



CABINET

05 February 2025

Subject Heading:

Schools and Education Funding

Cabinet Member:

Councillor Oscar Ford

SLT Lead:

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Policy context:

The SEND-AP strategy sets out a vision that has a wide range of SEND and AP settings and services providing the support needed and where every school and setting is confident, skilled and enabled to effectively support children with SEND.

Financial summary:

The Dedicated Schools Grant is a specific ringfenced grant for Education. It is currently in a deficit position which due to a "statutory override" does not contribute to the Council's overall financial position. This is due to end in March 2026 by which time the deficit is forecast to be at least £65m. This report describes the long term strategy to mitigate this pressure. However, in the short term some additional expenditure is proposed that will cost £2.610m thus adding to the pressure in the short term. However, this will also support the financial sustainability of Havering schools and may avoid further costs in the medium term.

Is this a Key Decision?

Yes

(a) Expenditure or saving (including anticipated income) of £500,000 or more

(c) Significant effect on two or more Wards

When should this matter be reviewed? *February 2025*

Reviewing OSC: *People*

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

People - Things that matter for residents

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

SUMMARY

This report provides an overview of the current status of the Dedicated Schools Grant (DSG) Budget and Havering maintained schools. It sets out some of the current issues in Education funding - in particular the High Needs Block which is under severe financial pressure and also the number of schools that are in deficit and the ways the Council is seeking to mitigate and reduce these problems including participation in the Delivering Better Value (DBV) programme run by the Department for Education (DfE).

It also proposes a review of current funding mechanisms and the rates paid for certain kinds of support. This is in response to calls from schools and other stakeholders that the funding mechanism provide greater flexibility and transparency for schools in meeting pupil needs, and may likewise have the potential to more accurately matching resources to pupil needs.

RECOMMENDATIONS

Cabinet is asked to

- 1) note the update on the Dedicated Schools Grant Funding for 2025-26 in section 1
- 2) approve the topslicing of £0.430m from the Schools Block for Growth and Falling Rolls as set out in paragraph 2.4
- 3) approve the transfer of £1.290m from the Schools Block to the High Needs Block as set out in paragraph 2.5

- 4) approve the use of the national funding factors, a Minimum Funding Guarantee of 0% and capping of 0.85% in the Havering Local Schools Funding Formula
- 5) note the increase in the Early Years Block as a result of the expansion of funded childcare for younger children as set out in section 3
- 6) delegate authority to the Assistant Director of Education to approve the rate(s) per hour of childcare in line with approach outlined in section 3 after consultation with providers and schools forum
- 7) note that there are a number of Havering Maintained Schools that are in overall deficit position and that these schools are required to draw up and implement plans to recover this position as set out in section 5
- 8) Note the update on the projected deficit on the High Needs Block and the Delivering Better Value Programme as set out in sections 6 and 7
- 9) Approve an increase in the funding of Special Units in mainstream schools to £30,000 per place from September 2024 as set out in section 8
- 10) Approve an increase in the base hourly rate of top up payments for additional support in mainstream schools to £19 an hour from September 2024 as set out in section 9

REPORT DETAIL

1. Dedicated Schools Grant and Schools Funding 2025/26

1.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant that is allocated to local authorities to meet their responsibilities for Early Years' education (now 9 months to 5 years), the funding of Schools 5-16 and support for pupils requiring alternative provision or those with special educational needs and disabilities (0 to 25 years). The grant is allocated in four "blocks" and the table below shows the allocation for 25-26. The Early Years block has increased by over £13m to reflect the increased entitlements for working parents of younger children (2 and under.)

Financial year	Schools Block £m	High Needs Block £m	Central Services To Schools £m	Early Years Block £m	TOTAL £m
2025-26	258.180	47.602	1.912	47.819	355.513
2024-25	237.616	43.391	1.774	34.569	317.350
Difference 2024-25 to 2025-26	20.564	4.211	0.138	13.250	38.163

(Note that for comparison purposes these figures are shown pre-recoupment, i.e. they include funding for Academies and Free Schools which will be adjusted for as this is allocated directly by the ESFA.)

2. Schools Block

2.1 As the table in the previous section shows there has been an overall increase in all blocks – however in the Schools Block, much of this comes from the rolling in of 24-25 financial year additional grants. The actual funding received through the mainstream schools National Funding Formula (NFF) for schools is increasing by 2.3% per pupil for pupil led expenditure in 2024-25, or 2.18% if premises costs and growth fund are included.

Financial year	Pupil Numbers	Schools Block allocation exc Growth Fund & premises factors £m	Additional Grants rolled in £m	Pupil Led Funding including additional grants £m	Allocation per pupil £	Total allocation (including Premises and Growth Fund) £m	Allocation per pupil £
2025-26	39,883.00	254.2		254.2	6373	258.179738	6,473
2024-25	39,655.00	233.4	13.6	247.0	6230	251.216	6,335
Difference 2024-25 to 2025-26	228	20.7	13.6	7.1	143	6.964	138
	0.57%				2.30%	3.10%	2.18%

2.2 This provides an overall average funding rate of £5,580 for each primary pupil and £7,564 for each secondary pupil. This is below the average for both London (£6,258, £8408) and Outer London (£5,790, £7,845).

2.3 In addition to the pupil led and premises funding for schools the block also contains an allocation for Growth/Falling Rolls. These are allocated at a Local Authority level based on detailed population data and allow LA and Schools to manage demographic fluctuations. The 25-26 allocation for Havering is £1.294m for both Growth and Falling Rolls which are both occurring in this authority although in different age groups and areas of the borough. The policy for allocating this money to schools has been reviewed and approved by Schools Forum.

- Where primary schools are asked to open a new bulge class they are allocated funding equivalent to the basic entitlement per pupil funding for 28 pupils in the first year. In subsequent years if the numbers on roll are below the additional 28 then they receive a funding top up to 28 pupils.
- For secondary schools there is an assumption that growth in pupil numbers can be partly absorbed by a slightly larger class, so funding is allocated for 24 pupils.
- Havering also operates a Falling Rolls scheme, which provides additional funding where schools have classes of below 28 in primary and 24 in

secondary. The scheme has been reviewed this year and the funding rate has been agreed to be the same as for the growth scheme, i.e. basic entitlement/AWPU.

- 2.4 The operation of the Growth and Falling rolls schemes is expected to require an additional £0.429m local contribution which will be funded by top-slicing from the Schools Block before application of the formula, in line with DfE regulations and with Schools Forum and schools agreement.
- 2.5 Due to pressures on the High Needs Block Havering Schools Forum have agreed to transfer 0.5% or £1.290m of the Schools Block Funding to the High Needs Block. This leaves £255.165m to be distributed to schools through the formula.
- 2.6 The Department of Education has been requiring local authorities to bring their local funding formulas into close alignment with the national formula. Havering has followed the national funding formula in full and provided a minimum funding guarantee (MFG) of 0.0% per pupil increase for all mainstream schools and academies. In order to remain within the funding available, an affordability cap of 0.85% for schools has been used.
- 2.7 Schools were consulted on both the transfers from the Schools Block and the proposed formula as required by the regulations. 17 responses were received, all of which were in favour of the proposals. The formula is in line with both the approach followed in previous years and has been agreed by Schools Forum.
- 2.8 Cabinet are therefore asked to approve the approach outlined in this report.

3. Early Years

- 3.1 This section outlines the funding allocations and plans for Early Years provision for the financial year 2025-26. The indicative funding from the Dedicated Schools Grant (DSG) reflects updated rates and expanded entitlements, aiming to address rising costs and increasing participation in early education.
- 3.2 Total indicative Early Years Block funding for Havering is £47.819m, a 43.3% increase from the previous year. This includes funding for the expansion of childcare entitlements for under-twos and two-year-olds of working parents from the current 15 hours entitlement to 30 hours from September 2025.
- 3.3 The DfE settlement's hourly funding rates for Havering to fund the support for the Early Years entitlement is as follows:
 - Under-2s: Increased from £12.11 to £12.45 per hour (+2.81%)
 - Two-year-olds (working parents / for eligible families receiving additional support (formerly known as disadvantaged): Increased from £8.90 to £9.17 per hour (+3.03%)
 - Three- and four-year-olds: Increased from £6.16 to £6.40 per hour (+3.90%)

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- 3.4 Within the three-and four-year-olds funding, the teachers' pay awards and pension costs legacy grants are integrated into the hourly rate.
- 3.5 As part of the DfE regulations, 96% of the overall rate (an increase from the present year threshold of 95%) has to be passed on to providers, with 4% (reduced from 5% presently) being retained for the LA to undertake its statutory obligations for the delivery of the Early Years entitlement. This is to ensure that the majority of funding reaches providers directly.
- 3.6 As part of the annual budget cycle timetable, the LA will consult the Early Years Provider Reference Group (EYPRG), which is a sub-group of the Schools Funding Forum, to discuss 2025-26 funding rates and agree on proposals for the Schools Funding Forum's approval in February 2025.
- 3.7 The funding formula will continue to address disparities and prioritise quality enhancements for providers. The LA's funding approach ensures an equitable distribution of resources, enabling Havering to support its Early Years providers in delivering high-quality education and care.
- 3.8 It is noted that no provider across the borough has encountered any financial difficulties in delivering the Early Years entitlement and there has been growth in the sector with new provisions and expanding provisions coming into the local area to help support Havering residents with a diverse range of delivery models, from childminders to mainstream schools with nurseries.
- 3.9 Havering is committed in expanding access to affordable childcare and addressing cost pressures faced by schools and nurseries, and strives to provide an annual increase in the base rate funding to support the early years sector with the increase they face, i.e. NI thresholds change, which on average costs £1k per employee.
- 3.10 The present funding rate to providers for the delivery of Early Years entitlement is as follows:
- Under-2s: £11.05 per hour
 - Two-year-olds (working parents): £8.05 per hour
 - Two-year-olds (for eligible families receiving additional support): £8.59 per hour
 - Three- and four-year-olds: £5.56 per hour
- 3.11 From preliminary modelling, subject to engagement with stakeholders and consultation, there will be an increase in the present year rates by at least 2%. Following the review on the targeted support required for the upcoming years, the rates will be confirmed prior to the start of the new financial year.
- 3.12 Cabinet are therefore asked to approve the approach outlined in this section of this report.

4. Central Services Block

- 4.1 This block is made up of two elements. £1.837m funds the statutory education functions of local authorities such as school admissions, the funding of national copyright licences, servicing the Schools Forum and other statutory duties previously funded from an Education Services Grant. In addition, there is £0.075m funding for historic commitments previously funded within the Schools Block. This second element is being phased out over time.

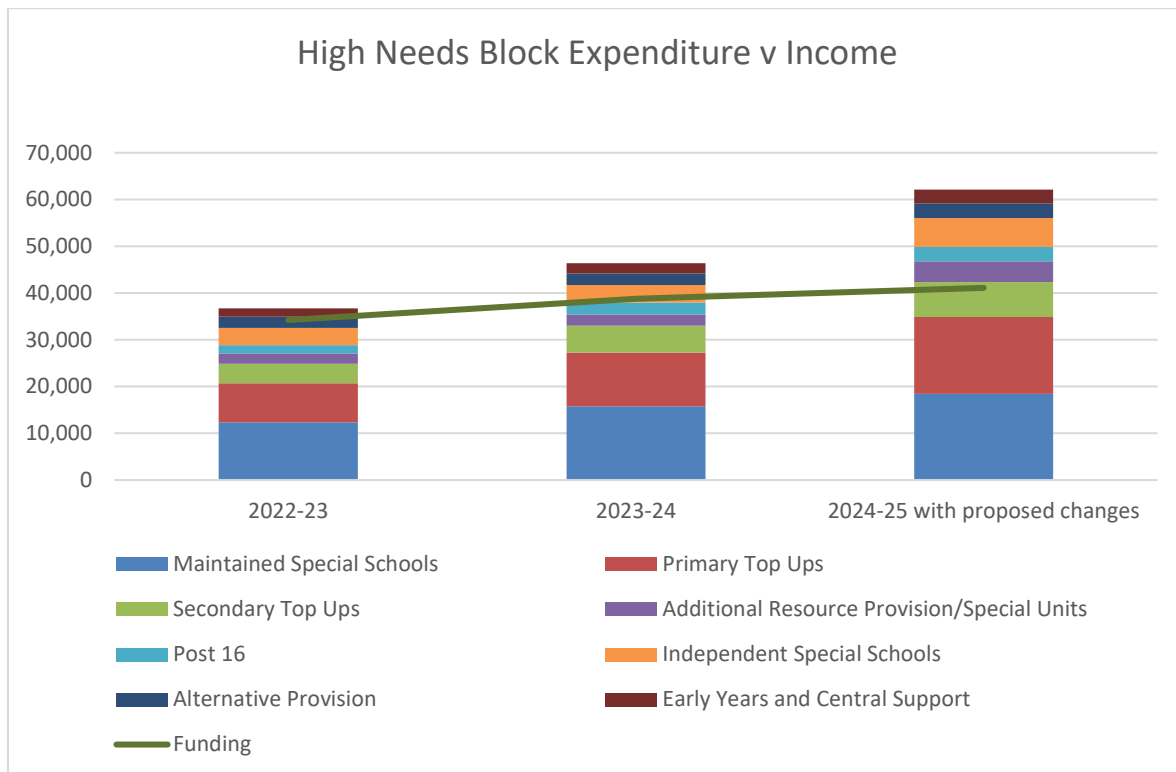
5. Maintained Schools Financial Position

- 5.1 Over the past few years schools in Havering have been receiving small increases in their budget through the National Funding Formula which have generally been below the level of inflation. The DfE have made additional funding available as in year grants for example to mitigate the impact of teachers pay rises but in general these have not fully compensated for the full range of pressures including local government pay awards for support staff or high energy costs. This has led to a high level of pressure on Havering schools financial management.
- 5.2 Havering has 40 maintained or voluntary aided primary schools and one special school. Their budgets are wholly delegated to the Governing Bodies and their end of year balances are ringfenced and carried forward to the next financial year – however those balances do form part of the Council's overall financial position. This means that if there is an overall deficit across all schools, then this would count against the Council's reserves.
- 5.3 There are currently 13 Havering schools that are projecting to end the year in an overall deficit position, all of which were also in deficit at the end of last year. The DfE's statutory guidance is clear that it is not acceptable for Financing Schools for Schools to remain permanently in deficit and they are expected to take action to return to a balanced position. The Council will therefore be requiring all schools in deficit to develop a budget recovery plan.
- 5.4 It should also be noted that with very few exceptions, nearly all maintained schools are projecting an in year deficit that will reduce the level of their brought forward balances. There is a real risk that the total level of balances could be negative which would need to be underwritten by the Council's General Fund reserves.
- 5.5 In December, the first drafts of the recovery plans were received from those affected schools. From these submissions, some common themes were identified. All schools identified the cost of SEN support as the most important and difficult issue in balancing their budget.
- 5.6 The cost of all staffing was an issue for smaller schools and those with very stable workforce, as more experienced staff are paid more. Some schools cited low pupil numbers/falling rolls and then there were specific issues in premises or supplies in certain schools.

- 5.7 The proposed change to the Falling Rolls fund for 25-26 will help support those schools for whom pupil numbers were a challenge as it should mean that the fixed cost of each class are covered. In the High Needs section of the report there is a proposed change to address the cost of SEN support.
- 5.9 The Education Finance team, part of Resources, will be working with each school to help them finalise the recovery plan for their particular situation, that seeks to address the remaining issues. However it must be recognised that some schools have been in deficit for a considerable time and have substantial negative balances. For these schools even halting the growth of the deficit may be difficult and require significant change in spending patterns and tough choices.
- 5.10 Additional monitoring is being put in place for schools in deficit along with support from the Council's Finance team. Processes will also be put in place to ensure that when schools are beginning to get into financial difficulties, that this is recognised early and action is taken before the deficit becomes entrenched.

6.High Needs Block

- 6.1 The High Needs Block provides funding for students in alternative (non school based) provision and for support to children and young people up to age 25 with special educational needs and disabilities. Since 2018, the central government (DfE) funding allocation has been moving towards being formula based, but there is still a significant element (25%) that is simply based on historical spending patterns, and there are transitional restrictions on the rate of change. Havering is one of the authorities that was historically underfunded and still receives the lowest rate of funding per head in London.
- 6.2 In addition the system is also widely believed to be underfunded at the national level –this view is supported by the large number of authorities that now report deficits on the High Needs Block, with nationally a cumulative deficit balance of £1.76bn as at the end of financial year 2023-24.
- 6.3 Expenditure on High Needs rises with several factors – the overall population for that age group, the rate of children needing additional support within that population and the complexity/severity of their needs and the cost of providing that support. Over the last four years, all of these factors have been rising very strongly in Havering and are only partly compensated for by the increase in grant funding. The table below shows expenditure over the last two years and the latest forecast for this year (incorporating the proposed funding changes.) As can be seen although the grant has been rising the increase does not even cover the existing level of expenditure in the previous year let alone provide funding for additional costs or pupil numbers.



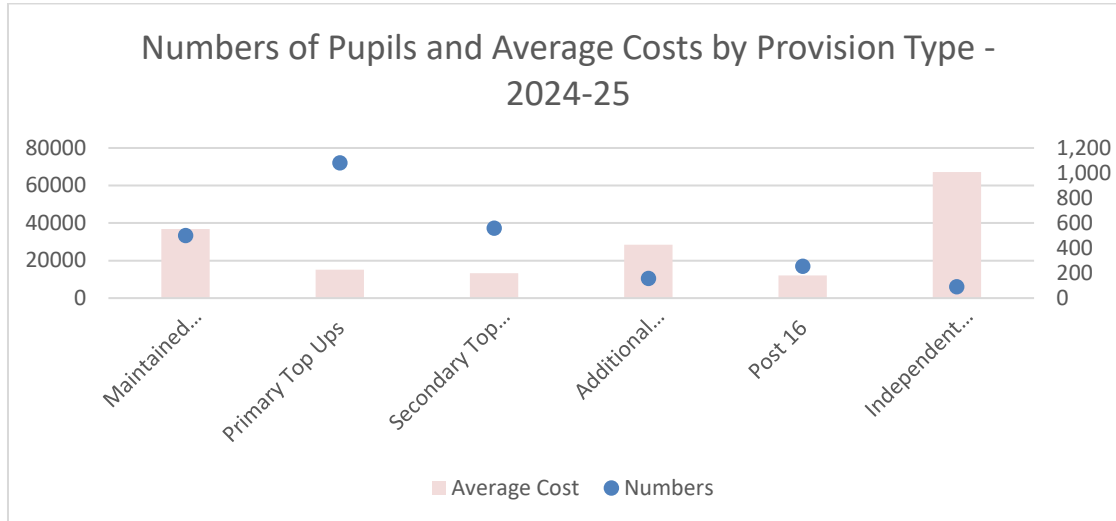
6.4 If this trend continues then the deficit will continue to grow year on year. Currently there is a special arrangement whereby deficits on the DSG do not form part of a Council's overall financial position. This is due to end next financial year (March 2026) – however this would very likely create a number of situations where Councils could not balance their overall budget, so it remains to be seen if this ringfence will be removed.

7 Delivering Better Value Programme

7.1 Havering is a member of the Delivering Better Value (DBV) programme which is a DfE sponsored initiative to help authorities to manage down their DSG deficits. This began with analysis of our spending to identify the main causes of the overspends and so what can be done to tackle the root causes. As described above the main drivers of the overspend are the numbers of children requiring an EHCP and the cost of that provision which can vary from around £10k to £15k per child in a mainstream school to £30k to £40k in a Maintained Special School to over £60k in an Independent Special School.

7.2 In general, the DBV and similar programmes have found that authorities that are more inclusive and/or have more good quality local state maintained provision are more effective at managing their costs because this reduces the need to use Independent and Non Maintained (i.e. private and voluntary sector) schools which are much more expensive on average. In addition, these schools are also likely to be located further away and take only a few Havering pupils, so involve greater transport costs.

7.3 The chart below shows the current range of provision being used by Havering. The majority of children are in the lowest cost and most inclusive kinds of provision.



7.4 An in depth analysis of our High Needs Block expenditure was carried out by independent consultants (Newtons) in 2024. This analysis carried out as the first stage of the DBV found that Havering was already very inclusive and effective at holding children in more local and lower cost provision and our unit costs are comparatively low. The main issues driving the increases in expenditure were the increasing numbers of EHCPs and the level of price inflation experienced nationwide for all kinds of support – which in turn was mostly driven by increases in pay for education support staff. This means that the authority is already following many elements of good practice and was keeping costs down. However it also means that there are few easy wins as most cost reduction strategies are already in place.

7.5 The Delivering Better Value Plan for Havering therefore builds on the current good practice and seeks to extend these principles. These are the main themes identified:

- Working with Schools and Parents to build confidence and ensure that the goals and aspirations of the child can be met in mainstream schools without an EHCP where possible
- Ensuring that we have the right provision so that children’s goals and aspirations can be met in mainstream schools, Special Units or Additional Resource Provisions (ARPs) rather than in special schools
- Creating the right capacity so that children’s goals and aspirations can be met in Special Units or maintained special schools rather than in the Independent and Voluntary sector.

7.6 The Council already has a programme to develop a new Special School at Balgores which will come into use in 2027. We applied to the DfE for another project which was not approved. We will continue to look for potential sites and

schemes but in the interim the plan is to expand the number of Special Units and ARPs, as set out in a report to the January Cabinet.

- 7.7 The actions are expected to have a small dampening effect on the rate of growth of the deficit – however without fundamental reform of the national SEND system or an increase in funding, even with these actions the deficit is still projected to grow year on year. The analysis provided as part of the programme gives a potential deficit range of £34.6m (best case) to £41.6m (worst case) at the end of 24-25 rising to £94.7m by 26-27. The actions set out in the DBV will produce a mitigation effect of only £2.5m to £3.5m per year – reducing the deficit in the best case to £86.8m.
- 7.8 As part of the DBV, the Council has received a grant of £1m in order to make the necessary cultural and systemic changes to deliver on the identified themes. This is monitored quarterly by the programme

8. Funding Arrangements for Special Units

- 8.1 In order to continue with the Council's inclusive approach it is necessary to ensure that schools are fully funded to deliver this approach. As outlined above, all schools are telling us that they are struggling to meet the needs of children within the funding being provided.
- 8.2 Special Units are small scale provisions attached to maintained schools that serve a group of children who struggle to learn in a mainstream classroom even with additional support. A Unit will be led by an experienced teacher who can tailor the curriculum to meet the needs of students and be staffed with Teaching and Learning Assistants at around a 1:2 ratio. Admission to the unit is managed the LBH's SEND team in partnership with the school, and there is an SLA between the school and the Council that sets out the quality and type of provision.
- 8.3 Funding for these units is split with part coming from the school's main budget, via the basic entitlement factor (headcount) and the rest being funded from the High Needs block.
- 8.4 Previously these units had been funded at a rate of £22k per pupil (primary) and £25k per pupil (secondary.) However due to the three years of pay increases for teachers and Teaching Assistants and the increasing complexity, of children's needs the funding is no longer sufficient to provide a safe staffing model. This means that schools must either staff the unit to a lower level or absorb the loss in the mainstream school budget or seek additional funding on a case by case basis.
- 8.5 Under the first option the unit cannot fully meet the needs of more complex children, which runs the risk of the placement being unsafe or breaking down meaning that they must be placed elsewhere – usually in more expensive special school. Alternatively, cross subsidy from the mainstream budget is against the spirit of the DSG funding regime and could have a detrimental effect

on the educational offer to all the other children in the school or result in the schools falling into deficit. It could also lead to governing bodies being no longer willing to support Special Units at their school which would lead to reduced capacity and result in higher costs to the DSG. In practice several schools have already, over time sought additional funding from the Local Authority which has been agreed on a case by case basis by the LBH's SEND team. Now that this year's pay rise has been awarded, other schools will do so. This leads to a more complex and less consistent system while still allowing costs to increase.

- 8.6 The SEND team and Finance have therefore carried out a consultation with relevant schools to agree what constitutes a minimum safe and good practice staffing model. This has been costed out at £30k per pupil, with a proportion of the funding from the Schools Block allocation formula, via the basic entitlement factor, and the balance funded from the High Needs Block. For 2024-25, from the Schools Block, for primary (Key Stage 1 and 2), it is £3,849.50 per pupil, for Key Stage 3, it is £5,441.44 and for Key Stage 4, it is £6,133.81. The remaining balance to give rise to £30k will be funded from the DSG High Needs Block allocation. This model does not apply to Hearing/Sensory Impaired Provisions which have different staffing requirements including BSL interpreters and technicians and so will be negotiated separately.
- 8.7 It is proposed that this funding be offered to all Special Units both primary and secondary within the borough except for Hearing/Sensory Impaired Resource Provisions (ARPs) for the whole of the academic year 2024-25 which commenced in September 2024. The additional in-year cost of this compared to existing funding arrangements will be £0.430m in this financial year (2024-25) and £0.740m in the next year 2025-26).

9. Funding Arrangements for Top_ups.

- 9.1 "Top Ups" describes funding provided to support individual children on top of the cost of their place in the school. It is awarded after a child has been fully assessed and their support needs identified and is confirmed by panel, following which the LA has a statutory obligation to provide support that meets the child's needs as set out in an Education, Health and Care Plan (EHCP). As EHCPs are based on the needs of the child, the actual funding awarded can vary considerably – for children receiving top up in mainstream schools, then the total cost can range from about £10k to £45k for a very exceptional child with high needs who is struggling to access the curriculum or remain safe.
- 9.2 In Havering the current underlying approach used is to estimate the number of hours of additional staff input a child will need on average per week and to multiply that by an assumed cost per hour. However due to the high level of increases in both Local Government pay and the National and London Living Wage in the past few years the assumed rate used in the calculation now only covers around 76% of the costs of a Teaching and Learning Assistant. Since the funding given is usually expressed as a number of hours of support, this causes issues for the schools. While it is sometimes reasonable to find other ways to meet the child's needs than

by having a dedicated one-to-one worker, this is not always possible and can be challenged by parents if they believe they have been told a child is entitled to a certain number of hours of support.

- 9.3 Schools are therefore often in the position of having to contribute a higher amount to an individual child's support which in turn reduces the funding available to meet the needs of other children in the school. This may adversely lead to a reduction in non EHCP SEN support in schools – i.e. additional help to children with milder needs, temporary conditions or specific learning difficulties, the consequence being that as these children's needs are not met early, needs escalate and require more intensive, more costly intervention than they might otherwise have needed. It is also a major contributor to the financial difficulties being experienced by schools in Havering and there is a correlation between levels of SEN children and school financial deficits.
- 9.4 It is therefore proposed to raise the hourly rate used in the calculation from £17 per hour to £19 per hour from September 2024. This still does not fully fund the cost but provides a fairer balance of risks between schools and the High Needs Block. It is estimated to cost £2.320m in this financial year. However it should be noted that around £1.120m of this will be paid to Havering Maintained schools and so will help reduce deficit budgets, which are also part of the Council's overall financial position so could be considered to be cost neutral.
- 9.5 As a longer term measure it is proposed to change our approach to funding top ups and specifically, to consider funding mechanisms that may allow for greater flexibility for schools and settings in terms of delivering what children need, that focus on children's progress towards identified aspirations and outcomes, rather than changes in support needs measured in the currency of 'hours', and which better links resources to children's needs and the type of adaptation and additional support children with SEND require.
- 9.6 One option proposed for consideration by the Schools Funding Forum is the use of 'banding', an approach used by most other London Boroughs whereby children with similar levels of need are allocated a fixed sum of money that schools can use to deliver support.
- 9.7 An analysis has been carried out and it appears that most children can be mapped onto a new framework of banding, as in practice the panel tends to award set levels of funding. It is important to note that no children would have their support reduced as a result (except where the annual review of their EHCP confirmed that this was appropriate because of a change in need).
- 9.8 These proposed changes are in-keeping with the commitment in the Local Area's SEND and Alternative Provision Strategy to review current funding arrangements, and so will need to be developed in collaboration with stakeholders. To ensure time for this collaboration, a tentative timeline would see the transition to any potential new funding model by September 2025 (i.e. the start of the new academic year.)

9.9 The final position at the end of 23-24 across all the blocks was an in year overspend of £6.8m which added to the brought forward amount took the balance on the DSG reserve to £15.32m deficit. A significant level of pressure was brought forward into 24-25 so that by the end of the summer term (the first monitoring period) there was a projected in year deficit of £21.175m which would take the balance to £36.500m.

9.10 As the table shows within year there has actually been a decrease in the cost of top ups during the year. There has also been an increase in use of ARPs and Special Units which are a cost effective alternative to either very high top-ups or special school placement. However there has also been an increase in the use of Independent Special Schools with 15 more placements in Autumn term. As these cost on average £67k a year this has had an adverse impact on the budget. There is a high risk that failing to invest properly in the more cost effective forms of provision could lead to further placements being required which would actually increase the overall spend on the High Needs Block.

	24-25 Forecast in June £000	24-25 Forecast without proposed changes £000	2024-25 with proposed changes £000
Maintained Special Schools	18,126	18,427	18,427
Primary Top Ups	18,353	14,951	16,453
Secondary Top Ups	8,178	6,785	7,462
Additional Resource Provision/Special Units	3,553	4,022	4,453
Post 16	3,008	3,073	3,073
Independent Special Schools	4,839	6,181	6,181
Alternative Provision	3,150	3,150	3,150
Early Years and Central Support	2,629	2,915	2,915
Other In Year			
TOTAL EXPENDITURE	61,836	59,504	62,114
Funding	41,102	41,102	41,102
In Year Deficit	20,734	18,402	21,012
Cumulative Deficit	36,055	33,723	36,333

9.11 If the proposed changes to the rates paid to schools are taken into account then the forecast deficit on the High Needs Block rises again to an in year deficit of £21.010m and the cumulative deficit will be £36.330m. It should be noted that this is in line with our summer term forecast and is still a lower figure than the Upper Bound estimate in the DBV submission so well within the expected range of risk.

REASONS AND OPTIONS

Reasons for the decision:

Although it is difficult increasing expenditure on an overspending budget the current level of underfunding is not sustainable. It increases the pressure on Havering schools and makes it more difficult to maintain children in local provision whilst keeping them safe and meeting their needs.

Other options considered:

Continuing at the current funding rates puts additional strain on Havering schools increasing deficits and making it harder to challenge schools about their financial management. The proposed increase creates a fairer balance of risks between the authority and the schools.

IMPLICATIONS AND RISKS

Financial implications and risks

The report sets out a range of risks for the Council arising from the financial pressures facing Havering Schools and increasing expenditure within the High Needs Block. It sets out some proposals which will add £2.60m of pressure to the High Needs Block but could alleviate around £1.30m of the pressure on maintained schools. Moreover it presents an argument that this will in the longer term prevent further costs from the breakdown of school based support.

Legal implications and risks:

Human Resources implications and risks:

Where schools are facing high levels of financial pressures then there is a risk that staffing reductions may be required. The Council will use its deficit recovery planning process to ensure that the risks to staff are minimised as far as possible and that correct processes are followed including full consultation if action is undertaken.

Increasing the rate paid for support for children with additional needs will allow schools to recruit and pay for the additional staff required to carry out this important role.

Equalities implications and risks:

The provision of support to children with disabilities or other additional needs works to reduce barriers to participation and achievement in Education.

Health and Wellbeing implications and Risks

Ensuring children have appropriate support in school will enable them to remain safe and to achieve their full potential.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environment implications arising from this report.

BACKGROUND PAPERS

1 Havering Schools Forum Papers