue to be the 8<sup>th</sup> lowest for Primary and the 7<sup>th</sup> lowest for Secondary. The London average for the Primary unit of funding is £5,726.90 and the Secondary unit of funding is £7,679.96.

### **3. Consultation with Schools**

In planning for 2024-25, officers used October 2022 data to estimate the amount of Schools Block funding that would be received. Consultation took place with the Schools Forum and more widely with schools. The recommendation of the local authority was to adopt the national funding formula with the maximum permitted 0.5% minimum funding guarantee and a cap on gains of at least 2.4% per pupil.

At their meeting on 11<sup>th</sup> January 2024, the Schools Forum was presented with revised figures showing the effect on schools budgets of using data from October 2023 rather than October 2022. Using the updated figures an increase in the gains cap to 2.5% was affordable. Taking into consideration the responses to the consultation, the Schools Forum agreed the formula for distribution of the funding to schools, with a 0.5% minimum funding guarantee and a 2.5% gains cap. The final submission was made to the DfE to meet the deadline of 22<sup>nd</sup> January 2024.

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 2024-25, and comparison with 2023-24, 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)
2024-25	42.601	5,075.26	431.0	-1.830	0.000	42.959
2023-24	38.514	5,081.00	430.0	-1.830	1.761	40.630
Difference	4.087	-5.74	1.0	0.000	-1.761	2.329

4.3 The import/export adjustment reflects the change of place responsibility resulting from the amalgamation of two Havering based colleges with a college in another LA.

4.4 The increase in funding recognises the additional costs that local authorities and schools will face in the coming year.

4.5 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.

4.6 The DfE have setup a Delivering Better Value (DBV) in SEND Programme, which commenced in financial year 2022-23, and Havering was in the second tranche of Local Authorities involved in the programme. The DfE prioritised the programme based on the size of the LAs DSG deficit.

4.7 Havering has secured £1 million in DfE grant funding for the Delivering Better Value (DBV) in SEND programme, spanning two years. This grant is intended to support projects aimed at making substantial improvements to services for children and young people with Special Educational Needs and Disabilities (SEND), while also bringing significant financial benefits over the next five years. It's important to note that this grant cannot be used to address deficits in DSG; it is solely meant for activities supporting SEND as part of the DBV initiative.

### **5. Central School Services Block (CSSB)**

This DSG funding block funds 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. An allocation for historic commitments is added to the formula funding. From 2021-22 the DfE reduced LAs' allocation for historic commitments by 20% each year.

Havering's CSSB allocation is as follows:

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	£	Data	Actual allocation £
Per pupil rate	41.67	39,654.0	1,652,383
Historic Commitments			94,206
Total			1,746,589

This is an overall increase of £50,760 from the 2023-24 allocation of £1,695,829, with an increase from higher pupil numbers outweighing the ongoing reduction in funding for historic commitments.

The formula element of the allocation is intended to meet costs that were previously funded through the DSG Schools Block and Education Services Grant (ESG) as follows:

	£
Retained duties of the LA (previously funded through Education Services Grant)	792,377
School Admissions and Appeals	524,380
National copyright licences	230,000
Schools Forum Servicing	45,662
Schools Partnership/Schools Causing Concern	94,206
Central & Pension Funding	59,964
Total	1,746,589

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 £24.42 per pupil to generate a further £422k. The contribution from schools added to the funding within the CSSB comes to £1.2m. This is approximately 63% of the costs of the LA's statutory education functions.

### **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 19<sup>th</sup> October 2023 dealt specifically with proposals for Havering schools funding arrangements for 2024-25.

A consultation paper was sent to all schools on 9<sup>th</sup> November 2023.

Following confirmation of the DSG settlement in late December 2023, the school funding allocations for 2024-25 were re-calculated using the October 2023 data released by the DfE in line with option A of the funding consultation. There were no material changes to the agreed principles for the funding of the formula, and Schools

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Forum were provided an update on the final allocations and agreed the final allocations and rates for the financial year 2024-25.

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

Name: Hany Moussa

Designation: Principal Education Finance Officer

Signature:



Date: 08/02/2024

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### Part B - Assessment of implications and risks

#### LEGAL IMPLICATIONS AND RISKS

The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024/6666 came into force on 13th February 2024.

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 local authorities must consult with their schools forums and the schools they maintain about any proposed changes in relation to the factors and criteria taken into account, and the methods, principles and rules adopted.

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

2024-25 is the seventh year in which local authorities receive funding for schools through a national funding formula. After committing £146k to the Pupil Growth and Falling Rolls Fund and a transfer of £1.188m to the High Needs Block, 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 0.5% per pupil increase and a 2.5% per pupil cap on gains.

As shown at paragraph 3.6 the Schools Block funding is £237,615,971. This is broken down as follows:

	£
Pupil number funding	233,444,021
Premises, including National Non Domestic Rates	2,106,176
Pupil growth funding	2,065,774
<b>Total Schools Block DSG</b>	<b>237,615,971</b>

The cost of applying the national funding formula with a minimum increase per pupil of 0.5%, a cap of 2.5% per pupil, provision for pupil growth funding to schools and transfer to High Needs block is as follows:

	£
Formula funding of schools including rates	234,215,673
Pupil growth	2,212,218
Summer term growth funding to Academies	242,952
Transfer to High Needs Block	1,188,080
<b>Total costs</b>	<b>237,858,923</b>

This is funded by:

£

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Total Schools Block DSG	<b>237,615,971</b>
Recoupment of summer term growth funding for academies	242,952
<b>Total funding</b>	<b>237,858,923</b>

As shown in the table above, 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).

Although the final DSG settlement includes Rates (NNDR) for schools, from 1st April 2023, this continues to be recouped from LAs and paid by the ESFA directly to billing authorities on behalf of all maintained schools and academies. The ESFA will be making business rates payments directly to billing authorities.

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 this provides an increase in funding for all schools in Havering, many will continue to struggle to set balanced budgets as a result of past and continuing financial pressure from funding national pay awards for teachers and support staff, and inflationary increases on goods and services. School governors and head teachers are therefore continuing to implement efficiencies in the costs of running of their schools in an attempt to avoid falling into deficit. This continuing pressure in some areas of expenditure present risks to core (general fund) council budgets, however the Department for Levelling Up, Housing and Communities (DLUHC) regulation has extended the existing Statutory Override for the Dedicated Schools Grant (DSG) for another three years from 2023-24 to 2025-26. This regulation reduces the overall financial risks posed by the deficit falling on the council general fund reserves.

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 even further in future years. This is monitored closely, and the LA is participating in the DfE DBV programme. This aims to support LAs in delivering high quality provision within the allocation of funding. The expectation of the DfE is that the deficit will be first call on the subsequent year's DSG.

In common with many other local authorities, Havering will have difficulty in containing its expenditure within the allocation of funding because of the increasing number of pupils and students with Education, Health and Care plans and increasing complexity of need.

Paragraph 6 provides a breakdown of the Central Services Block which includes an amount in support of statutory education functions. The £792,377 meets 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 £422,180 from their delegated budgets towards the costs of services provided on their behalf (i.e. not to academies), which for 2024-25 includes SIMB funded services with the grant being phased out in 2022-23 and removed completely from 2023-24.

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

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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.

## **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

The recommendations made in this report do not give rise to any identifiable Environmental and Climate Change implications and risks.

## **BACKGROUND PAPERS**

DfE publication:- Schools revenue funding 2024 to 2025: Operational guide dated 19th December 2023. (<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2024-to-2025/schools-operational-guide-2024-to-2025>)

Schools Funding Forum:- minutes of meetings from 18th October 2023 and 11th January 2024.

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“*LBH Consultation on Schools and High Needs Funding 2024-25*” consultation paper sent to schools on 9th November 2023.

The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024 – coming into force 13th February 2024 (<https://www.legislation.gov.uk/ukSI/2024/66/contents/made>)

### **APPENDICES**

<b>Appendix A</b>	Schools and High Needs Funding Formula Rates 2024-25	Open
<b>Appendix B</b>	Consultation Results on Schools’ Funding 2024-25	Open

**Schools and High Needs Funding Formula Rates 2024-25**

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

<b>Funding Formula Factor</b>	<b>2024-25 national rates</b> £	<b>2024-25 LBH rates</b> <i>(includes ACA at 1.08352)</i> £
AWPU (Primary)	3,562.00	3,859.50
AWPU (KS3)	5,022.00	5,441.44
AWPU (KS4)	5,661.00	6,133.81
Ever6 FSM (Primary)	490.00	530.92
Ever6 FSM (Secondary)	490.00	530.92
FSM (Primary)	820.00	888.49
FSM (Secondary)	1,200.00	1,300.22
IDACI F (Primary)	235.00	254.63
IDACI E (Primary)	285.00	308.80
IDACI D (Primary)	445.00	482.17
IDACI C (Primary)	485.00	525.51
IDACI B (Primary)	515.00	558.01
IDACI A (Primary)	680.00	736.79
IDACI F (Secondary)	340.00	368.40
IDACI E (Secondary)	450.00	487.58
IDACI D (Secondary)	630.00	682.62
IDACI C (Secondary)	690.00	747.63
IDACI B (Secondary)	740.00	801.80
IDACI A (Secondary)	945.00	1,023.93
Low Attainment (Primary)	1,170.00	1,267.72
Low Attainment (Secondary)	1,775.00	1,923.25
EAL (Primary)	590.00	639.28
EAL (Secondary)	1,585.00	1,717.38
Mobility (Primary)	960.00	1,040.18
Mobility (Secondary)	1,380.00	1,495.26
Lump Sum (Primary)	134,400.00	145,625.09
Lump Sum (Secondary)	134,400.00	145,625.09

Consultation Results on Schools' Funding 2024-25

**Summary of responses**

The number of responses received was as follows:

Option	No of schools / academies	%
<b>A</b> 0.5% transfer from Schools Block to High Needs Block	21	72.4%
<b>B</b> No pre-set transfer from Schools Block to High Needs Block	8	27.6%

Responses were received covering 29 schools and academies, one more than last year, and 38% of the total number.

The table above shows the number of schools and academies covered by the responses received. Where a response was received from a federation or multi academy trust, a vote has been recorded for each school or academy within that federation or trust.

The table below shows the result by respondent. Where a response was received from of a federation or multi academy trust this has been recorded as one vote.

Option	No of responses	%
<b>A</b> 0.5% transfer from Schools Block to High Needs Block	16	84.2%
<b>B</b> No pre-set transfer from Schools Block to High Needs Block	3	15.8%

**Consultation responses from stakeholders**

Comments
<b>Schools choosing Option A - 4 comments</b>
SEN Needs are the biggest challenge to schools at the moment. It is important that these funding streams continue to be protected and maintained. This Option, despite impacting my school by over £25k, is the most important option as it ensures fairness, equity and support for those schools carrying the greatest levels of need.
We discussed the options at length at our Cluster (Group B) meeting today. I have also discussed them with the Chair of Governors
Due to the alarming increase in pupils with high needs, an increase in funding will help with the huge unavoidable negative impact on our school budget.
I think the transfer option supports all schools with the ever growing need for SEND support. Will the team expand so that more support can be offered?
<b>Schools choosing Option B - no comments</b>

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**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**

Proposal agreed

*Delete as applicable*

~~Proposal NOT agreed because~~

**Details of decision maker**

Signed



Name: Trevor Cook

~~Cabinet Portfolio held:~~

~~CMT Member title:~~

~~Head of Service title~~

Other manager title: Assistant Director, Education Services

Date: 19/02/24

**Lodging this notice**

The signed decision notice must be delivered to Committee Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_