

	<p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>Tuesday, 12th January 2021</p>
<p>2021/22 Final High Needs Funding Allocation</p>	
<p>Open</p>	
<p>Classification - For Scrutiny Review & Comment</p> <p>Key Decision: No</p>	
<p>Wards Affected: (All Wards); All</p>	
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Purpose of the report

This report provides an update on the allocation of the FY 2021/22 Dedicated Schools Grant High Needs block (HNB) funding formula and factor distributions.

The report also details the local authority's place commissioning strategy with proposals for the financial and academic years 2021/22.

The report updates Schools Forum on a new Department for Education requirement to complete a DSG management plan and to inform of DfE virtual meetings taking place to address the HNB deficit position.

1. Introduction

- 1.1. The FY 2021/22 Dedicated Schools Grant (DSG) High Needs Block (HNB) allocation has been confirmed as £29,142,077. This is an increase of £3.396m compared to the current FY 2020/21 HNB allocation representing an increase of 13.2%.

- 1.2. An increase of £0.525m is included in the overall HNB funding increase specifically for the Teachers Pay Grant and Teachers Pensions Employers Contributions Grant. This was previously paid as a separate grant to establishments but has now been incorporated into the HNB funding allocation. The Education and Standards Funding Agency (ESFA) have added an additional DSG condition of grant requiring local authorities to pass this funding to maintained special schools, special academies and independent special schools at no less than the amounts previously funded through the separate grants. Therefore, the like for like funding increase on the HNB is an increase of £2.400m representing an increase of 11.1% compared to FY 2020/21.

2. FY 2021/22 HNB Funding allocation

- 2.1. The HNB funding allocation is distributed based on a series of funding factors and historic funding detailed in Table 1.

Table 1 – distribution of the High Needs National Funding

High Needs National Funding Formula

		2020/21 proportion of funding %	2021/22 proportion of funding %	2020/21 proportion of funding £	2021/22 proportion of funding final £	Increase 2021/22 to 2020/21 £
A	Basic entitlement factor	11%	12%	2,463,740	3,238,891	775,151
B	Historic spend factor	34%	30%	7,957,023	7,957,023	0
C	Population factor	27%	30%	6,145,665	7,884,728	1,739,063
D	FSM factor	6%	6%	1,359,378	1,480,162	120,784
E	IDACI factor	8%	7%	1,927,260	1,834,805	-92,455
F	Bad health factor	5%	5%	1,111,354	1,306,347	194,993
G	Disability factor	3%	3%	650,368	751,998	101,629
H	KS2 low attainment factor	3%	3%	581,856	759,388	177,531
I	KS4 low attainment factor	3%	3%	630,172	761,990	131,819
J	Funding floor factor	0%	0%	0	0	0
K	2020/21 Hospital education funding; 2021/22 AP factor - redefined factor	1%	2%	327,240	580,745	253,505
	NFF allocation before provisional import/export adjustment	100%	100%	23,154,057	26,556,077	3,402,020
	Import/export adjustment (provisional)			2,592,000	2,586,000	-6,000
	NFF provisional allocation before limit on gains			25,746,057	29,142,077	3,396,020

- 2.2. Each local authority (LA) is allocated a Basic entitlement factor (A). This provides a per pupil amount adjusted for area costs using the number of pupils who attend special schools, special school academies and the number of pupils placed in independent schools by the local authority. The increase on this factor is £0.775m which is due to the inclusion of the Teacher grants of c.£0.384m which will be passed entirely to establishments based on ESFA guidance. The further increase of £0.391m is due to an increase in numbers being reported in the annual AP census.

- 2.3. The historic spend factor (B) is calculated using 50% of the local authority's planned spend in FY 2017/18 subject to some adjustments for the transfer to the schools block following the change in the funding of special units and resource provision attached to mainstream schools. The figure was also adjusted for items specifically funded through other formula elements including the hospital education factor, basic entitlement and the import/export adjustment. The figure allocated through this factor will remain "cash flat".
- 2.4. The remaining proxy factors (C to I) are distributed using the proxy indicators of 2 – 18-year-old population, deprivation, health and disability and low attainment data. In 2021/22, the population factor (C) uses updated Office for National Statistics (ONS) data for 2018 resulting in an increase of c£1.7m or 28.3%. It is not expected that this factor will continue to increase at this level year on year as there has been a 4-year gap between data set updates. There has been a slight decrease on the IDACI factor (E) of c£0.092m due to a formulaic change in the way deprivation data is banded resulting in a shift from the higher deprivation bands to lower deprivation bands for this authority.
- 2.5. The Hospital education factor (K) has had an 8% uplift applied to the FY 2020/21 figure. This factor also includes Teachers pay grants in FY 2021/22 of c.£0.141m which must be passed to establishments and therefore doesn't represent an overall increase in funding. This Teachers pay grant of £0.141m is included in the overall grant allocation of £0.525m referred to in paragraph 1.2.
- 2.6. The import and export adjustments are finally made to compensate for the number of children that are placed in H&F provision from other local authorities offset by the number of H&F children placed in other boroughs. This factor will be updated in June 2021 based on adjustments captured in the January 2021 school census and the February 2021 Individual Learner Record data for post 16 pupils.
- 3.1. The ESFA's high needs funding 2020 to 2021 operational guide, sets out the arrangements for managing the high needs funding system.
- 3.2. The operational guidance confirms that place funding should broadly reflect the local authority's recent commissioning activity and strategic plans to secure suitable SEND and Alternative Provision (AP). Local authorities are required to consult with local providers in determining funded places.
- 3.3. The guidance goes on to require the need to confirm with other placing local authorities, in keeping with the local authority's role as regional commissioners. H&F

is a net importer and the import/ export element of the high needs funding formula compensates the H&F DSG for pupils from other local authorities with the exception of pupils in AP settings as the school census data is not accurate enough to capture this pupil cohort.

- 3.4. Place funding is allocated as an annual amount of core funding. Once place funding is allocated, it is not associated with or reserved for a specific local authority or individual pupil or student. It is for the institution to decide how best to apportion their total allocated core funding across the actual number of places commissioned by local authorities, considering the provision and support that may be specified in the individual pupils' or students' EHC plans.

Maintained special schools high needs place funding

- 3.5. The current place funding arrangements for H&F special schools are historic and have not been reviewed to reflect the current demand and pupils on roll.

Table 2 - Current commissioned numbers and pupils at H&F maintained schools

School	FY 2020/21 Total commissioned places	RESIDENT pupils from 2020 Oct census	NON RESIDENT pupils from 2020 Oct census	TOTAL pupils from 2020 Oct census	FY 2020/21 Numbers of pupils in excess of total commissioned places
Cambridge School	75	31	86	117	42
Jack Tizard	70	38	32	70	0
Queensmill School	144	96	73	169	25
QM at Fulham Primary	30	30	0	30	0
QM at Fulham Cross Girls	7	7	7	14	7
QM at Fulham College Boys	15	16	18	34	19
QM Pavilion	0	0	0	0	0
Woodlane	100	58	47	105	5
Miles Coverdale Resource Unit	20	5	1	6	-14
William Morris 6th Form	50	20	32	52	2
	511	301	296	597	86

- 3.6. Both Queensmill School, its satellite provisions and Cambridge School accommodate pupils above commissioned numbers.
- 3.7. Queensmill School is currently converting to academy status and the conversion process provides an opportunity to regularise place funding. This will ensure enough core funding for the running of the school.
- 3.8. Our proposed commissioning arrangements for Queensmill School at the point of academy conversion and from April to August 2021, will see an increase in commissioned numbers at the main school to reflect the number of pupils on roll at

October 2020 school census. The commissioning numbers at the main school will be reduced by 12% from September 2020 to March 2021 to account for the overall impact of the new K&C provision on the regional specialist ASD economy. Proposals have been put to Queensmill School and the local authority awaits a response to continue negotiations.

- 3.9. The commissioned numbers at the Queensmill School satellite provision will be maintained at 2020/21 numbers, pending completion of the SEN sufficiency review to inform the future shape of H&F Units and Additionally Resourced provision.

Table 3 – Queensmill school – current and proposed commissioned places including 2020 October census data

School	FY 2020/21 Total commissioned places	RESIDENT pupils from 2020 Oct census	NON RESIDENT pupils from 2020 Oct census - <i>see breakdown below</i>	TOTAL pupils from 2020 Oct census	Proposed number of places to be commissioned
Queensmill School	144	126	73	169	157
QM at Fulham Primary	30	0	0	30	30
QM at Fulham Cross Girls	7	7	7	14	7
QM at Fulham College Boys	15	16	18	34	15
	<u>196</u>	<u>149</u>	<u>98</u>	<u>247</u>	<u>209</u>

- 3.10. Queensmill School already delivers Occupational Therapy provision and the expectation is for the school to now undertake the delivery of speech and language therapy from its increased core funding.
- 3.11. A place funding increase for Cambridge School has been provisionally modelled and will be progressed in the pending SEN sufficiency review. It is the intention to bring Cambridge School in line with the proposal for Queensmill School to ensure that any increase in core funding results in the delivery of Speech and Language Therapy and Occupational Therapy interventions from school resources.
- 3.12. Miles Coverdale Resource Unit is currently being used to deliver targeted SLCN interventions as part of our ordinarily available and enhanced provision without requiring an EHC Plan. The school census return does not appear to have accurately captured pupils accessing this provision and will be remedied.

3.13. The table below confirms the 2021/22 high needs placement funding arrangements for maintained special schools.

Table 4 - 2021/22 Proposed places to be commissioned maintained special schools

School	FY 2020/21 Total commissioned places	RESIDENT pupils from 2020 Oct census	NON RESIDENT pupils from 2020 Oct census	TOTAL pupils from 2020 Oct census	FY 2020/21 Numbers of pupils in excess of total commissioned places	Proposed number of places to be commissioned FY 2021/22
Cambridge School	75	31	86	117	42	100
Jack Tizard	70	38	32	70	0	70
Queensmill School	144	96	73	169	25	157
QM at Fulham Primary	30	30	0	30	0	30
QM at Fulham Cross Girls	7	7	7	14	7	7
QM at Fulham College Boys	15	16	18	34	19	15
QM Pavilion	0	0	0	0	0	0
Woodlane	100	58	47	105	5	100
Miles Coverdale Resource Unit	20	5	1	6	-14	20
William Morris 6th Form	50	20	32	52	2	50
	511	301	296	597	86	549

Academies, Free Schools and Further Education (FE) Colleges high needs place funding

3.14. The table below confirms the high needs funded places for academies, free schools and FE colleges.

Table 5 - 2021/22 Proposed places to be commissioned Academies, Free Schools and FE Colleges

School	FY 2020/21 Total commissioned places	RESIDENT pupils from 2020 Oct census	NON RESIDENT pupils from 2020 Oct census	TOTAL pupils	FY 2020/21 Numbers of pupils in excess of total commissioned places	Proposed number of places to be commissioned FY 2021/22
Queens Manor Resource Unit	20	8	0	8	-12	20
Ealing, Hammersmith and West London FE college	201	35	216	251	50	251
Courtyard AP Academy	16	8	3	11	-5	16
The Bridge AP Academy	87	38	1	39	-48	78
TBAP 16 - 19 Academic AP Academy	15	1	5	6	-9	6
	339	90	225	315	-24	371

3.15. Places at Queens Manor were capped to allow the use of the second classroom for a bespoke arrangement for 5 children with complex autism that could not have been accommodated at Queensmill School and would have been otherwise placed in the independent sector at considerable costs. The numbers will be maintained at 20 to provide core funding for Unit until the future shape of the provision is agreed via the SEN sufficiency review.

- 3.16. TBAP commissioning arrangements are set out in the Service Level Agreement (SLA) that was agreed by H&F Cabinet. The proposed numbers are in line with the SLA.
- 3.17. Ealing, Hammersmith and West London College commissioned places were increased in-year from 102 to 251 (full year effect) to reflect regional needs, following a challenge from other placing local authorities and the involvement of the ESFA. This step was required in keeping with H&F's regional commissioner role. The import/export element of the high needs formula has compensated the H&F DSG for young people from other local authorities. The commissioned numbers will be maintained at 251 in 2021/22.

4. Financial implications of place commissioning proposals

- 4.1. The place commissioning proposal is to increase the number of commissioned places in Academies and Maintained provision by a total of 70 places representing an increase FY 2021/22 cost to the HNB of £0.620m.
- 4.2. This increase in HNB expenditure should be considered in the wider review of the HNB and the identification of savings proposals as part of Phase 3 of the HNB Project Board savings programme.

Table 6 - Financial impact of proposed commissioned place numbers for FY 2021/22

<u>Academies, Free schools, FE colleges.</u>								
School	FY 2020/21 Total commissioned places	RESIDENT pupils from 2020 Oct census	NON RESIDENT pupils from 2020 Oct census	TOTAL pupils	FY 2020/21 Numbers of pupils in excess of total commissioned places	Proposed number of places to be commissioned FY 2021/22	FY 2021/22 cost to DSG based on proposed places	Additional FY 2021/22 DSG cost £
Queens Manor Resource Unit	20	8	0	8	-12	20	120,000	40,000
Ealing, Hammersmith and West London FE college	201	35	216	251	50	251	1,506,000	300,000
Courtyard AP Academy	16	8	3	11	-5	16	160,000	-
The Bridge AP Academy	87	38	1	39	-48	78	780,000	90,000
TBAP 16 - 19 Academic AP Academy	15	1	5	6	-9	6	60,000	90,000
Sub-total	339	90	225	315	-24	371	2,626,000	160,000
<u>Maintained schools</u>								
Cambridge School	75	31	86	117	42	100	1,000,000	250,000
Jack Tizard	70	38	32	70	0	70	700,000	-
Queensmill School	144	96	73	169	25	157	1,570,000	130,000
QM at Fulham Primary	30	30	0	30	0	30	300,000	-
QM at Fulham Cross Girls	7	7	7	14	7	7	70,000	-
QM at Fulham College Boys	15	16	18	34	19	15	150,000	-
QM Pavilion	0	0	0	0	0	0	0	-
Woodlane	100	58	47	105	5	100	1,000,000	-
Miles Coverdale Resource Unit	20	5	1	6	-14	20	140,000	80,000
William Morris 6th Form	50	20	32	52	2	50	500,000	-
Sub-total	511	301	296	597	86	549	5,430,000	460,000
Total	850	391	521	912	62	920	8,056,000	620,000

- 4.3. The proposals for Academies, Free schools and FE colleges results in an increase to the FY 2021/22 HNB recoupment and forecast of £0.160m. This is due to the full year effect of the increase in places at the Ealing, Hammersmith and West London FE college from 102 places to 251 from AY 2020/21 meaning the full impact hasn't been realised in FY 2020/21 and is increasing costs by £0.300m in FY 2021/22. This is offset by a reduction in places at the Bridge AP Academy reflected in the TBAP SLA and a reduction in the TBAP 16-19 AP Academy as TBAP can't deliver the service citing funding restraints. This has resulted in a reduction of £0.180m. There is a slight increase in costs of £0.040m for the Queens Manor SEN resource unit as empty places have increased which become a cost to the HNB.
- 4.4. The proposals for maintained schools results in an increase to the FY 2020/21 HNB forecast of £0.460m. This is primarily due to the increased proposals for Cambridge and Queensmill schools and an increase in costs attributable to the HNB for empty places at the Miles Coverdale resource unit.
- 4.5. Increases in commissioned numbers will impact on high needs grant funded expenditure and may mirror pressures on the overall high needs budget. However any increases would be agreed following a detailed understanding of the schools financial position and need for additional funding for the effective running of schools. Place funding increases are expected to take place in tandem with schools agreement to deliver specialist therapeutic interventions from the schools budget.

5. Proposed place and sufficiency review with timeline

- 5.1. Work is currently underway to undertake a comprehensive review H&F SEN provision to inform the medium- to long-term needs and future shape of provision in the borough. The review will engage with the H&F mainstream and special schools community, parent and carers, partner agency and neighbouring local authorities.
- 5.2. A key aim of the SEN sufficiency review is to build capacity in mainstream settings to develop local, cost effective provision for children and young people who are able to access a mainstream curriculum. This should provide opportunities for the creation of improved choice in mainstream settings with enhanced support or additionally resourced provision.
- 5.3. Alongside to focus on balancing the availability of support in mainstream provision, the review will also inform the future shape and designation of our

specialist provision to meet the needs of H&F children and young people in their local community.

5.4. The table below provides a high-level project outline for the review.

Table 7 – SEN sufficiency review outline timetable

Phase	2020-21 academic year							2021-22 Academic Year			2022-23 Academic Year		
	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Summer	Autumn	Spring	Summer	Autumn	Spring	Summer
Discovery													
Engagement Strategy													
Options Analysis													
Governance													
Implementation													

6. Financial forecast including funding gap and cumulative deficit

6.1. The current FY 2021/22 budget, outturn and forecast is shown in table 8. The budget and forecast outturn figures are shown pre-academy recoupment and include £2.778m which will be deducted from the allocation that the local authority will receive. This figure equates to £1.199m for pre-16 SEN places at Special School Academies and AP academies and £1.579m for post-16 SEN places at FE providers and 16-19 Academies.

6.2. The draft budget figure includes an assumption of a 0.5% transfer from the Schools block to the High Needs block, c.£0.528m

Table 8 - 2021/22 draft HNB budget and forecast

Summary PIE Category	Draft 2021/22 Budget	Draft forecast 2021/22 Outturn	Draft 2021/22 variance
Alternative Provision	973,000	1,000,115	-27,115
Commissioned Service	3,011,500	2,622,500	389,000
Discretionary payments	20,500	40,000	-19,500
EHCP Top Up	15,731,577	16,744,947	-1,013,370
LAC Belongings	500,000	302,978	197,022
Place Funding	7,535,000	8,056,000	-521,000
SEND Service	1,634,500	1,654,037	-19,537
Other	264,000	0	264,000
Grand Total	29,670,077	30,420,577	-750,500

- 6.3. The draft forecast is showing a projected FY 2021/22 HNB overspend of £0.750m and allows for place commissioning proposals and the passing previously mainstreamed grants to schools and establishments. This forecast will be reviewed.
- 6.4. The cumulative HNB deficit brought forward at 1st April 2020 is c.£19.8m. Based on current forecasts, the cumulate deficit at 31st March 2022 including the FY 2021/22 forecast highlighted above is c.£23.647m.

7. DSG management plan

- 7.1. The ESFA have designed a management plan template for local authorities to complete and manage their DSG HNB allocations and overspend position. The template is a supportive tool to formulate and present the high needs block funding, overspends with plans for reducing overspends and deficit recovery.
- 7.2. The ESFA have made it a requirement for local authorities with a HNB overspend to complete the plan under the DSG: conditions of grant 2020 to 21 (para. 5.2).
- 7.3. The management plan is split into the three key areas of financial information, high needs trends and outcomes. Within these areas the local authority is required to provide details on strategies and plans on the following categories:
- Key risks and mitigations
 - Management plan support
 - EHCP data and projected trends
 - Strategy and approach to workforce
 - Strategy and approach to EHCP rates
 - Managing demand pressures
 - Sharing best practice and effective practices
 - Future years assumptions
 - Governance and commissioning arrangements with CCGs
 - Early years
- 7.4. The local authority are required to share the management plan with Schools Forum on a termly basis.
- 7.5. The Department for Education (DfE) has written to invite the council to take part in discussions with the aim of agreeing a package of support and reform

that will bring the DSG deficit under control with the aim to eliminate it entirely.

- 7.6. This request is covered under the School and Early Years (Finance) (England) Regulations 2020, in regulation 8, regulation 31 and schedule 2, to give statutory backing to a new process for handling DSG deficits.
- 7.7. These regulations enable the DfE to have an expectation that it can work with a local authority who appear unable to pay off their historic deficit over the next few years from future DSG allocations. The DfE has provided the DSG management plan as template for providing evidence to inform the discussions.
- 7.8. As part of an appropriate agreed package of measures the DfE will, if necessary, make funds available so that the local authority can pay of its deficit over time. The expectation being that the local authority will agree and appropriate package of reforms and production of a convincing deficit management plan that will bring the local authority to an in-year balanced high needs budget.
- 7.9. The DfE intend to conduct detailed discussions with the local authority through a series of virtual meetings. The first meeting took place on the 14th December 2020.
- 7.10. The DSG Management plan is being revised and will be available for stakeholder review during the Spring Term 2021.

8. Decisions

- 8.1. To note the place funding commissioning proposals to increase commissioned numbers for FY 2021/22 and the associated increase in HNB block expenditure.
- 8.2. To note the forecast overspend for FY 2021/22 and forecast accumulated deficit balance at the end of FY 2021/22.
- 8.3. To note the requirements of the DSG management plan and the discussions being held with the DfE.

Report ends

