

THE SCHOOLS BUDGET 2021/22

Cabinet Member(s)	Councillor Ian Edwards Councillor Susan O'Brien Councillor Martin Goddard
Cabinet Portfolio(s)	Leader of the Council Families, Education and Wellbeing Finance
Officer Contact(s)	Graham Young, Lead Finance Business Partner, Schools/DSG
Papers with report	Schools Funding 2021/22 Consultation Papers

HEADLINES

Summary	The purpose of this report is to seek Cabinet's approval for the size and distribution of the schools budget for 2021/22, following consultation with school Headteachers, Governors and Early Years providers having regard to the advice of the Schools Forum.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People; Our Built Environment; Financial Management</i> Schools are a key frontline service in the Borough and are the largest service providing investment in residents' children's and young people's future life chances. The distribution of funding to schools supports these strategic aims.
Financial Cost	Funding for schools and school related expenditure is provided through the Dedicated Schools Grant (DSG) and the Pupil Premium and as such has no impact on the Council's budget requirement. However, having considered the DSG Budget for 2021/22, and the views of all relevant stakeholders, a deficit DSG Budget has been submitted for approval, totalling £7,323k. The budget has been prepared on the basis that the Department for Education will reject the Council's disapplication request to transfer the required funds from the Schools Funding Block, which if agreed, would have allowed the Council to reduce the deficit on the proposed DSG Budget to £1,868k.
Relevant Policy Overview Committee	Residents, Education and Environmental Services
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. On the basis that the DfE rejects the Council's disapplication request, agrees that the total Schools Budget for 2021/22 be set with an overall deficit of £7,323k when compared to the total of the Dedicated Schools Grant provided to the Council (as set out in paragraphs 74 to 75).
2. Approve the Primary and Secondary schools funding formula as agreed by schools and the Schools Forum, as set out in paragraphs 30 to 37.
3. Approve the Early Years Single Funding Formula, as set out in paragraphs 38 to 49.
4. Approve the base rate of funding for the Two-Year Old Free Entitlement Offer, as set out in paragraph 50.
5. Approve the Early Years Centrally Retained budget as agreed by the Schools Forum, as set out in paragraphs 52 to 55.
6. Approve the Central School Services budget as agreed by the Schools Forum, as set out in paragraphs 56 to 63.
7. Approve the High Needs budget as agreed by the Schools Forum, as set out in paragraphs 64 to 73.

Reasons for recommendation

1. Cabinet is the decision-making body for school funding issues and decisions are required on the arrangements to allow for final funding allocations to be provided to schools by no later than 28 February 2021.
2. The School and Early Years Finance (England) Regulations 2018 requires the Council to consult the Schools Forum on a range of financial matters prior to making decisions on them. Each year the Council consults with schools on the following years funding and school funding formulas. For 2021/22 budgets, the consultation ended on 30 November 2020 and the responses to this consultation were considered at the Schools Forum meeting on 10 December 2020. Additionally, Schools Forum are required to set and agree the DSG budget for 2021/22, considering any accumulated surplus/deficit balances, this was agreed at the Schools Forum meeting on 15 January 2021. The results of these decisions are reflected in the recommendations of this report.
3. The Council and Hillingdon's Schools Forum have undertaken a major review of the DSG Budget over the last few years and have closely monitored the increased growth in the cost of high needs placements and where practical and safe to do so, have made savings to centrally retained budgets to offset the growing pressures which have followed from the introduction of the Children & Families Act in 2014. However, the review of the budgets for 2021/22 identified that enough savings could not be made without having a detrimental effect on those resources provided to support vulnerable and disadvantaged children and in fact potentially could result in additional costs being incurred should services be ceased. The only option available to the Council to set a balanced in year DSG Budget for 2021/22 was to consult with schools on a proposed transfer from the Schools Funding Block. However, even if schools and Schools Forum had agreed to this, the final decision rests

with the DfE, as the Secretary of State must sign off all requests, which exceed 0.5% of the total Schools Funding Block.

To aid the setting of a balanced in-year DSG budget, the Council submitted its disapplication request to the DfE on 20 November 2020, requesting approval for the 2.3% transfer from the Schools Funding Block to the High Needs Block. The Council is awaiting the Secretary of State decision in relation to this request but has assumed that it will be rejected in preparing this budget.

4. The DfE issued an updated DSG Conditions of Grant document for 2021/22 including updated conditions relating to DSG deficits and how these can be funded. This strengthens the previous direction that such deficits should not be financed from General Reserves and goes further to state that on a statutory basis a deficit must be carried forward to be dealt with from future DSG income. At this stage the detailed guidance on how this can be delivered in practice, expected to come from CIPFA and necessary to provide External Audit assurance, has not yet been issued.

Alternative options considered / risk management

5. Cabinet could decide to recommend that the Schools Forum reconsider the proposed Primary and Secondary schools funding formula, the Early Years Single Funding Formula and the High Needs Funding Formula.
6. The recommended Schools Budget 2021/22 contains a contingency for in year growth for expanding schools and for the diseconomies of scale funding for the one Basic Need Primary Academy school that is still growing. There is also some contingency for future growth in the placement of children with Special Educational Needs.
7. The recommended Schools Budget no longer contains a general reserve to cover unforeseen costs and does not provide surplus resources to offset the cumulative deficit accruing on the Dedicated Schools Grant Budget in 2020/21.

Policy Overview Committee comments

8. None at this stage.

SUPPORTING INFORMATION

9. The Government have confirmed the 'hard' implementation of the Schools National Funding Formula will be further delayed until at least 2022/23. Therefore, in 2021/22 the 'soft' implementation of the formula will continue with local authorities and Schools Forum still having the ability to set a local funding formula.
10. The schools block will continue to be ring-fenced in 2021/22 but local authorities will be able to transfer up to 0.5% of their schools block funding, with the agreement of Schools Forum. If a local authority wishes to transfer more than 0.5% to address funding pressures in other blocks, then approval must be sought from the Secretary of State.

11. The Government have confirmed that the Early Years National Funding Formula (EYNFF) will continue in 2021/22. 2021/22 will also see the continuation of the additional 15-hour free entitlement for 3- & 4-year olds of eligible working parents which was introduced from September 2017.
12. The number of schools converting to Academy status, following the introduction of the Academies Act 2010, has slowed down. The current picture in Hillingdon is that 46 schools are now academies (20 primary, 19 secondary, 1 all-age, 5 special and the Pupil Referral Unit). The Council is not currently aware of any schools with a plan to convert in 2021/22.
13. The following sets out the arrangements that the DfE are making to the schools funding system for 2021/22:
 - i) Funding has been provided for at least a 2% per pupil increase for each school in 2021/22 through the national funding formula.
 - ii) Minimum funding levels will be set for 2021/22 at £4,180 for Primary (from £3,750 in 2020/21) and £5,415 for Secondary (from £5,000 in 2020/21).
 - iii) Minimum Funding Guarantee (MFG) protection must now be set at between +0.5% and +2% per pupil.
 - iv) The DfE has guaranteed at least an 8% per pupil increase in High Needs funding in 2021/22 to reflect some of the growth being seen in the number of pupils with SEN.
 - v) Funding previously received through the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPECG), including the supplementary fund, to mainstream schools for pupils from reception to year 11 will be allocated through the schools NFF by adding to schools' baselines; by increasing the basic per pupil funding levels (Primary - £180/Secondary - £265).

Early Years (3 and 4-Year-Old Provision)

14. Early Years Funding provides funds for schools, Private, Voluntary and Independent Nursery providers and Childminders for 3 and 4-year-old placements.
15. From April 2017 the Early Years National Funding Formula (EYNFF) was implemented with a new requirement on the amount of funding that local authorities must pass to providers. In 2021/22 local authorities must plan to spend at least 95% of the Early Years funding they receive directly on providers, with at least 90% of this being paid through a universal base rate. It is proposed that for 2021/22 no significant changes are made to the Early Years funding formula in Hillingdon. The formula is made up of the following factors:
 - A base rate per hour for all pupils set at 91% of the funds available to providers (maintained at £4.92 per hour per pupil),
 - Deprivation funding, based on the Income Deprivation Affecting Children Index (IDACI), set at 7% of the funds available to providers,

- The remaining 2% paid through an additional needs supplement, payable to those providers with an above average IDACI ranking,
 - Maintained Nursery School supplementary funding (only applies to McMillan Nursery).
16. The Free Entitlement offer for three- and four-year olds increased to 30 hours per week from September 2017, for those children whose parents are both working and meet other specific criteria. Previously Schools Forum have agreed to continue to fund the additional 15 hours at the same rate as the universal free entitlement and there is no proposal to change this in 2021/22.

Early Years (Two-Year-Old Free Entitlement Provision)

17. This new provision came into force on 1 September 2013 and was extended further on 1 September 2014, to cover the 40% most disadvantaged families across the country.
18. The DfE strongly recommended that all councils put in place a simple funding formula for the two-year-old free entitlement offer, which Hillingdon followed, having only a base rate of funding, which has been set at £6.00 per hour per pupil. Schools Forum agreed to maintain this formula and level of funding in 2021/22.

Primary and Secondary Schools

19. The Schools Block provides funding for Primary and Secondary schools (including academies and free schools) and a limited range of retained budgets. The DfE's paper; Schools Revenue Funding for 2021 to 2022, sets out how local authorities and schools forums should plan for the local implementation of the funding system for the 2021/22 financial year. The final DSG has been determined based on the October 2020 census data.
20. All primary and secondary schools will be funded based on the approved and agreed funding model, this includes maintained, all academies, free schools, studio colleges and university technical colleges. For 2021/22, the funding will still be provided as is currently the case (i.e. maintained schools will receive funding from the local authority through the DSG and all other schools will receive funding directly from the Education and Skills Funding Agency (ESFA)).
21. The DfE have announced that implementation of the 'hard' National Funding Formula will be further delayed and therefore the local authority and Schools Forum will still be involved in the determination of the funding allocations to schools in 2021/22.
22. Within the Schools Block, the Government has provided for at least a 2% per pupil increase for each school in 2021/22 through the National Funding Formula. The Schools Block will be ring-fenced, however, local authorities will be able to transfer up to 0.5% of their schools block funding out, with agreement of Schools Forum, to offset ongoing funding pressures in the High Needs and Early Years blocks. In Hillingdon 0.5% equates to approximately £1.2m. If a local authority wishes to transfer more than 0.5% then approval must be sought from the Secretary of State.

23. In order to address High Needs pressures, it was determined that a further funding transfer from the schools block would be needed in 2021/22 to cover the projected pressures in the High Needs block. This takes into account the additional high needs funding announced for 2021/22.
24. The Local Authority submitted a disapplication request to the DfE on 20 November 2020, requesting approval for a 2.3% transfer and as noted above a decision is yet to be communicated.
25. Following consultation with stakeholders in November 2020, and a further review of the DSG Budget for 2021/22, Schools Forum, after careful consideration, agreed not to transfer funds from the Schools Funding Block. Because of this decision, the Council are unable to set an in year balanced DSG Budget for 2021/22, as there are not enough funds remaining in the retained budgets to deliver such a substantial level of savings.

Dedicated Schools Grant Funding 2021/22

26. The Education and Skills Funding Agency (ESFA) published the draft authority level DSG allocations for the schools, central school services, early years and high needs blocks on 17 December 2020.
27. Table 1 sets out the published baseline DSG budget for 2021/22, compared to the 2020/21 DSG allocation updated in November 2020

Table 1

Funding Block	DSG Budget 2020/21 £000	DSG Budget 2021/22 £000	Change in Budget £000	Increase %
Schools	231,467	247,506	16,039	6.9
High Needs	45,785	50,152	4,367	9.5
Central Services	2,604	2,625	21	0.8
Early Years	25,878	26,144	266	1.0
Total DSG Budget	305,734	326,427	20,693	6.8

28. In determining the final distribution of the DSG funds available, it is usually a requirement that predicted year end balances are built into the final determination. For 2020/21, there is an in-year deficit on the DSG, which for month 9 is estimated to be £9.8m. When added to the DSG opening deficit balance of £15.0m, which was carried forward from 2019/20, it is projected that there will be a cumulative deficit of £24.8m carried forward to 2021/22.
29. Given the on-going pressures in High Needs and the Central Schools Services Block it will not be possible to set an in-year balanced DSG budget for 2021/22 without a transfer of funds from the Schools block. There is therefore no scope to contribute towards reducing the brought forward cumulative deficit.

Proposals for Use of DSG in 2021/22

Schools Block

Transfer of Schools Block funds

30. The Schools Block will continue to be ring-fenced in 2021/22, however, local authorities will be able to transfer up to 0.5% of their schools block funding to address funding pressures in other areas with agreement of Schools Forum. In November 2020, schools were consulted on proposals to transfer funds over and above 0.5% to address the on-going pressures in High Needs. Schools Forum were not in support of any schools block transfer and a decision from the Secretary of State is pending. Schools Block budgets have therefore been produced assuming that no transfer is agreed.

Schools Funding Formula Factors

31. At the Schools Forum meeting on 10 December, Schools Forum members voted to increase the mobility factor rates to bring them in line with the National Funding Formula (NFF). The new mobility factor rates are therefore; Primary - £989.10, Secondary - £1,417.70. This would have resulted in a £72k increase in the total funding distributed through the mobility factor. However, according to the October 2020 census data, mobility has reduced significantly in the past year, particularly in the primary sector resulting in an overall reduction in the amount of funding distributed for mobility.
32. As in previous years the deprivation rates have been adjusted to ensure that approximately 7.4% (not including the additional funding for teacher pay and pensions increases) of the total funding is distributed through this factor. The apportionment of deprivation funding remains 75% free school meals (FSM Ever 6) and 25% Income Deprivation affecting Children Index (IDACI). The changes to IDACI data do appear to have had an impact on Hillingdon and had the deprivation rates not been adjusted as per above there would have been a significant reduction in the amount of funding distributed through IDACI.
33. The factor rates for English Additional Language (EAL) and Prior Attainment have been increased by 3% in line with the increases in the NFF. The total funding distributed through these factors in 2021/22 is broadly in line with 2020/21. The lump sum factor has been retained at £140,000 for all schools.
34. The Age Weighted Pupil Unit (AWPU) is used as the balancing factor for any surplus funds, as in previous years. In 2021/22 AWPU rates have increased by 9.1% compared with the previous year, though part of this increase relates to £10,689k of funding previously allocated through the Teachers Pay and Teachers Pensions grants which has been rolled into the schools block.

Minimum Funding Guarantee (MFG)

35. For 2021/22 there continues to be a requirement that the MFG will need to be set at between +0.5% and +2%. The proposal is that Hillingdon will again set this at +0.5%.

which will ensure that every school will receive a minimum of 0.5% increase in per pupil funding in 2021/22. The total MFG in 2021/22 is £405k, a £116k reduction on 2020/21.

36. On review of the 2019/20 school funding formula it was apparent that there are a few schools that have received historic over-protection through the MFG. The Schools Revenue Funding Operational Guide does allow for technical adjustments to the calculation of the MFG where over protection would otherwise occur. It was therefore considered that a disapplication request should be submitted to the ESFA to re-baseline the MFG for 2020/21. The ESFA rejected this application in January 2020, on the basis that it would have an adverse and unexpected impact on schools and therefore the over-protection will continue.

Growth Fund Contingency

37. A review of the Growth Fund Contingency requirement, which provides funding for expanding schools, diseconomies funding for new Basic Need Academies and funding for significant in-year growth, estimates that the budget in 2021/22 should be £1,479k, a decrease of £344k from the previous year. The growth funding allocated through the funding formula for 2021/22 is £1,547k which is enough to cover the growth requirement. Schools Forum members will be asked to approve this allocation as part of Item 5b.

Early Years Block

38. Early Years funding rates were published on 17 December 2020 with increases in the funding rates for 2 years old and 3 & 4-year olds for most local authorities. The following funding rates will be used to generate the Hillingdon Early Years Block funding in 2021/22;

Table 2

	2020/21 £ (per hr)	2021/22 £ (per hr)	Increase £ (per hr)	Increase %
2 Year olds	6.00	6.08	0.08	1.3%
3- & 4-Year olds	5.91	5.97	0.06	1.0%

39. There was a change to the Early Years block funding calculation in 2020/21 due to COVID, with allocations being based on the January 2020 census with no adjustment. The current assumption is, that the Early Years Single Funding Formula for the provision of the 15 hours free entitlement for 3 & 4 year olds will be calculated based on 5/12ths of the January 2021 census numbers and 7/12ths of the January 2022 census numbers, as in previous years. The 2021/22 allocation is therefore draft as there will be further adjustments in July 2021 and July 2022. It is worth noting that approximately two thirds of this funding are delegated directly to schools for three and four-year-old provision.
40. There are several requirements on how local authorities can allocate Early Years funding to providers. These requirements are intended to ensure that funding provided is fairly distributed to providers. Schools Forum has not proposed to make any changes to the calculation of the Early Years funding formula.

Universal Free Entitlement - Base Rate

41. Local authorities are required to pass 95% of early years funding directly to providers. There is a requirement to set a universal base rate for all providers, and additionally the guidance states that the level of supplements should be capped at 10% of the total funding given to providers, with the remaining 90% distributed through the base rate. Given the limits on supplements, the Hillingdon base rate is set at 91% of available funding as used in 2020/21.

Universal Free Entitlement - Funding Supplements

42. The government allow supplements up to a maximum of 10% of the total funding passed to providers. Local authorities will continue to be required to have a mandatory deprivation supplement but will have discretion over the metric used. The following sets out what Hillingdon uses in the early years funding formula;

Deprivation Supplement

43. In 2020/21 the deprivation factor within the Hillingdon early years formula was 7% with IDACI as the distribution driver, as this appears to be the best indicator of deprivation for 3 & 4-year olds. The proposal is that for 2021/22 this is retained at the same percentage.

Flexibility Supplement

44. In previous years the remaining 2% of the funding has been used to target those providers with higher numbers of children with additional needs by allocating funding to settings with a higher than average IDACI rank. This recognised that there are links between deprivation and additional need and reflected that this was the most robust data set held to distribute additional needs funding.
45. Now that the SEND Advisory Service is in place, the local authority can access data that better reflects the level of additional need in early years settings and officers are working on how to use this to distribute funding through the formula whilst still meeting the supplement requirements within the guidance. It is considered that the Flexibility supplement is probably the way to incorporate this into the formula and this funding supplement will be confirmed before the Early Years funding formula is finalised in March.

Maintained Nursery School Supplementary Funding

46. The government recognises that maintained nursery schools have additional costs and has confirmed that it will continue to provide supplementary funding to local authorities for maintained nursery schools. However, for 2021/22, part of the supplementary funding allocations has been published as indicative, and part as conditional.
47. The allocations for April 2021 to August 2021 are indicative and will be updated on the same basis as the universal entitlements following the January 2021 census. The guidance states that the maintained nursery school supplementary funding allocations for September 2021 to March 2022 are conditional, and therefore may be subject to change

and local authorities should therefore treat them as unconfirmed. The supplementary funding for Hillingdon in 2021/22 is £238k and this is passed in full to McMillan Nursery school. However, the school will be made aware that the funding for the period September 2021 to March 2022 (£139k) is not confirmed.

Additional 15 hours Free Entitlement

48. Hillingdon has received an indicative £5,166k to fund the additional 15 hours free entitlement for eligible children in 2021/22. This funding will be adjusted to reflect actual numbers accessing the entitlement and therefore this funding will be earmarked in full for the delivery of the additional 15 hours free entitlement.

Disability Access Funding

49. The government introduced a new targeted early years Disability Access Fund in 2017/18, to enable a fixed lump sum payment of £615 per eligible child per year to be paid to early years settings that are providing a free entitlement place for 3 & 4-year olds. The funding is ring-fenced with the purpose the purpose of aiding access to places for those children with a disability. Funding will be passed straight to providers with eligible children and the provider is then responsible for the use of the funding. The Hillingdon allocation of this funding in 2021/22 is £93k.

Two-Year-Old Provision

50. The funding rate to local authorities for disadvantaged two-year olds has increased to £6.08 and given that the current spend is higher than the current budget of £2,370k for Two-Year Old provision, there is no proposed change to the hourly rate of £6.00 per hour.

SEN Inclusion Fund

51. All local authorities were required to establish SEN inclusion funds for 3 & 4-year olds in their local funding systems from April 2017. The SEND Advisory service work with early years providers to determine how best this funding is distributed with the focus on children with lower level or emerging SEN. It is proposed that the £200k allocated to the SEN inclusion fund is retained and that this is taken from the early years block. The SEN inclusion funding will be included in the 95% pass through to providers and therefore does not count in the 5% that local authorities can centrally retain in 2021/22.

Early Years Centrally Retained

Provision for Vulnerable Children Placements

52. The £139k budget for the placement of vulnerable early years children is again projected to underspend in 2020/21, due to a lower than expected number of referrals being made for additional funding. However, it is recognised that there are still children and families that have a need for this funding and therefore there is no proposal to reduce this budget in 2021/22.

Family Information Service

53. The Family Information Service (FIS) team helps parents to access the free early years provision that they are entitled to for their children. This relates to the universal entitlement to free early education for all three and four-year olds and covers the entitlement to free childcare for the most disadvantaged two-year olds. The FIS consists of the FIS Manager, 4.0 (FTE) FIS Officers and a Parental Childcare Advisor and the proposed budget for 2021/22 is £256k.

Early Years Advisory Service

54. The Early Years Advisory service provides targeted support, advice and guidance to all early years settings (including schools and Private Voluntary and Independent Nursery providers). Following the Education Review, the service now consists of 3.0 (FTE) Early Years Advisory Teachers with a proposed budget of £232k, a £147k saving on previous years.

Early Support Team

55. The Early Support team consists of 3.25 (FTE) Home Portage Visitors who support parents and carers helping to build resilience within families with children and young people with additional needs or disabilities. The proposed budget for this team in 2021/22 is £146k.

Central School Services Block

Education Services

56. The School Placement and Admissions team consists of 1.9 (FTE) Senior Admissions Officers and 3.9 (FTE) Admissions Officer at a total budgeted cost of £232k. This is a £108k reduction on the previous year following the ending of the temporary support previously agreed by Schools Forum, along with changes to the structure following the Education review. Given the increase in workload and the growth in elective home education, the team structure will need to be reviewed further in the coming months.
57. The Hillingdon Virtual School is part-funded from the DSG along with a contribution from the Pupil Premium Plus grant. The team consists of a Virtual School Headteacher and 11 FTE practitioners. The DSG funding for this team is £490k, a £109k reduction on the previous year following the Education Review.
58. Following the Education Review, the DSG is now part funding four new posts in the structure. These are as follows; Deputy Director Education, Head of Access to Education, Vulnerable Learners Support Manager and Post-16 Partnership Co-ordinator. The total DSG requirement for these posts is £280k. It should be noted that the Education Review delivered an overall net saving to the DSG.

Education Safeguarding

59. The DSG has historically funded the LADO post along with the School Domestic Violence and Child Protection officer posts. The budget requirement for these three posts is £174k.

Non-statemented LAC placements

60. There is a continuing pressure linked to the number of looked after children who have been placed out of borough in residential provision. The DSG only funds the education element of these placements, and there is an on-going budget requirement of £508k for these placements.

Support Service Costs

61. A proportion of the total support services costs for central services at the Local Authority are charged to the DSG under a nationally agreed model, which has historically been capped at the current rate. It is not proposed to amend this budget for 2021/22, though this area will be subject to on-going review.

ESG retained services

62. In the 2015 Spending Review, the DfE announced that ESG funding would cease in 2017/18 and that for those services defined as retained duties previously funded through the ESG, the funding and responsibility would be transferred into the DSG. The Schools Revenue Funding Operational Guide provides the definition of those services deemed to be retained duties. The DSG baseline includes a sum of £754k for retained duties, and it is proposed that this figure is retained in 2021/22 to fund these services.

Copyright Licences

63. The ESFA procures copyright licences centrally for all schools and the cost is then charged to the DSG. The ESFA have informed that the cost for 2021/22 will be £234k, which is a £1k increase to the 2020/21 budget.

High Needs Block

Planned Place Numbers

64. There have been several changes to planned place numbers in Special schools and SRPs to reflect current demand as specified in Table 3 overleaf;

Table 3

Special School	Change in Place Number	Month Change Effective	Change in Funding 2021/22 £
Grangewood	-22	Sep 2021	-128,333
Hedgewood	+20	Apr 2021	+200,000
Meadow	+15	Apr 2021	+150,000
Moorcroft	+14	Sep 2021	+81,667
Pentland Field	+3	Sep 2021	+17,500
The Willows	+22	Sep 2021	+128,333
Total Special Schools	+52		+449,167
SRP	Change in Place Number	Month Change Effective	Change in Funding 2021/22 £
Ruislip High	6	Sep 2021	+35,000
SRP Total	6		+35,000
Grand Total	58		484,167

65. Academies receive planned place funding directly from the ESFA. This funding is included in the amount recouped from the High Needs block.

SEN Top-up Funding

66. There is no proposal to make any changes to the banded funding model for the distribution of top-up funding in 2021/22. However, it is still on the High Needs sub-group work-plan to review the current model in order to identify opportunities for improving the effectiveness and efficiency of the resource allocation process for children with SEN. The 2021/22 budgets for top-up funding have been increased by £3,024k to reflect current expenditure and anticipated growth.

Independent & Non-Maintained Special Needs

67. The Council has seen a further increase in the number and total spend on SEN placements in Independent and Non-maintained schools in the last year, predominantly as a result of a lack of capacity within in-borough provision. For 2021/22 the budget has been increased by £967k to reflect the current spend and projected growth. There has also been an increase in the level of contributions from Health and Social Care towards these placements which has off-set some of the total increase.

Post-16 Special Educational Needs Placements

68. In recent years there has been continued growth in the number of post-16 pupils with special educational needs requiring college placements. The budget was increased significantly in 2020/21 to £4,472k (split between FE Colleges and Independent Specialist Providers). This budget appears sufficient to meet current demand plus an

element of further growth for September 2021 and therefore the proposal is for no change to the budget for 2021/22.

Pupils Out of School

69. The local authority currently commissions 73 places at the in-borough alternative provision setting. A reconciliation of the actual number of young people accessing the provision is carried out each term and the funding adjusted to reflect over and under numbers (with a 5% tolerance).

SEN Advisory Service

70. Following a full transformation of the SEND teams in 2019/20, the SEND Advisory Service has been created to provide advice and guidance to educational settings to ensure they are able to meet the needs of most children and young people within their own resources. This service represents a cost to the DSG of £1,298k, which is a £26k increase on the previous year due to pay inflation. The expectation is that over time this expenditure will be offset by a reduction in the number of EHCPs issued, through early intervention and support and this has been captured in the DSG Deficit Recovery plan.

2.5% Threshold

71. The 2.5% threshold recognises those schools that have a disproportionate number of pupils with SEN and distributes an additional £6k funding for each pupil over the 2.5%. The threshold was set several years ago and when the mechanism was introduced the number of pupils with a Statement of SEN in a mainstream school was on average 2% of the total school population. Given that national SEN data indicates that the average percentage of pupils with an EHCP is now closer to 3%, schools were consulted in 2019 on whether to increase the threshold to 2.5% or 3%.
72. It was agreed at Schools Forum in December 2019 that the threshold would be increased to 2.5% for 2020/21, with a further increase to 3% for 2021/22 (though this was dependent on decisions regarding a transfer of funds from the Schools Block (i.e. if a block transfer is agreed, then the threshold should limit should not increase)). Given that the assumption is that the block transfer will not be agreed, the budget has been reduced by £200k to £427k to reflect the expected change to the threshold.

SEN Tuition and SEN Exceptional Funding

73. Over the last year there has been a significant increase in the number of mainstream schools applying for exceptional SEN funding to address the needs of pupils before and during the EHCP process. The increase is a consequence of the increasing complexity being seen in some cases with schools needing additional resource in order to maintain the placement in mainstream provision. This has also had an impact on the number of pupils with SEN accessing specialist out of school tuition. The overall impact of this has resulted in a £300k increase to the budget requirement for 2021/22.

Proposed DSG Budget for 2021/22

74. The following tables summarise the final DSG Budget for 2021/22, assuming that the request to transfer funds out of the schools block is not approved:

Table 4

Funding Block		£
Schools Block	Income	(247,506)
	Expenditure	247,506
	Net Total	0
Early Years Block	Income	(26,144)
	Expenditure	26,144
	Net Total	0
High Needs Block	Income	(50,152)
	HN Recoupment	9,296
	Expenditure	47,764
	Net Total	6,908
Central School Services Block	Income	(2,625)
	Expenditure	3,040
	Net Total	415
Overall DSG Position		7,323

75. The following table details the final DSG Budget for 2021/22:

Table 5

Funding Block	Cost Centre description	Proposed Budget £'000
Schools	Schools Block Funding	(247,506)
Schools	Individual Schools Budget	246,027
Schools	Growth Fund Contingency	1,479
	Schools Block Total	0
Early Years	Early Years Block Income	(26,144)
Early Years	Early Years Single Funding Formula	16,887
Early Years	Early Years Single Funding Formula (additional 15 hrs)	5,166
Early Years	Maintained Nursery School Supplementary Funding	238
Early Years	Disability Access Fund	93
Early Years	SEN Inclusion Fund	200
Early Years	Core Childcare & Early Years (FIS)	256
Early Years	Early Years Advisory Teachers	232
Early Years	Early Support Team	146
Early Years	Provision for Vulnerable Children Placements	139
Early Years	Early Years Overheads	293
Early Years	Early Years Pupil Premium	124
Early Years	2YO Funding	2,370
	Early Years Block Total	0
High Needs	High Needs Block Income	(50,152)
High Needs	High Needs Block Academy Recoupment	9,296
High Needs	Maintained ASB	4,656
High Needs	Top-up funding	27,026
High Needs	Independent placement provision (pre-16)	8,461
High Needs	Independent placement provision (post-16)	1,502
High Needs	Contributions from Health & Social Care	(1,100)
High Needs	FE college top up funding	2,970
High Needs	Hospital Tuition	75
High Needs	Pupils Out of School	961
High Needs	SEN Therapies	542
High Needs	3% Threshold Mechanism	427
High Needs	Non-statemented pupils - exceptional funding	116
High Needs	Tuition - SEN out of school	575
High Needs	SEN Support Services	1,298
High Needs	High Needs Overheads	255
	High Needs Block Total	6,947
Central Schools	Central Schools Block Funding	(2,625)
Central Schools	DSG Funded Business Support	30
Central Schools	Schools Forum	5
Central Schools	School Placements & Admissions	513
Central Schools	Hillingdon Virtual School	490
Central Schools	Non-statemented LAC placements	508
Central Schools	Education Safeguarding	174
Central Schools	Copyright Licences	233
Central Schools	ESG Funded Services	759
Central Schools	Central Schools Block Overheads	328
	Central Schools Block Total	415
	Grand Total	7,323

Financial Implications

This is a financial report dealing with funding issues affecting schools. The financial impact on Schools Delegated Funding, is that schools will see an increase in per pupil funding when compared with 2020/21 following the significant increase in the Schools Block funding. It should be noted that school budgets are protected by the Minimum Funding Guarantee level of +0.5% of per pupil funding.

The DSG has competing demands across the four funding blocks (Early Years, Schools, High Needs and Central School Services), with particular pressures in High Needs, where any increase in funding has not been sufficient to meet the cost of High Needs growth relating to the actual growth in pupil numbers along with complexity of need experienced over the period. The implementation of the ring-fenced arrangement between the relevant funding blocks has resulted in a shortfall of funding in the High Needs block with a balanced budget only possible through transferring Schools Block funding. The proposals in this report do not provide any additional resources that can be used to offset the cumulative deficit accruing on the DSG, which at Month 9 stands at a deficit of £24.8 million. The Council held discussions last year with the DfE on the DSG deficit recovery plan which reached the conclusion that Council had taken all reasonable actions within its remit to address the position.

It is expected that the implementation of the 'hard' National Funding Formula will have a significant impact on the ability of Schools Forum to set a balanced budget in future years as the restrictions on the transfer of funds from the School Block will remain, at a time where there is an expectation that the cost of high needs placements will continue to grow.

As the Council has undertaken a major review of the funds centrally retained and made significant savings over the last few years, there is very limited, if no option to reduce the budgets further to cover the £7,323k budget deficit.

The proposals contained within this report do not affect the General Fund proposals that are considered elsewhere on this agenda, as the School Budget is funded from the ring-fenced Dedicated Schools Grant.

RESIDENT BENEFIT & CONSULTATION

What will be the effect of the recommendation?

The approval of the recommendations as set out in this report will enable the distribution and confirmation of the funding arrangements for schools for 2020/21, including the final individual school budget shares, which must be distributed to schools on or before 29 February 2020.

Consultation Carried Out or Required

The Council is required to consult with the Schools Forum on any changes to the school funding formula and the Early Years Single Funding Formula as prescribed in the Schools Forums (England) Regulations 2012, which are covered in this consultation paper. The Schools Forum

has a limited range of decision-making powers with regards to school funding. In most aspects the Schools Forum role is to advise the Council on decisions that rest with Cabinet, such as the school budget.

The main role of the Schools Forum is to consult with schools on proposed changes to funding arrangements, including any changes to the school funding formula. For 2020/21, the consultation with schools revolved around the transfer of funds out of the Schools Block and proposed changes in High Needs funding. The formal consultation ended on 8 December 2019.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance notes that the Schools Budget is wholly funded through the Dedicated Schools Grant and that the Department for Education guidance is clear that deficits are to be financed from future grant allocations, rather than the Council's General Fund. With an expected deficit of £24,831k being carried forward into 2021/22, alongside the £7,323k deficit outlined in this budget for the new financial year, a cumulative deficit of £32,154k is projected by 31 March 2022. This sum is assumed to not directly impact upon the Council's broader budget proposals as it will ultimately be funded by the Government, although it will be necessary for the Council to finance this deficit in the short term and associated costs have been fully reflected in the General Fund budget report as presented on this agenda.

As in previous years, the Council and Schools Forum have working collaboratively on development of this budget, which despite previously securing significant savings in the centrally managed areas of the budget continues to show a material deficit for the forthcoming financial year – almost exclusively driven by the previously reported underfunding of growth in demand for High Needs placements. In order to minimise this shortfall, the Council submitted a disapplication request to the Government, which could allow up to 2.3% funds to be transferred from the Schools Block, and thereby reduce the budget deficit for 2021/22 to £1,868k. The budget proposals assume that it will be unsuccessful given the outcome of a similar request last year, which means that individual schools' budgets will be increased by 6.9% on 2020/21 levels.

Legal

The Borough Solicitor confirms that this budget has been set in accordance with the Schools and Early Years Finance (England) Regulations 2018.

BACKGROUND PAPERS

NIL