

SCHOOLS FUNDING FORUM AGENDA

8.30 - 11.45 am	18 January 2017	CEME
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Members: 24 Quorum: 10

MEMBERSHIP:

Representative Groups

Head Teachers (13): Emma Allen, Special
Margy Bushell, Primary
Kirsten Cooper, Primary
David Denchfield, Primary
Malcolm Drakes, Primary
Bill Edgar, Secondary
Nigel Emes, Primary
Chris Hobson, Primary
Ian Hogg, Special School Academy (substitute member)
Simon London, Academy
Gary Pocock, Academy
Bryce Wilby, Academy
Keith Williams, Academy

Governors (5): Sheila Clarke, Primary
Bernard Gilley, Primary
John McKernan, Academy
Derek Smith MBE, Secondary
Vacancy

**Non-School
Representatives (3):** Maria Thompson, Post 16
Joanna Wilkinson, Early Years/PVI Sector
Vacancy

Trade Unions (3): John Giles, UNISON
Keith Passingham, NASUWT
Ray Waxler, NUT

For information about the meeting please contact:
David Allen david.allen@havering.gov.uk 01708 433851

If you are unable to attend please contact your named substitute or ask David Allen to do so on your behalf.

AGENDA ITEMS

1. **APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS**
2. **TO AGREE THE NOTES OF THE MEETING HELD ON 22 SEPTEMBER 2016** (Pages 1 - 14)

The notes are attached at Appendix A.

3. **MATTERS ARISING**
4. **YEAR 7 LITERACY AND NUMERACY CATCH UP PREMIUM** (Pages 15 - 16)
5. **LA BEHAVIOUR MANAGEMENT STRATEGIES FOR PRIMARY AGED CHILDREN** (Pages 17 - 19)
6. **OLIVE AP ACADEMY - REVISED FUNDING PROPOSAL** (Pages 20 - 21)
7. **DE-DELEGATION** (Pages 22 - 24)
8. **MFG EXCEPTIONS FOR 2017-18** (Page 25)
9. **APPRENTICESHIP LEVY AND LOCAL GOVERNMENT PENSION RATES** (Pages 26 - 28)
10. **DSG ALLOCATIONS 2017-18** (Pages 29 - 31)
11. **EDUCATION SERVICES GRANT** (Pages 32 - 39)
12. **SCHOOLS NATIONAL FUNDING FORMULA - DFE 2ND STAGE CONSULTATION** (Pages 40 - 44)
13. **HIGH NEEDS NATIONAL FUNDING FORMULA - DFE 2ND STAGE CONSULTATION** (Pages 45 - 53)
14. **SCHOOLS REVENUE FUNDING 2017-18** (Pages 54 - 62)
15. **EARLY YEARS FUNDING 2017-18** (Pages 63 - 72)
16. **ACADEMY CONVERSIONS AND SPONSORS**

To note the following:

- I. Benhurst Primary School became an academy on 1st October 2016 as part of the Life Academy Trust.
- II. The Albany School (a secondary academy) became part of the Partnership Learning Trust on 1st December 2016.

17. NEXT MEETINGS

Meeting dates for the academic year 2016/17 to be arranged.

18. ANY OTHER BUSINESS

MINUTES OF A MEETING OF THE SCHOOLS FUNDING FORUM CEME

22 September 2016 (8.30 - 11.20 am)

Present:

Representative Groups

Head Teachers: Emma Allen, Special
Margy Bushell, Primary
Kirsten Cooper, Primary
David Denchfield, Primary
Malcolm Drakes, Primary
Julian Dutnall, Secondary Academy
Nigel Emes, Primary
Simon London, Secondary Academy
Jan Taylor, Primary (in place of Chris Hobson)
Bryce Wilby, AP Academy
Keith Williams, Secondary Academy

Governors: Sheila Clarke, Primary
Bernard Gilley, Primary
Derek Smith MBE, Secondary

**Non-School
Representatives:** Joanna Wilkinson, Early Years/PVI Sector

Trade Unions: John Giles, UNISON

10 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

Apologies were received from Bill Edgar, Chris Hobson, Gary Pocock, John McKernan, Maria Thompson, Keith Passingham and Ray Waxler.

Jan Taylor was substituting for Chris Hobson.

11 ELECTION OF CHAIR AND VICE CHAIR

The Forum agreed unanimously to appoint Nigel Emes as Chair and Keith Williams as Vice Chair until the first meeting of the autumn term 2017.

12 TO AGREE THE NOTES OF THE MEETING HELD ON 7TH JULY 2016

The minutes of the meeting held on 7th July 2016 were agreed as a correct record and signed by the Chairman.

13 MATTERS ARISING

Further to minute no. 7 of the meeting held on 7 July 2016, MP advised that the new arrangements for Alternative provision were now in place.

14 SCHOOLS FUNDING FORUM CONSTITUTION

DA had circulated the constitution of the School Funding Forum for information.

With more schools becoming Academies the balance of representation on the Forum would need to be revisited. This was a particular issue in the primary sector where representation was based around the clusters.

As more schools convert to academies officers will bring back a report.

Julian Dutnall advised that he would be stepping down as an Academy Head Teacher representative.

It was expected that Benhurst Primary School would become an academy on 1st October 2016 and from that date David Denchfield would no longer be eligible to serve as a LA Maintained school Head Teacher representative.

15 DFE CONSULTATION - ADJUSTMENTS TO LOCAL AUTHORITY FUNDING RELATED TO FREE SCHOOLS

DA advised the Forum that on 21st July, the DFE had launched a consultation seeking views on proposals to change the local authority recoupment arrangements for mainstream free schools. The closing date for the consultation was 21st September.

At present there were two ways in which free schools could be established:

- Where the local authority had identified the need for a new school in the local area (known as the presumption process);
- Where an application to open a free school was made to the DFE by a proposer (known as the centrally delivered process.)

If a free school was established through the presumptive process, the funding allocated would be recouped from the local authority's Dedicated Schools Grant from the point of opening. If the school was established through the centrally delivered process, the DSG was charged from the second year that the school was open.

The consultation was proposing that the funding would be recouped from the DSG from the first year whichever route the establishment of the school had followed.

DA tabled the Local Authority's response which indicated disagreement with the proposal and set out the case for retaining the present position.

MP advised the Forum that the Local Authority was likely to need 6 new free schools, both primary and secondary to meet demand for places in Romford and Rainham.

The School Funding Forum noted the Local Authority's response.

16 NATIONAL FUNDING FORMULA

DA advised the Forum that the Secretary of State for Education had delayed the implementation of the National Funding Formula and High Needs Review.

In a written statement to Parliament the Secretary of State for Education had indicated that she would be publishing the government's full response to the first stage of consultation and setting out her proposals for the second stage once Parliament returned in the autumn. They would run the full consultation and make final decisions early in the new year. The new system would therefore not apply until 2018/19.

The Secretary of State further announced that in 2017/18 no local authority would see a reduction from their 2016/17 funding (adjusted to reflect authorities' most recent spending patterns) on the schools block of the dedicated schools grant (per pupil funding) or the high needs block (cash amount).

Furthermore for 2017/18 the government would retain the current minimum funding guarantee for schools, so that no school could face a funding reduction of more than 1.5% per pupil next year in what it receives through the local authority funding formula.

The Forum noted the decision.

17 SCHOOLS REVENUE FUNDING 2016/17

In July the EFA had issued the annual operational guide to local authorities on schools revenue funding for 2017-18.

DA took members through the whole report to confirm that Havering funding arrangements were compliant. The main changes for 2017-18 were summarised in the document as follows:

- the DSG blocks had been re-baselined to reflect current spending patterns;
- funding for ESG retained duties (£15 per pupil) would be transferred into the schools block for 2017 to 2018;

- the removal of the post 16 funding factor, but with protection through the minimum funding guarantee (MFG);
- that local authorities would be able to retain funding from the DSG from maintained schools, including special schools and pupil referral units (PRUs), for statutory duties previously covered by the ESG;
- using a national weighting for secondary low attainment figures;
- using new bandings for the index of deprivation affecting children (IDACI);
- that local authorities were submitting one authority proforma tool (APT) in January 2017.

The report was noted.

18 **DSG CENTRALLY RETAINED FUNDING**

The operational guidelines on 2017/18 revenue funding had set out the areas and activities for which DSG funding might be retained centrally.

Those budget areas are listed below together with the funding requested for 2017/18 compared to the funding agreed by the Schools Funding Forum for 2016/17.

Services	Budget 2016/17	Budget 2017/18
Schools Funding Forum approval not required (although they should be consulted)		
<ul style="list-style-type: none"> • High Needs Block provision • Central licences negotiated by the Secretary of State 	£19.5m £161,580	£21.8m £161,580 (estimate)

The Schools Funding Forum **noted** the above retentions.

Schools Funding Forum is required on a line by line basis.		
<ul style="list-style-type: none"> • Early Years block provision • Funding to enable all schools to meet the infant class size requirement • Back pay for equal pay schemes • Remission of boarding fees at maintained schools and academies • Places in independent schools for non-SEN pupils 	£506,424 £25,000 £0 £0 £0	£tbc £25,000 £0 £0 £0

The Schools Funding Forum **approved** the above retentions.

Schools Funding Forum approval required on a line by line basis. The budget cannot exceed the value agreed in the previous funding period.

• Admissions	£499,734	£499,734
• Servicing of schools forum	£43,250	£43,250

The Schools Funding Forum **approved** the above retentions.

Schools Funding Forum was required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into.

• Capital expenditure funded from revenue (i.e. no new projects can be charged to the central schools budget)	£87,490	£87,490
• Contribution to combined budgets	£200,000	£200,000
• Existing termination of employment costs (i.e. no new redundancy costs can be charged to the central schools budget)	£0	£0
• Prudential borrowing costs	£0	£0
• SEN transport costs	£0	£0

The Schools Funding Forum **approved** the above retentions.

Schools Funding Forum approval was required on a line-by-line basis, including approval of the criteria for allocating funds to schools.

• Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy.	£2,700,000	See separate item.
• Funding for good or outstanding schools with falling rolls where growth in pupil numbers was expected within three years.	£500,000	£500,000

The Schools Funding Forum **approved** the above retention having considered the next item on pupil growth.

19 PUPIL GROWTH FUND

DA had submitted a report requiring agreement to the level of funding to be held centrally for pupil growth for 2017/18, including the formula to allocate funding to support secondary schools. The need for additional places would be presented to Cabinet for approval in October 2016.

MP advised the Forum that pupil services had been accurate in their projections of pupil growth for the last five years so she was confident in the projections indicated in the report.

Members of the forum expressed concern that parents were voting with their feet and placing their children out of borough if they did not get a place at their school of choice. This was more prevalent in the secondary sector. The Forum felt that transportation was an issue and MP informed the Forum that officers were in discussion with TfL to discuss changing routes to provide an improved service for pupils. There was significant member involvement in these discussions.

SL felt that there was a patchwork in the secondary sector with lots of new partners and sponsors. MP informed the Forum that she was meeting with the Chief Executives of the Multi Academy Trusts to discuss matters to ensure that the LA could maintain support for Havering schools.

DD was of the opinion that if our schools were performing well parents will continue to send their children to Havering Schools.

DA advised that primary growth was continuing in the Romford and Rainham areas but the growth can be contained within the sum allocated of £3.2m, which was the current £2.7m for pupil growth and £500k for Falling Rolls.

The report detailed the Secondary Expansion Programme for 2017/18, 2018/19 and 2019/20 but did not name specific schools.

Two options were presented both based on 85% of the KS3 AWPU. It was explained that the current value of the AWPU was artificially high following the absorption of the funding previously allocated through other factors prior to 2013/14. DA further explained that the KS3 AWPU was one of the highest in London and an analysis of costs had indicated that the anticipated class related cost was only 85% of AWPU.

Option A would be applied to the full increase in PAN and Option B to the PAN increase less 1 pupil for each existing form of entry.

NE suggested that Option B be agreed as it was more in line with the primary model. On the basis of the anticipated need for 76 additional places this would allocate £189,147 to 4 schools of which £78,823 would be recouped from the EFA. The increase in the cost to the DSG would therefore be £110,352.

DA explained that the Secondary AWPU was one of the highest in London. Additionally an analysis of costs had indicated that the anticipated increase in cost was only 85% of AWPU.

Secondary Heads felt that that secondary schools finances were already stretched and the demand on space was critical with narrow corridors and stairwells.

KW asked whether any of the secondary schools which had agreed to expand had been made aware of these options.

MP explained that when expansion plans were discussed with schools there had been no discussion of revenue funding.

JD felt that the problem for schools taking expansion classes was the lag between taking additional pupils and the funding which was based on the previous October's census.

SL moved that the Forum agree to adopt Option B, as outlined above, as this would have the minimum impact on the DSG.

This was agreed with JD and KW abstaining.

It was then proposed that Option C be applied to provide funding only where increases to PAN were above 15 pupils.

The Forum agreed this proposal with JD, MD and DS abstaining.

20 **DE-DELEGATION OF FUNDING FOR CENTRAL SERVICES**

The approval of the Schools Funding Forum was sought for the de-delegation of funding to maintain the provision of a range of central services permitted by the Schools Funding Regulations.

Funding for de-delegated services must be initially allocated through the formula but could be passed back, or 'de-delegated', for maintained primary and secondary schools with schools funding forum approval. De-delegation was not an option for special schools, nursery schools, PRUs or academies.

Any decisions made to de-delegate in 2016 to 2017 related to that year only, so new decisions would be required for any service to be de-delegated in 2017/18.

Schools forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally and the decision would apply to all maintained mainstream schools in that phase. Funding for these services would then be removed from the formula before school budgets were issued. There might be different decisions for each phase.

The services which may be de-delegated were:

- contingencies (including schools in financial difficulties and deficits of closing schools);

- behaviour support services;
- support to underperforming ethnic groups and bilingual learners;
- free school meals eligibility;
- insurance;
- museum and library services;
- licences/subscriptions; and
- staff costs supply cover (for example, long-term sickness, maternity, trade union and public duties).

De-delegation arrangements for 2017 to 2018 schools converting to academy status were as follows:

Conversion date

On or before 1 April 2017

1 May 2017 to 1 September 2017

1 October 2017 to 31 March 2018

De-delegation arrangements

No de-delegation

Local authority retains any de-delegated funding until 1 September 2017

Local authority retains any de-delegated funding until 31 March 2018

DA was requesting de-delegation for the following services:

1. Contingency for Schools in Financial Difficulty

A small budget of approximately £280,000 had been held centrally for a number of years which had been used to support schools who were in financial difficulty, sometimes through past decision making, unforeseen expenditure that could not be contained within the school's budget or more commonly because of a reduction in pupil numbers. Several schools had been supported through this fund through criteria agreed by the Schools Funding Forum.

The funding required through de-delegation was:

	Primary	Secondary	
Formula factor	AWPU	AWPU	
Amount	£13.54	£13.54	
Total	£242,325	£26,919	£269,244

The School Funding Forum **agreed** to the de-delegation of the sum indicated above for the purpose indicated.

2. Attendance & Behaviour

DA had circulated a late report providing details of the Havering Attendance, Behaviour and Traveller Support Service.

The Forum was of the opinion that the Attendance side of the service was more effective than the Behaviour side and schools may prefer a better attendance service rather than pay for poor behaviour service. MP advised that it was available as a single service offer only.

A letter would be sent to schools to canvass their opinion to inform the decision of the Funding Forum at their next meeting.

3. EAL Service

The Forum was concerned that the EAL service was inadequately funded and in future years may prefer to see this offered as a traded service. In the interim the Forum **agreed** to fund the services as follows to assist maintained primary schools:

Formula factor	EAL 3
Amount	£108.99
Total	£204,230

4. Free School Meals Eligibility

This service checked the eligibility of children for free school meals and pupil premium grant by accessing a central government hub. Without this service schools would need to make their own arrangements to determine eligibility.

The Forum **agreed** the following funding:

	Primary	Secondary	
Formula factor	FSM	FSM	
Amount	£8.21	£8.21	
Total	£18,512	£1,947	£20,460

5. Insurance

Insurance for maintained schools was currently centrally funded from de-delegated funds. The Borough's insurance contract expired on 31st December 2017 and consideration would need to be given as to whether it would continue to include schools. Further information was being sought from the Borough's insurers before a decision on whether to de-delegate was sought from schools.

DA would report back to a future meeting on the implications.

6. Maternity Insurance

DA advised that the Local Authority administered an insurance scheme that met the cost of teachers who were on maternity leave.

The benefit of de-delegating the budget was that schools did not have to pay premiums or make claims.

If the funding was not de-delegated, schools would need to make individual choices to buy into the scheme which, if some schools decided not to, might make it unviable to run. It was not offered to academies.

Funding required through de-delegation:

	Primary	Secondary	
Formula Factor	AWPU	AWPU	
Amount	£15.54	£15.54	
Total	£278,199	£30,987	£309,186

The School Funding Forum **agreed** to the de-delegation of the sum indicated above for the purpose indicated.

7. Trade Union Facility Time

A working group of the Schools Funding Forum had previously considered issues raised in a DfE advice and guidance document and made comparisons of costs with other LAs. Decisions had been made to reduce the amount of facility time and therefore the costs to schools and academies.

The pooled arrangements continued to benefit schools through the provision of support from locally based and accredited trade union officials.

The costs had been reduced from an original £5.70 per pupil to £4.00 in 2015 -16 and to £3.50 in 2016 -17.

The total budget required had reduced from an original £200,000 to £125,000.

JG indicated that the workload for union officials had increased tremendously and the £3.50 per pupil was inadequate.

The Forum asked JG to prepare a paper to support his case for an increase. This would be presented to the working group which would be reconvened.

KW advised that all schools and academies were under pressure and whilst we had managed to keep all the academies on board to date we would need to ensure that the academies were consulted before any decision was taken to increase the level of funding.

The funding required through de-delegation was as follows:

	Primary	Secondary	
Formula factor	AWPU	AWPU	
Amount	£3,50	£3.50	
Total	£62,640	£6,979	£69,619

The School Funding Forum **agreed** to the de-delegation of the sum indicated above for the purpose indicated pending a review by the working group.

21 EXCEPTIONS TO MINIMUM FUNDING GUARANTEE

DA advised that the Forum needed to consider an application to the DFE of applying an exception to the operation of the minimum funding guarantee.

The pre-16 minimum funding guarantee (MFG) for mainstream schools would continue to be set at minus 1.5% per pupil in 2017/18. The DFE would only exclude factors from the MFG where not doing so would result in excessive protection or be inconsistent with other policies.

Exceptional requests to disapply the MFG would only be considered if there was a significant change in a school's circumstances or pupil numbers. EFA would only consider applications where the inclusion of a factor in the MFG would lead to significant inappropriate levels of protection. Local authorities should, therefore, provide detailed information on the financial effect of any request.

In Havering, £1,220,125 was spent in 2016-17 on ensuring that schools did not have funding reductions per pupil of greater than 1.5%. £1,187,110 of this had been allocated to schools that previously benefitted from Excellence Cluster and Behaviour Improvement grants.

Application was made to the DFE to disapply the MFG in previous years without success.

The Schools Funding Forum **agreed** that an application be submitted to the DFE to disapply the minimum funding guarantee for the schools which had previously benefitted from grants.

22 DFE CONSULTATION: AN EARLY YEARS NATIONAL FUNDING FORMULA

DA had circulated a summary of the DfE proposals for an Early Years national funding formula and a draft response to the Government's consultation.

The main points were as follows:

- There are significant and unjustified variations between local authority funding rates from central government;

- There are different levels of retention by LAs for central spend;
- There are differentiated funding rates paid by LAs to different types of providers;
- The current system does not incentivise providers to deliver 30 hours;
- The proposal was for a universal base rate for each child, an additional needs factor and area cost adjustment to recognise higher costs in London;
- A 95% pass through rate of grant received by LAs to providers;
- A single rate for all providers in a LA;
- A cap of 10% that can be used for supplements which are limited to deprivation, rurality/sparsity, flexibility, efficiency, delivery of the additional 15 hours;
- A £12.5m Disability Access Fund to be allocated to providers based on parents claiming Disability Living Allowance;
- The introduction of an Inclusion Fund from the High Needs Block.

NE commented that if the equalisation of the funding rates led to a reduction for maintained schools nurseries they would be unaffordable as they would not cover staffing costs.

JW stated that additional funding was desperately needed in the PVI sector. Also staffing costs in the PVI sector were being adversely affected by the new qualification standards.

The Government had introduced a new qualification for Early Years staff, a level 3 GCE. Since the course was introduced there had been an 85% drop off in individuals going on courses.

Demand for courses at University had fallen and 50% of universities were closing courses.

MP informed the Forum that entrants needed a minimum qualification to qualify for the new course.

The School Funding Forum **approved** the response to the consultation prepared by DA for submission by 22nd September.

23 **ACADEMY CONVERSIONS AND SPONSORS**

The School Funding Forum noted the following:

1. Concordia Academy opened in September 2016 sponsored by REAch2;
2. Brookside Infant School became an academy on 1st September, 2016 as part of the Drapers' Academy Trust;
3. The Manor Green College PRU closed on 31st August 2016.
Olive AP Academy – Havering opened on 1st September, 2016 for KS3 and KS4 students. Alternative provision for students with

medical needs would be part of the LIFE Trust (Frances Bardsley Academy). Provision for primary age pupils would be through an enhanced programme of intervention involving in-school and off site provision using under used Children's Centres;

4. The Chafford School had now become part of the Harris Academy Trust from 1st September, 2016 and had been renamed Harris Academy Rainham;
5. Bower Park and Brittons Academy had joined with Hall Mead to be part of the Empower Trust on 1st September, 2016;
6. Pyrge Priory Academy had joined the Drapers Academy Trust on 1st September 2016; and
7. Abbs Cross Academy had joined the Loxford School Trust on 1st February, 2016.

24 **NEXT MEETINGS**

The School Funding Forum **agreed** that the next meeting be held on 17th November 2016.

25 **ANY OTHER BUSINESS**

There was no urgent business raised.

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Schools Funding Forum 18th January 2017

ITEM 4

Subject Heading:

Year 7 literacy and numeracy catch-up premium

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

All members

SUMMARY

This item follows a request from a secondary academy to bring to the attention of the Schools Funding Forum the difficulties caused by the DFE's mechanism for allocating the Year 7 literacy and numeracy catch-up premium to secondary schools.

RECOMMENDATIONS

To note the report and consider a response to the academy that raised the issue.

REPORT DETAIL

In previous years, secondary schools have been allocated the Year 7 literacy and numeracy catch-up premium based on the pupils on roll at the October school census and recorded in the most recent key stage 2 assessment data as not having achieved level 4, 5 or 6 in reading or mathematics. £500 was allocated for each eligible pupil.

In 2016 to 2017 schools will receive the same overall amount of year 7 catch-up premium funding they received in 2015 to 2016, adjusted to reflect the percentage change in the size of their year 7 cohort, based on the October 2016 census. For some schools the numbers of pupils meeting the criteria for catch up has increased considerably and they therefore have to provide for more pupils without an increase in funding.

To manage this situation some schools are therefore applying a lower threshold to ensure the grant is directed to pupils with the greatest need.

In terms of the main school formula funding, attainment at key stage 2 is taken into account in the prior attainment factor that allocates funding to schools.

Schools Funding Forum 18th January 2017

ITEM 5

Subject Heading:

**LA behaviour management strategies
for primary aged children**

Report Author:

**David Allen – Strategic Finance
Manager**

Eligibility to vote:

n/a

SUMMARY

Following the closure of the Havering Pupil Referral Service (PRS), the Schools Funding Forum agreed for funding previously allocated to this provision to be reallocated to resource new models to replace the PRS. In the case of Primary school support provision, it had originally been planned to resource a school based Assessment Unit for pupils presenting with higher levels of challenging behaviour. Regrettably, governors of the school ear-marked for this provision decided not to proceed. This necessitated an alternative approach to supporting schools for the current financial year and further information on this model will be presented to members at the meeting.

RECOMMENDATIONS

For Schools Funding Forum to note the level of resource allocated for primary school behaviour support in the light of increasing demand on services and statutory responsibilities.

REPORT DETAIL

Whilst there is no statutory requirement to do so, the LA recognises the benefits of supporting schools in relation to pupils with challenging behaviour and where

exclusion might be a likely outcome without effective intervention strategies being put in place. However, with proposed Government cuts to the Education Support Grant, there is a need for Schools' Funding Forum to carefully consider the impact of any reduction in funding via DSG. Primary School representatives have been consulted via ESP and Primary IYFAP in relation to the level of service required from the local authority. The view of heads consulted at such forums is that we should work together, as one education community, to address the perceived rising challenges in relation to vulnerable pupils and families in Havering. To be successful, we will need to ensure that there is adequate resource to support children and families, the right kinds of support and intervention and that resources are effectively used. This report seeks to give assurances to colleagues in relation to the latter point.

The closure of the Havering PRS has presented us with both opportunities and challenges. The opportunities are in seeking to ensure, moving forwards, that we have stronger and more effective strategies and support in place to help turn around some of our most vulnerable children and families, in relation to their engagement with the education sector. If we are to achieve this we will need to work together, as one education and care community. Schools often talk about the challenges of engaging dysfunctional families who refuse to engage with any kind of early help offered. In many cases, this has a negative impact on the engagement/behaviour of the pupil in the school setting. This leads to disengagement, under achievement and sometimes exclusion. This in turn can trigger future dependence on other professional agencies such as social care, police, YOT/probation, housing, health services, unemployment services and so on.

The challenges are in managing the transition whilst we seek to grasp the opportunities to work more effectively for our vulnerable children and families. Although we might agree that children are best educated within a mainstream school context, it is clear that many head teachers feel the need for 'off site intervention' facilities where behaviour in school escalates or when pupils commit serious 'one off' misdemeanours. In the secondary sector, we have a new partnership with Olive Academies Trust and a range of other alternative providers available to support intervention, although perhaps more could be done in engaging our dysfunctional families. The Attendance, Behaviour and Traveller Support Team work as part of an integrated support package that is available to primary schools. Officers support schools with school based strategies and interventions as well as working directly with pupils in the classroom. This work is an essential part of our efforts, as an education community, to re-engage pupils at risk of exclusion.

Following the closure of the Havering Pupil Referral Service, three staff formerly employed within the Primary PRU (Oglethorpe) were moved into local authority officer roles under the auspices of Penny Denny, Attendance, Behaviour and Traveller Support Team Manager. The James Oglethorpe unit (the primary part of the former Havering PRS) officially closed at the end of August 2016. At the time, no primary school governing bodies felt able to accommodate any form of primary behaviour support provision on site. The notional costs of running the former Primary Unit at the Oglethorpe site were £342k (£19,000 x 18 places).

With the closure of the PRS, Schools' Funding Forum agreed, on an interim basis, that a budget of £300k could be allocated to resource support services in relation to primary aged pupils at risk of permanent exclusion or who are permanently excluded. As a result, a new In Reach Service has been created to respond to primary school concerns where pupils are presenting with challenging behaviours, despite any intervention put in place by the school itself. In addition to this new support, a range of other support/intervention has been developed with indicative funding for each as follows:

- In Reach Support Team (£120k)
- Two Early Help Officers have been commissioned from the Early Help Service to support primary schools, especially where there are issues related to parenting. (£70k)
- An off site Transition Programme has been established at Lambourne End to support schools where primary aged pupils require intervention (£60k)
- Development of an off-site classroom at the Ingrebourne Children's Centre (£7k)
- A partnership with two schools initially regarding funding places in their established nurture provisions or the use of their facilities. (£20k)
- Funding set aside for perm exclusions (£23k). Some of this funding has been used to support primary schools in relation to pupils who were excluded but also to support schools to keep pupils at imminent risk of permanent exclusion. Primary IYFAP has been the moderator of this allocation of resource

Primary schools can also make application to the Social Inclusion Fund to support school based interventions with pupils at risk of exclusion.

Agenda Item 6

Schools Funding Forum 18th January 2017

ITEM 6

Subject Heading:

Proposal to change the funding of Olive Academy

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

All members

SUMMARY

The Local Authority has received a request from Olive Academy to increase the charges for KS3 and KS4 placements and also to increase the total place number.

RECOMMENDATIONS

To consider an increase in the funding to be allocated to Olive AP Academy.

REPORT DETAIL

At the time that agreement was reached with Olive AP Academy to provide alternative provision for KS3 and KS4 students with effect from 1st September 2016 the funding was agreed as follows and included in the Transfer Agreement.

KS	Category	Places	Per place	Per pupil	Total charge	Total funding
KS3	Exclusion	6	£10,000	£5,000	£15,000	£90,000
KS3	Intervention	19	£10,000	£5,000	£15,000	£285,000
KS4	Exclusion	20	£10,000	£8,000	£18,000	£360,000
KS4	Intervention	15	£10,000	£6,000	£16,000	£240,000
Total		60				£975,000

In addition, AWPU deducted from the budget of an excluding school would be passed to Olive based on the AWPU pro rata to the date of exclusion and the end of the financial year (or normal date of leaving for the student's peer group).

Olive has reviewed its costs based on a revised curriculum model and staffing structure and the total funding allocated by the EFA (place funding), LA (top up), pupil premium and Education Services Grant is insufficient to meet its costs.

A request has therefore been made to increase the place number by four and the top up funding from the Local Authority.

KS	Places	Per place	Per pupil	Total charge	Total funding
KS3	24	£10,000	£8,000	£18,000	£432,000
KS4	40	£10,000	£8,000	£18,000	£720,000
Total	64				£1,152,000

This will be a reduction of 1 KS3 place and an increase in 5 KS4 places, a net increase of 4. The increase in funding would be £177,000 which would be allocated from the High Needs Block. Once the place number increase is accepted by the EFA, £40,000 of this would be met from the EFA leaving a cost to the High Needs Block of £137,000.

The revised funding would fund 3 classes of 8 students per class in KS3 and 5 classes of 8 students in KS4.

Agenda Item 7



Havering
LONDON BOROUGH

Schools Funding Forum 18th January 2017

ITEM 7

Subject Heading:

De-delegation of funding for a central attendance, behaviour & traveller service and central insurance

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

LA maintained school representatives

SUMMARY

At the last meeting of the Schools Funding Forum, decisions were made on the de-delegation of funding from the budgets of maintained schools for a range of central services permitted by the Schools Funding Regulations. This was not concluded for two services: the Attendance, Behaviour and Traveller Service and Central Insurance

RECOMMENDATIONS

- (i) To note the decision to de-delegate the funding from primary schools in 2017-18 for the Attendance, Behaviour and Traveller Service
- (ii) To consider the de-delegation of school insurance for maintained primary and secondary schools in 2017-18

REPORT DETAIL

Funding for de-delegated services must be allocated through the formula but can be passed back, or 'de-delegated', for maintained mainstream primary and secondary schools with Schools Forum approval. De-delegation is not an option for special schools, PRUs or academies.

At the last meeting of the Schools Funding Forum approval was given for de-delegation relating to the following services:

Services	Primary schools	Secondary schools
Support for schools in financial difficulty	Yes	Yes
EAL Service	Yes	No
Free school meals eligibility	Yes	Yes
Maternity cover	Yes	Yes
T.U. facility time	Yes	Yes

Decisions were not concluded for the Attendance, Behaviour and Traveller Service and for Central Insurance pending a survey of views from head teachers of primary schools for the Attendance, Behaviour and Traveller Service and clarification on the expiry of the Borough's insurance contract.

1. Attendance Behaviour and Traveller Service

A full description of the service was provided at the last meeting.

At the request of the Schools Funding Forum, a letter was sent to the head teachers of primary schools to ask if they wished to continue with the de-delegation of funding in 2017-18. Of the 29 responses received, 28 were in favour.

In view of the timescales for the allocation of funding in 2017-18, the Schools Funding Forum representatives of maintained primary schools were asked by email if they agreed to de-delegation in view of the positive response from head teachers. Of the 7 representatives eligible to vote, 4 were in favour and 3 were not.

The LA has therefore included the de-delegation of funding in the process of setting of budgets for 2017-18.

2. Central Insurance

At the last meeting it was understood that the Borough's insurance contract was due to expire in December 2016 but it has now been extended until June 2018.

In previous years the decision has been to de-delegate funding to retain insurance arrangements centrally and the decision now needs to be made for 2017-18.

The charges for insurance cover:

Buildings and Contents
Employer and Public Liability

The total cost for these for maintained primary and secondary schools in 2016-17 is £559,000 compared to £687,765 last year.

LA maintained special schools will be invoiced direct for their share of this as for them, de-delegation is not permitted.

The proposed charges for maintained primary and secondary schools are as follows:

	2016-17	2017-18
Primary	£31.50	£28.28
Secondary	£20.00	£20.00

Schools Funding Forum 18th January 2017

ITEM 8

Subject Heading:

Application to DFE for exemption to MFG

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

All members

SUMMARY

This item is to report on the decision of ministers on the LA's application to disapply the Minimum Funding Guarantee for schools that continue to benefit from defunct grants within their per pupil funding.

RECOMMENDATIONS

To note the report.

REPORT DETAIL

At the meeting of the Schools Funding Forum held on 22nd September 2016 it was agreed to apply to the DFE for an exemption to the Minimum Funding Guarantee (MFG) that ensures that schools lose no more than 1.5% per pupil. This application was in relation to schools that in previous years received Excellence Cluster and Behaviour Improvement Programme Standards Fund grants and the inclusion of that grant in their per pupil funding continues to be protected above the -1.5% per pupil. In 2016-17 £1,187,110 of the DSG is allocated for this purpose.

The application process requires LAs to seek the views of the schools that would be affected and letters were sent to the head teachers of three secondary schools and three primary schools. All six strongly objected and their views were represented in the application.

The decision of minister was received on 5th January and was to not approve the application. The reason given was as follows:

“This does not allow the MFG to work as it has been designed and is inconsistent with our move towards a National Funding Formula under which schools will receive protection against their current budgets, regardless of historic high levels of MFG.”

Agenda Item 9



Havering
LONDON BOROUGH

Schools Funding Forum 18th January 2017

ITEM 9

Subject Heading:

**Apprenticeship Levy and Local
Government Pension Contributions**

Report Author:

**David Allen – Strategic Finance
Manager**

Eligibility to vote:

All members

SUMMARY

This item is to advise members of the Apprenticeship Levy which is to be introduced from 1st April 2017 and increases in the Local Government Pension Employer Contribution rates.

RECOMMENDATIONS

To note the report.

REPORT DETAIL

1. Apprenticeship Levy

From April 2017 the way apprenticeships are funded is changing as part of a series of wider reforms to the apprenticeship system in England. Employers with a pay bill of more than £3m will be required to pay an apprenticeship levy. In England employers who pay the levy will be able to access funding for apprenticeship training and assessment via a new Digital Apprenticeship Service.

Available funding can be used to meet the cost of apprenticeship training and assessment against an approved apprenticeship framework or standard. This can

be for both existing employees as well as new starters. The training provider must be on the Register of Apprenticeship Training Providers.

This briefing summarises how the apprenticeship levy will typically work for schools. There are a variety of pay bill arrangements in the education sector so there is no single approach. Detailed guidance on paying the levy is yet to be published by HMRC.

The Government considers apprenticeships to be the cornerstone of the skills system and provide opportunities for all sectors, including education, and at all levels. The apprenticeship levy will boost economic productivity, while increasing the country's skills base and giving millions a step on the ladder of opportunity. Local authorities and schools are encouraged to work together, using the levy to meet skills gaps and plan future workforce needs.

2. Who pays the levy?

Community schools (including voluntary controlled schools)

Local authorities will be responsible for paying the levy in community schools they maintain where the local authority employs the staff and pays National Insurance contributions (NICs). Such staff will be counted as part of the local authority's payroll. As in most other local authorities Havering will pass the cost of the levy to be on to schools in the same way that employer National Insurance and superannuation is. Where the local authority is the employer, schools will have access to funding for apprenticeship training, via the local authority's Digital Apprenticeship Service account.

Foundation and voluntary aided schools

Foundation and voluntary aided schools typically employ their own staff so they will be responsible for paying the levy.

Standalone academies

The Trusts of standalone academies will typically be responsible for paying the levy where they are the employer responsible for paying Class 1 secondary NICs.

Academies that are part of multi-academy trusts

Multi-academy trusts (MATs) generally employ the staff in their academies, and will be responsible for paying the levy.

Schools that do not pay the levy

The government will pay 90% of the cost of apprenticeship training and assessment for:

- employers that have a pay bill of less than £3m and
- those that have used all the funds in their digital account.

The employer will be required to pay the remaining 10%.

3. Apprenticeship roles available

Apprenticeships are available in many job roles within schools, including teaching assistants, business administration, management, science and ICT technicians. Early work on developing a Teacher apprenticeship standard is also underway, led by a group of schools coordinated by the Teaching Schools Council. There is not

yet a firm timescale for the introduction of a teaching apprenticeship, but we expect more information to become available in the New Year. In addition a consortium of schools led by Hughenden Primary in Buckinghamshire, are developing a Teaching Assistant apprenticeship standard and assessment criteria. The aim is to have this in place by the end of 2017.

4. Public Sector Duty

- As part of the 3 million starts commitment, we want to expand the number of apprenticeships within the public sector. This will improve the capacity and capability of the public sector, ensuring that it benefits from the same positive impacts as in the rest of the economy and enable more people to achieve their potential.
- As part of this we want to encourage Local authorities and schools to work together, using the levy to meet skills gaps and plan future workforce needs.
- The government has therefore proposed targets for public sector organisations, including publicly funded schools, to increase the number of apprentices they employ. Details of how this will work are being finalised. The government's response to the consultation will be published in due course.

5. Financial impact on school budgets

The apprenticeship levy is charged to employers at 0.5% of the payroll bill when it is above £3m. This cost is to be passed on to schools on the basis of the schools own payroll bill. Details of how this will be charged are yet to be determined but for a school with a salary budget of £1m the additional cost will be £5,000. Schools should account for this in their budgeting for financial year 2017-18. The 0.5% is to be charged on the basic salary cost only, excluding on costs.

6. Local Government Pension Contributions

The current employer contribution is 26.2%. From 1 April 2017 increased rates will be applied to the schools payroll as follows:

- 29.6% for 1 April 2017 to 31 March 2018
- 31.0% for 1 April 2018 to 31 March 2019
- 32.3% for 1 April 2019 to 31 March 2020

7. Combined financial impact on school budgets

The combination of the Apprenticeship Levy and increase in pension contribution will increase the costs of staffing by approximately 1.5% in 2017-18, 2.0% in 2018-19 and 3.0% in 2019-20. The pay award for 2017-18 is 1%.

Schools Funding Forum 21st January 2016

ITEM 10

Subject Heading:

**Dedicated Schools Grant (DSG)
Settlement 2017-18**

Report Author:

**David Allen – Strategic Finance
Manager**

Eligibility to vote:

All Members

SUMMARY

This report summarises the final DSG settlement for financial year 2017-18.

RECOMMENDATIONS

That the Schools Funding Forum notes the DSG settlement.

REPORT DETAIL

On 20th December 2016 the DFE announced the DSG settlements for local authorities for financial year 2017-18. Havering's allocation is set out at Appendix A across the Early Years, Schools and High Needs Blocks. The settlement figures are pre academy recoupment. The appendix also includes a comparison of key data with other London LAs.

DEDICATED SCHOOLS GRANT SETTLEMENT 2017-18

	A	B	C	D	F	G	H	I	J	K	L	M	N	O	P	Q
	Schools Block per-pupil Unit of Funding (£)	Pupil numbers	Schools Block (£m)	Of which ESG	3 & 4 yr olds per-pupil Unit of Funding - FTE (£)	3 yr olds per hour funding (£)	3 & 4 year old numbers at Jan 2016 - FTE	2 yr olds per-pupil Unit of Funding (£) - FTE	2 yr olds per hour funding (£)	2 year old numbers at Jan 2016	Indicative Pupil Premium (£m)	Indicative Early Years Disability Access Fund (£m)	Total Early Years Block (£m)	High Needs Block (£m)	Total additions and cash floor (£m)	Total DSG allocation (£m)
2017-18	4,712.65	36,055	169.915	0.589	4,626.50	£4.87	2,744	5,377	£5.66	368	0.125	0.049	14.847	22.698	0.000	207.460
2016-17	4,728.70	35,534	168.030	0.000	3,979.94	£4.19	2,421	5,016	£5.28	368	0.125	0.000	11.606	19.486	0.051	199.173
Difference	-16.05	521	1.885	0.589	646.56	£0.68	323	361	£0.38	0	0.00	0.049	3.24	3.21	-0.05	8.29

- Notes
- 1. The above schools block figures are pre academy recoupment
 - 2. Early Years funding is based on January 2016 data and will be recalculated based on January 2017 and 2018 census data
 - 3. Early Years pupil numbers for 3 & 4 year old in 2017/18 includes an indicative cohort of 323 children who take up the extended 15 hour extension for working parents
 - 4. The High Needs Block is subject to further adjustment from HN review process
 - 5. The HN allocation of £22.698m is pre recoupment of high needs direct funding of places by EFA
 - 6. The Additions funding of NQT in 2016/17 for £52k is absorbed into the Schools Block for distribution to schools in 2017/18

Further Breakdown of High Needs Block

£m
20.610
1.200
0.452
0.437
22.698

Estimated Transfer from High Needs Block

Pre-16	Academies (SEN units and resourced provision)	20 places	200,000	
	Special Academies	169 places	1,690,000	
	Alternative Provision	78 places	780,000	
				2,670,000
Post-16	Academies (SEN units and resourced provision)	4 places	24,000	
	Special Academies sixth form	18 places	180,000	
	CCP and FE places	186 places	1,116,000	
				1,320,000
				<u>3,990,000</u>

Balance	18.708
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Comparison with other London LAs

	Schools Block per pupil		3 & 4 yr olds per pupil		2 year olds per pupil		High Needs		Pupil Nos.
	£		£		£		£m		
Richmond upon Thames	4,424.70	Bexley	4,484.00	Haringey	5,377	Kensington and Chelsea	16.00	Kensington and Chelsea	10,982
Bexley	4,567.79	 Havering 	4,626.50	Newham	5,377	Kingston upon Thames	18.93	Hammersmith and Fulha	16,492
Sutton	4,616.78	Richmond upon Thames	4,655.00	Barking and Dagenham	5,377	Hammersmith and Fulham	20.07	Westminster	18,665
Kingston upon Thames	4,616.93	Bromley	4,664.50	Bexley	5,377	 Havering 	22.70	Camden	18,983
Bromley	4,649.44	Hounslow	4,731.00	Bromley	5,377	Richmond upon Thames	23.97	Kingston upon Thames	21,172
Redbridge	4,702.75	Barking and Dagenham	4,854.50	Croydon	5,377	Westminster	24.76	Islington	21,222
 Havering 	4,712.65	Harrow	4,864.00	Enfield	5,377	Islington	26.99	Richmond upon Thames	24,423
Merton	4,758.68	Croydon	4,873.50	 Havering 	5,377	Barking and Dagenham	28.12	Merton	24,465
Croydon	4,794.79	Merton	4,921.00	Redbridge	5,377	Harrow	31.43	Wandsworth	27,389
Hillingdon	4,825.44	Redbridge	4,949.50	Waltham Forest	5,377	Bexley	32.11	Hackney	29,869
Harrow	4,845.80	Enfield	5,016.00	Barnet	5,624	Merton	32.36	Sutton	31,002
Hounslow	4,954.20	Kingston upon Thames	5,073.00	Brent	5,624	Camden	33.79	Harrow	32,076
Barnet	4,954.78	Sutton	5,187.00	Ealing	5,624	Sutton	34.80	Lambeth	32,686
Enfield	5,050.35	Waltham Forest	5,244.00	Harrow	5,624	Hillingdon	35.06	Haringey	33,467
Ealing	5,150.00	Brent	5,263.00	Hillingdon	5,624	Haringey	35.85	 Havering 	36,055
Waltham Forest	5,271.69	Newham	5,291.50	Hounslow	5,624	Waltham Forest	36.06	Greenwich	36,130
Brent	5,522.69	Lewisham	5,339.00	Kingston upon Thames	5,624	Lambeth	40.22	Hounslow	36,257
Barking and Dagenham	5,542.64	Haringey	5,377.00	Merton	5,624	Hackney	41.30	Southwark	36,604
Wandsworth	5,689.26	Hillingdon	5,538.50	Richmond upon Thames	5,624	Enfield	41.51	Lewisham	36,660
Haringey	5,835.24	Barnet	5,605.00	Sutton	5,624	Redbridge	41.79	Barking and Dagenham	37,181
Lewisham	5,874.88	Greenwich	5,671.50	Camden	6,175	Wandsworth	42.50	Tower Hamlets	37,228
Greenwich	5,880.96	Hackney	5,833.00	Hackney	6,175	Hounslow	43.52	Waltham Forest	37,855
Westminster	6,003.47	Ealing	5,842.50	Hammersmith and Fulham	6,175	Southwark	45.12	Bexley	38,334
Newham	6,085.13	Wandsworth	6,051.50	Islington	6,175	Greenwich	45.77	Brent	41,879
Kensington and Chelsea	6,098.99	Southwark	6,878.00	Kensington and Chelsea	6,175	Bromley	46.01	Bromley	43,018
Islington	6,181.79	Lambeth	7,343.50	Lambeth	6,175	Tower Hamlets	46.08	Hillingdon	43,715
Camden	6,252.37	Kensington and Chelsea	7,495.50	Lewisham	6,175	Newham	47.50	Ealing	45,646
Hammersmith and Fulham	6,336.50	Hammersmith and Fulham	7,524.00	Southwark	6,175	Barnet	48.70	Redbridge	47,118
Lambeth	6,404.26	Islington	7,828.00	Tower Hamlets	6,175	Lewisham	50.70	Barnet	48,864
Southwark	6,412.68	Westminster	7,885.00	Wandsworth	6,175	Ealing	51.20	Enfield	50,386
Hackney	6,847.43	Tower Hamlets	8,084.50	Westminster	6,175	Brent	53.63	Croydon	50,424
Tower Hamlets	6,965.12	Camden	8,531.00	Greenwich	6,175	Croydon	58.82	Newham	53,663

Agenda Item 11

Schools Funding Forum 18th January 2017

ITEM 11

Subject Heading:	Education Services Grant 2017-18
Report Author:	David Allen – Strategic Finance Manager
Eligibility to vote:	Recommendation (i) all members Recommendation (ii) LA maintained school members

SUMMARY

This report summarises the changes to the Education Services Grant (ESG) in financial year 2017-18 with part of the grant included for the first time in the DSG Schools Block.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) agrees that the £588,000 ESG that is within the DSG Schools Block is allocated to meet LA statutory costs
- (ii) considers the de-delegation of funding from maintained schools to support central costs relating to maintained schools

REPORT DETAIL

Background

The Education Services Grant (ESG) was introduced by the DFE in 2013-14. The largest element of the grant is allocated on a per pupil basis according to the number of pupils for which a local authority or academy is responsible. The ESG general funding rate has been reduced over the years from £116.46 per pupil in 2013-14 to £77 per pupil in 2016-17. Service level savings have been made to meet reductions in the general rate of the grant in

previous years. An additional £15 per pupil for retained duties is allocated to LAs regardless of whether the pupils are on the roll of a maintained school or an academy.

In the Government Spending Review and Autumn Statement of 2015 a phasing out of the ESG was announced to save £600 million. The general rate of £77 per pupil ceases from September 2017 and there is to be a reduced transitional rate of £66 per pupil for the period April to August 2017. The retained duties rate of £15 per pupil continues but is moved into the Schools Block of the DSG.

Transitional Grant

For 2017-18 only, local authorities are allocated a transitional general rate of £66 per pupil in maintained schools for the period April to August 2017. The initial allocation based on the number of maintained school in Havering in November 2016 is £606,055. The first 50% instalment to be released on 30th April 2017 will take into account any schools that have become academies up to and including 1st April. The second 50% instalment will take into account any schools that have become academies up to and including 1st August. With consultation on academy conversion already published for some schools, the final transitional grant received by the LA will be less than the £606k.

Grant position 2016-17

Havering's initial grant allocation for 2016-17 was £2,336,243 which has been used to fund LA statutory services. By the end of the financial year this will have reduced to take into account academy conversions during the year.

Grant position 2017-18

As stated above the £15 per pupil for retained duties will continue although it will be added to the Schools Block of the DSG. The DSG will therefore be £588k more than in previous years. Approval is sought from the Schools Funding Forum for that funding to be allocated to the LA to meet central costs.

Should this be approved there is still a shortfall against the £2.3m allocated in 2016-17 to meet central costs.

Within Learning and Achievement savings of £590k have been identified in 2017-18 to reduce this shortfall. This reduction in service cost will also reduce overheads charged to the service for corporate functions such as finance, ICT, HR and legal.

<u>Summary</u>	£m	£m
2016-17 ESG		2.33
Retained duties (if approved)	0.59	
Transitional funding (maximum)	0.60	
Total		1.19
ESG Shortfall		1.14
Less L&A savings	0.59	
Less Corporate contribution	0.46	
Revised shortfall		0.34

Central Services funded from ESG

The central services that are funded from ESG are set out in Appendix A and show separately those that relate to all schools and academies and those for maintained schools only.

School Improvement Grant

It should be noted that School Improvement is not included in the list of services. This is because there is a separate Schools Improvement Grant.

A new £50m School Improvement Fund is to be introduced from September 2017 to support local authorities with their maintained schools. A further £140m Strategic School Improvement Fund is also to be introduced for academies and maintained schools. The distribution mechanism for these is as yet unclear

Contribution to central services

The revised funding arrangements for 2017-18 introduce options for local authorities in recovering the funding to meet the costs of statutory services. These are:

- (i) To seek the approval of the Schools Funding Forum to allocate the retained duties element of the ESG that has been added to the Schools Block.
- (ii) To seek the approval of the LA maintained schools representatives of the Schools Funding Forum to de-delegate funding from the budgets of maintained schools to meet the cost of central services previously funded by the Education Services Grant.

EDUCATION SERVICES GRANT

Duties of a local authority that are chargeable to the ESG

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
<u>Statutory and Regulatory duties</u> Director of children's services and personal staff for director Planning for the education service as a whole Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education Administration of grants Authorisation and monitoring of expenditure not met from schools' budget shares Formulation and review of local authority schools funding formula Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA	<u>Statutory and Regulatory duties</u> Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services Budgeting and accounting functions relating to maintained schools Functions relating to the financing of maintained schools Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies Internal audit and other tasks related to the authority's chief finance officer's responsibilities

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
<p>1972 except duties specifically related to maintained schools</p> <p>Consultation costs relating to non-staffing issues</p> <p>Plans involving collaboration with other LA services or public/voluntary bodies</p> <p>Standing Advisory Committees for Religious Education (SACREs)</p> <p>Provision of information to or at the request of the Crown other than relating specifically to maintained schools</p>	<p>under Section 151 of LGA 1972 for maintained schools</p> <p>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 1, 20j)</p> <p>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body</p> <p>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body</p> <p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost</p> <p>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff; determination of conditions of service for non-teaching staff; appointment or dismissal of employee functions</p> <p>Consultation costs relating to staffing</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 1, 20s)</p> <p>Investigation and resolution of complaints relating to maintained schools</p> <p>Provision of information to or at the request of the Crown relating to schools</p> <p>School companies</p>

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
	<p>Functions under the Equality Act 2010 (Sch 1, 20y)</p> <p>Establish and maintaining computer systems, including data storage</p> <p>Appointment of governors and payment of governor expenses</p>
<p><u>Education Welfare</u></p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils</p> <p>School attendance</p> <p>Responsibilities regarding the employment of children</p>	<p><u>Education Welfare</u></p> <p>Inspection of attendance registers</p>
<p><u>Asset management</u></p> <p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions</p> <p>General landlord duties for all buildings owned by the local authority, including those leased to academies</p>	<p><u>Asset management</u></p> <p>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
	<p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</p>
<u>Central support services</u> No functions	<u>Central support services</u> Clothing grants Provision of tuition in music, or on other music-related activities Visual, creative and performing arts Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics)
<u>Premature retirement and redundancy</u> No functions	<u>Premature retirement and redundancy</u> Dismissal or premature retirement when costs cannot be charged to maintained schools
<u>Monitoring national curriculum assessment</u> No functions	<u>Monitoring national curriculum assessment</u> Monitoring of National Curriculum assessments
<u>Therapies</u> No functions	<u>Therapies</u> This will be covered in the high needs section of the regulations
<u>Additional note</u>	

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
<p>Services set out in the table above will also include overheads relating to these services (regulation 8(11) already refers to this for schedule 2 services) for:</p> <ul style="list-style-type: none"> • Ensuring payments are made in respect of taxation, national insurance and superannuation contributions. • Recruitment, training, continuing professional development, performance management and personnel management of staff • Investigations of employees or potential employees, with or without remuneration • Investigation and resolution of complaints • Legal services related to education functions 	

Agenda Item 12



Havering
LONDON BOROUGH

Schools Funding Forum 18th January 2017

ITEM 12

Subject Heading:

Schools National Funding Formula

Report Author:

**David Allen – Strategic Finance
Manager**

Eligibility to vote:

All members

SUMMARY

In December 2016 the DFE launched the second stage consultation on changes to the funding of schools through a national formula. This followed the first stage consultation in March. The revised arrangements are to be introduced from 2018-19 with the direct funding of schools from Government in 2019-20. The deadline for responses is 22nd March 2017 and it is intended to consider a full response at the next meeting of the Schools Funding Forum.

RECOMMENDATIONS

To consider the impact of the proposals on schools funding, and arrangements for wider consultation with head teachers and governors to inform a response to the consultation.

REPORT DETAIL

1. Introduction

On 14th December, the Government issued the second stage of the consultation on a national funding formula. The deadline for responses is 22nd March 2017.

The intention is that funding will be allocated directly to schools from 2019-20 through 13 different factors with the standard funding rates for all schools applied to each factor, adjusted for area costs.

Funding allocated through pupil-led factors is to be maximised so that as much funding as possible is spent in relation to pupils and their characteristics. This is not, however, achieved through the basic per pupil factor (AWPU) but through increases to the amounts allocated through the additional needs factors.

Currently, local authorities use a nationally prescribed set of factors but apply their own funding rates. There will therefore be significant differences between the current and proposed funding rates.

2018-19 is to be a transitional year in which the Government will allocate funding to LAs according to the new formula factors and funding rates but LAs may continue to determine individual schools' funding allocations through their local formula.

The funding the LA will receive will therefore be the aggregate total of each school's notional budget having applied the new national funding rates, the MFG of -1.5% and a gains cap of 3%. The 2018-19 Schools Block will be ring-fenced although it will still be possible to transfer funding from the Schools Block into the High Needs Block with local agreement.

It is also proposed that ratio of funding between primary and secondary phases moves to the national average of 1:1.29. Havering's ratio is currently 1:1.35.

The combination of these changes will lead to gains and losses for individual schools, so protections and gains caps have been included in the new arrangements. The minimum funding guarantee will continue to be applied to ensure that no school loses by more than 1.5% per pupil each year to a maximum of 3% and gains will be capped at 3% in 2018-19 and at a further 2.5% in 2019-20.

2. Formula Design Proposals

2.1 Maximising the proportion of funding allocated through pupil-led factors

In the current system, local authorities are required to allocate at least 80% of their funding through pupil-led factors. In 2016-17 the range in LAs was 82% to 96%, with an average of 90%. The proposal is to allocate 91% through pupil-led factors.

The funding allocated through premises-related factors will therefore reduce where possible. Funding for premises factors will be maintained in the first year and further consideration given for the hard national funding formula. The amount allocated for lump sums, however, will reduce.

2.2 Basic amount for every pupil

The amount allocated through the basic amount per pupil (AWPU) will reduce slightly from £24.4 billion in 2016-17 (77% of the total) to £23.3 billion (73%). There will be a corresponding increase to the additional needs factors.

Stepped rates will continue between primary, KS3 and KS4, reflecting the current national position. No LA funds primary more than secondary and three quarters increase their per-pupil funding with each key stage.

In the current system, LAs can choose to include a 'reception uplift' to capture additional pupils who arrive after the October census. Havering applies this uplift. The proposal is to remove this factor.

2.3 Additional Needs Factors

The current additional needs factors will continue as follows: deprivation, low prior attainment and EAL. Funding for additional needs is to be increased from £4.1 billion (13%) to £5.8 billion (18%). The Government is keen to invest in this area, to promote social mobility and support schools in raising the attainment of pupils from deprived backgrounds and those who are just about managing.

Deprivation is to be the biggest additional needs factor, accounting for £3.0 billion (9.3%). Three factors are to be used: FSM eligibility, Ever 6 FSM eligibility and IDACI (Income Deprivation Affecting Children Index).

Low prior attainment is a strong predictor of pupils' later attainment so funding is allocated to enable schools to give extra support. The funding allocated is £2.4 billion (7.5%) compared to 4.3 % in the current system. As well as helping schools to support all children who need to catch up with their peers, this factor directs funding to schools likely to be supporting pupils with special educational needs.

For primary schools, data from the Early Years Foundation Stage Profile will continue to be used as a basis for funding.

For secondary schools, KS2 test results will be used but adjusted for pupils taking the more challenging assessment. This factor may be refined in the future to take account of pupils in the lowest 10 or 20%.

English as a second language will also continue for pupils who have entered the state education system during the last 3 years. This factor will attract 1.2% of the total schools block compared to 0.9% in the current system. Three quarters of the EAL funding will be directed to primary schools reflecting the higher proportion of EAL pupils in that sector. Further work is to be carried out on this factor to include the level of English proficiency recorded in the census of each EAL pupil.

A mobility factor is currently permitted and the Government is seeking views on the costs incurred by schools on pupils who join other than normal admission dates. In the meantime, funding will be allocated on an historic basis. In Havering, 16 primary schools receive funding through this factor ranging from £192 to £8,708 (total £64k) and one secondary school (£1,711).

2.4 School-led factors

Lump sums will continue but will reduce to £110,000. This will affect smaller schools that are more reliant on an element of funding that is not driven by pupil numbers. The lower lump sum reflects the Government objective to encourage schools to share services and functions where possible. Schools in more remote areas are likely to receive additional support through the sparsity factor.

A sparsity factor is available to LAs to support schools that are both small and remote. This will continue to recognise the importance of these schools to their local communities and ensure pupils do not have to travel long distances to school. The maximum permissible is to be £25,000 for a primary school and £65,000 for a secondary school. No Havering school has qualified for this funding in previous years.

2.5 Area Cost Adjustment

Having applied the national funding rates to each school's data, the total would be uplifted by an area cost adjustment. This is calculated to reflect variations in the labour market costs and variations in the teaching workforce. For Havering the ACA is 1.0809.

2.6 Growth factor

The national funding formula will include a growth factor, so that it is responsive to significant changes in pupil numbers that are not recognised by lagged funding. In 2018-19 funding for growth will be allocated on the basis of historic spend. It is recognised that historic spend on growth will not necessarily predict the amount of funding that will be needed for future growth and different approaches will be explored for years beyond 2018-19. The favoured approach will be to fund local authorities on a lagged basis on the actual pupil number increases in every school

between the two previous years. This would be allocated to an LA on a per pupil basis although it would be the year after the growth has occurred. It would be for LAs to manage their total growth funding.

2.7 Comparison of LBH funding rates and those of the national funding formula.

	2016-17 LBH rates	2019-20 national rates	ACA @ 1.0809	Lower	%	Higher	%
Reception Uplift	3,074.06	0.00	0.00				
AWPU (Primary)	3,074.06	2,711.64	2,931.01	-143.05	-5%		
AWPU (KS3)	4,542.03	3,797.29	4,104.49	-437.54	-10%		
AWPU (KS4)	4,740.43	4,311.59	4,660.40	-80.03	-2%		
Ever6 FSM (Primary)	0.00	540.00	583.69			583.69	100%
Ever6 FSM (Secondary)	0.00	785.00	848.51			848.51	100%
FSM (Primary)	1,252.32	980.00	1,059.28	-193.04	-15%		
FSM (Secondary)	2,260.66	1,225.00	1,324.10	-936.56	-41%		
IDACI Band 1 / F (Primary)	0.00	200.00	216.18			216.18	100%
IDACI Band 2 / E (Primary)	125.00	240.00	259.42			134.42	108%
IDACI Band 3 / D (Primary)	275.00	360.00	389.12			114.12	41%
IDACI Band 4 / C (Primary)	615.00	360.00	389.12	-225.88	-37%		
IDACI Band 5 / B (Primary)	630.00	420.00	453.98	-176.02	-28%		
IDACI Band 6 / A (Primary)	645.00	575.00	621.52	-23.48	-4%		
IDACI Band 1 / F (Secondary)	0.00	290.00	313.46			313.46	100%
IDACI Band 2 / E (Secondary)	125.00	390.00	421.55			296.55	237%
IDACI Band 3 / D (Secondary)	275.00	515.00	556.66			281.66	102%
IDACI Band 4 / C (Secondary)	615.00	515.00	556.66	-58.34	-9%		
IDACI Band 5 / B (Secondary)	630.00	600.00	648.54			18.54	3%
IDACI Band 6 / A (Secondary)	645.00	810.00	875.53			230.53	36%
LAC	1,000.00	0.00	0.00	-1,000.00	-100%		
Low Attainment (Primary)	489.22	1,050.00	1,134.95			645.73	100%
Low Attainment (Secondary)	802.89	1,550.00	1,675.40			872.51	109%
EAL (Primary)	232.67	515.00	556.66			323.99	139%
EAL (Secondary)	734.73	1,385.00	1,497.05			762.32	104%
Mobility (Primary)	240.56	n/a	n/a				
Mobility (Secondary)	534.88	n/a	n/a				
Lump Sum (Primary)	150,000.00	110,000.00	118,899.00	-31,101.00	-21%		
Lump Sum (Secondary)	175,000.00	110,000.00	118,899.00	-56,101.00	-32%		
Sparsity	0.00	n/a	n/a				

Further detail on the impact on Havering and on individual schools will be presented at the meeting.

The DFE consultation documents can be found on the following link:

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

Schools Funding Forum 18th January 2017

ITEM 13

Subject Heading:

High Needs National Funding Formula

Report Author:

**David Allen – Strategic Finance
Manager**

Eligibility to vote:

All members

SUMMARY

In December 2016 the DFE launched the second stage consultation on changes to the funding of schools and high needs. This followed the first stage consultations in March. The revised funding arrangements for high needs are to be introduced from 2018-19. The deadline for responses to the consultation is 22nd March 2017 and it is intended to consider a full response at the next meeting of the Schools Funding Forum.

RECOMMENDATIONS

To consider the impact of the proposals on high needs funding, and arrangements for wider consultation with head teachers and governors to inform a response to the consultation.

REPORT DETAIL

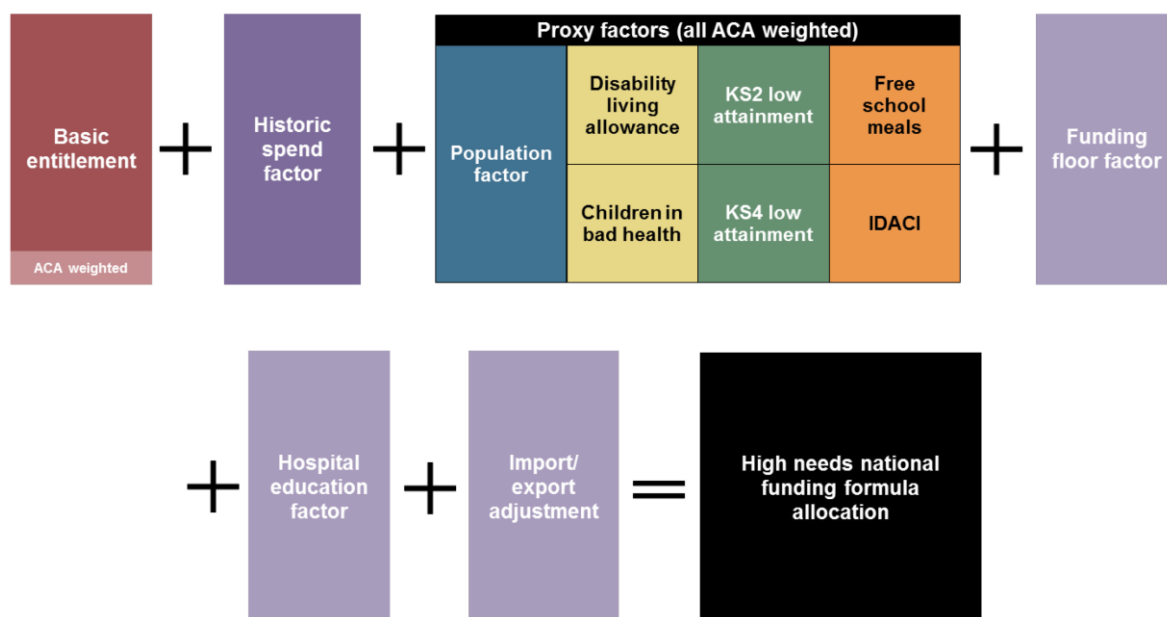
1. Introduction

On 14th December, the Government issued the second stage of the consultation on a national funding formula for high needs. The deadline for responses is 22nd March 2017.

The intention is to introduce a national formula for high needs that will allocate funding to local authorities on a more transparent and equitable basis. The proposed building blocks and factors in the new formula are set out in the table below:

Formula factors		Other formula factors and adjustments
Basic entitlement: basic unit of funding for pupils and students in specialist SEN institutions		Area cost adjustments (ACA)
Population factor		
Health and disability factors:	Disability living allowance	Import/export adjustments
	Children in bad health	
Low attainment factors:	Key stage 2 low attainment	Funding floor factor
	Key stage 4 low attainment	
Deprivation factors:	Free school meals	Hospital education factor
	IDACI	
Historic spend factor		

The basic steps that will be taken in the formula calculations are shown in the table below. An area cost adjustment will be applied to the proxy factors and basic entitlement. The proposed relative weightings of each factor are part of the consultation.



Note: These proportions are derived from the totals of local authorities' planned expenditure figures as reported in their section 251 2016-17 budget statements: Education Funding Agency, 'Section 251: 2016 to 2017', updated December 2016.

2. Formula factors

2.1 Historic spending

The move to a formulaic distribution of funding is not intended to create undue and unmanageable turbulence. Sufficient stability is one of the core principles of funding reform and an historic spend factor will therefore be incorporated in the formula as a cash sum from local authorities' baseline information. It is proposed to calculate the cash sum for each local authority at 50% of this baseline amount. This means that about half of the total high needs allocations would be allocated according to existing spending patterns. The overall funding for this factor would amount to £2.5 billion. Funding for hospital education will also be allocated to local authorities on the basis of historic spending. The overall amount through the formula will be £73 million.

A funding floor is intended to ensure that the current level of provision in local authorities for children and young people with high needs is protected.

2.2 Remaining funding formula factors

There will be a flat rate per pupil in a special school or special post 16 institution to mirror what mainstream schools receive through the schools national funding formula for their pupils with high needs, and all institutions receive through the post 16 formula. It is proposed to use a simple standard amount such as the base entitlement in the 16-19 formula which is £4,000 per pupil. Responses to the first stage of the consultation suggested that the place value should be £10,000, but it is proposed that within the new formula, the additional £6,000 would come through the historical spend factor and formula factors described later in this report. The £4,000 basic entitlement would be calculated on the basis of the school census

and individualised learner record (ILR) data from the academic year prior to the December in which the high needs allocations are calculated. So, for 2018-19 DSG, the data would be used from the January 2017 school census and, for post 16 institutions, the final ILR return for the 2016-17 academic year. Data would also be added from the alternative provision census and the number of pupils placed in independent special schools. This element of high needs funding amounts to £470 million.

The remainder of the high needs block (£2.5 billion) would be distributed through the remaining formula factors according to the proposed weightings set out in the table below:

High needs national funding formula factor weightings

Formula factor	Proposed weightings			Data we have used for illustrative allocations
	SEN (90%)	AP (10%)	Com-bined	
1. Population	50%	50%	50%	Latest population aged 2-18 projection for 2018 from the Office for National Statistics (ONS)
2. Deprivation				
a. Free school meals (FSM) eligibility	8.3%	25%	10%	Number of children eligible for FSM
b. Income deprivation affecting children index (IDACI)	8.3%	25%	10%	Number of children in bands A-F from 2014 ONS population estimates
3. Low attainment				
a. Key stage 2 (KS2) results	8.3%	0%	7.5%	Number of children not achieving level 3 or above in KS2 tests in 2011-15
b. Key stage 4 results	8.3%	0%	7.5%	Number of children not achieving 5+ A* to G GCSEs in 2011-15
4. Health and disability				
a. Children in bad health	8.3%	0%	7.5%	Number of children and young people declared as in bad or very bad health in the 2011 census
b. Disability living allowance (DLA)	8.3%	0%	7.5%	Number of children aged 0-15 for whom parents receive DLA

2.3 Population factor

Distributing funding by reference to the population of children and young people resident in the local authority reflects that in every given population, there will be a proportion of those with high needs. It is assumed that the national incidence of pupils with statements of SEN and EHC Plans of 2.8% is a reasonable approximation for the incidence of high needs across the country. To reflect the association between population and high needs it is proposed that the population factor weighting is set at 50%. £1.3 billion would be allocated through this factor.

2.4 Deprivation, low attainment, health and disability factors

Deprivation

It has been taken into account that 10% of high needs funding is spent on alternative provision and that deprivation is closely correlated to the need for alternative provision as a result of school exclusions. The other factors in the formula do not display any significant correlation to the need for alternative provision. It is therefore proposed to give more weighting to the deprivation factor, accounting for 20% of the amount allocated through the population and other proxy factors. The funds distributed using deprivation factors will be £510 million. The deprivation factor will comprise two equally weighted indicators. The first is free school meals (FSM) eligibility and the second is area level deprivation measured by IDACI through the 6 IDACI bands.

Low Attainment

It is proposed to allocate 15% through low attainment data at KS2 and KS4 with equal weighting given to each. This will allocate £380 million.

Health and Disability

It is proposed to allocate 15% through these factors, with half allocated on the basis of the children in bad health from the 2011 population census, and half using the latest disability living allowance data. This would allocate £380 million.

2.5 Adjustments to reflect geographical costs, cross-border placements and the funding floor

Area Cost Adjustment

An area cost adjustment is to be applied to all the factors in the formula except those based on historic spending, hospital education funding and the import/export adjustments. The area cost adjustment equates to an increase of up to 20.4% for local authorities where schools face the highest salary costs.

Import/Export Adjustment











The adjustment will be the net difference in pupil and student numbers multiplied by £6000 resulting in an increase for the importing local authorities and decrease for the exporting local authorities.

Funding floor adjustment

This will be set so that no authority sees a reduction compared to their spending baseline.

2.6 Funding increases under the high needs formula

The additional funding available in 2018-19 and 2019-20 will be used to make sure that all local authorities due to gain funding under the formula will see an increase. To remain affordable, gains will be allowed for up to 3% per year. The 3% limit will allow the majority of authorities to reach their formula allocation within the first two years.

LA grouping		High needs formula		
	No. of LAs	Number (%) of LAs gaining	Largest % gain*	Total gains
Inner London	13	5 (38%)	 4.7%	£3m
Outer London	19	5 (26%)	 19.7%	£10m
East Midlands	9	3 (33%)	 22.9%	£17m
South East	19	5 (26%)	 19.3%	£16m
Yorkshire and the Humber	15	13 (87%)	 20.0%	£49m
North West	23	13 (57%)	 17.6%	£26m
South West	15	4 (27%)	 11.3%	£5m
East of England	11	6 (55%)	 12.7%	£20m
West Midlands	14	11 (79%)	 12.4%	£36m
North East	12	7 (58%)	 19.0%	£8m

* Above gains baseline

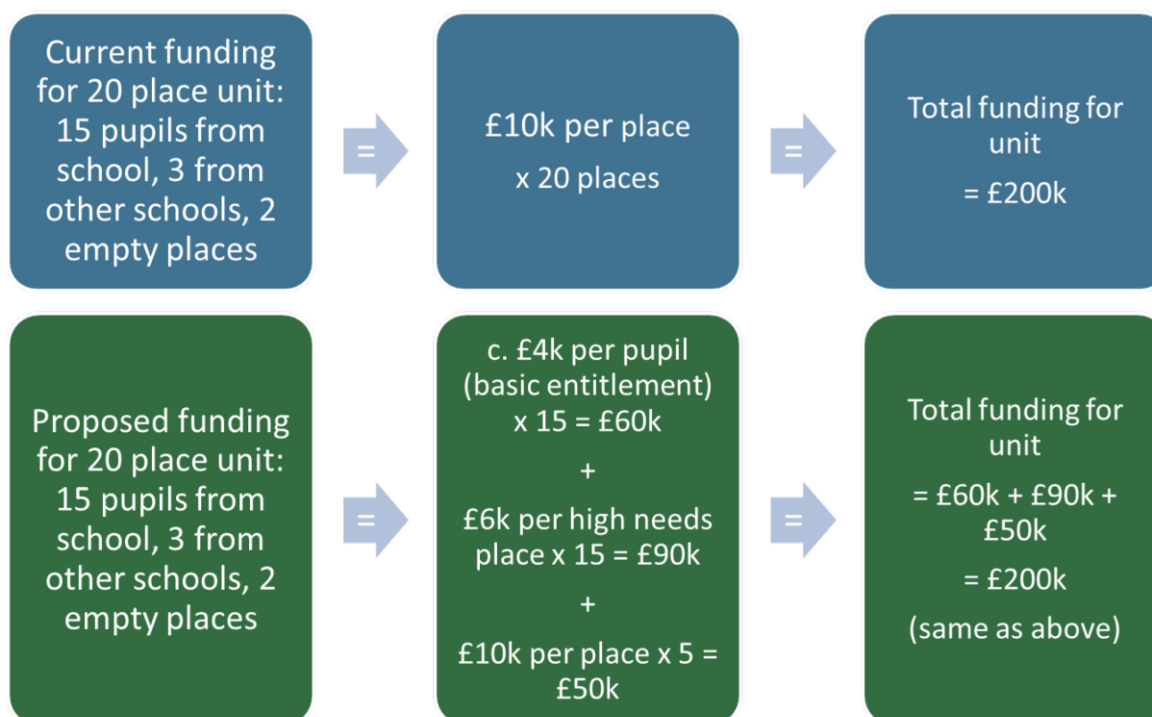
2.7 Local flexibility in the funding arrangements

Local authorities can continue to use funds from their high needs budgets to support mainstream schools that are particularly inclusive, as well as expanding special schools or units. There will be no ring-fence on the schools block in 2017-18 so local authorities are able to transfer funding between their schools and high needs budgets. In 2018-19 and subsequent years there will be no restrictions on the transfer of funding between the high needs block, the central schools block and the elements of early years funding that local authorities are allowed to retain for central spending. It will also remain possible for local authorities to transfer funds into their high needs budgets from sources other than their DSG allocation. It is proposed that in 2018-19 there will be an opportunity for local authorities to transfer funds from the funding that schools are due to receive through the schools formula to their high needs budget. This will be dependent on the agreement of their schools forum and a majority of primary and/or secondary schools and academies (with transfers confined to the primary and secondary elements of the schools block as agreed by phase). A limit on the transfers of say 2% or 3% of the high needs block allocation is to be considered.

It is proposed to provide a mechanism whereby schools could agree with their local authority to pool some funding that could then be directed towards those schools that need it most for their pupils with SEN, both more inclusive mainstream provision, and special provision. This local budget could be created by a small charge on each school's budget which, together with funding from the high needs budget, would deliver support to children and young people with high needs regardless of where they are placed. These local flexibilities could present opportunities for schools to demonstrate how, in partnership with the local authority, they are discharging their responsibilities for meeting the needs of all children and young people with SEN and disabilities. Local decisions are best taken by schools working collectively across a local authority and in the context of the local authority's overall strategy for making special and alternative provision.

2.8 Funding of special units and resourced provision

At present these units are funded by the local authority (if they are a maintained school) or the EFA (if they are an academy) on the basis of £10,000 per place with the place number deducted from the pupil number used for the rest of the school's mainstream funding through the local formula to avoid double counting. From 2018-19 this deduction will not be made. Instead the school's budget share will be determined on the basis of the full number of pupils on the roll of the school including those in the special unit or resourced provision. The balance of funding will come from the place funding at £6,000 per place. In the first stage consultation there were concerns that the proposed change would disadvantage schools accepting pupils into their units in-year or from other schools because these would not be on the relevant school census count used to determine the school's mainstream funding. A change in to the original proposal is that places occupied by pupils on the roll of the school at the time of the school census return are funded at £6,000 per place, but places not filled are still funded at £10,000.



2.9 Special school funding

Special schools will continue to receive place funding at £10,000 per place with the rest of their budgets made up from local authorities' top-up funding. The EFA will continue to have a process by which local authorities provide information about those places to be funded in special academies. The funding for those places will then be deducted from local authorities' high needs allocations before the DSG is finalised and paid by the EFA to special academies directly. The DfE will be reviewing the funding arrangements for special free schools which are currently funded directly without recoupment from local authorities' DSG.

2.10 Non-maintained and independent special schools

The current arrangements will continue in that the place funding of £10,000 per place for non-maintained special schools on the basis of pupil number data collected directly from schools rather than a separate data collection from local authorities.

It was proposed to offer independent special schools the opportunity to receive a combination of place funding from the EFA and top-up funding from local authorities instead of the current arrangement whereby they receive all of their funding from local authorities. On the basis of the responses received to the consultation it has been decided to retain the current arrangements.

2.11 Changes to SEN and disability funding for colleges and other FE institutions

In the first consultation two changes were suggested:

- a) to pay the place funding for special post 16 institutions on the basis of a flat rate of £10,000 per place so it is consistent with special schools; and
- b) to distribute the high needs place funding in mainstream provision (currently paid at £6,000 per place) through the main post 16 national funding formula with adjustments to the factors in that formula except in the case of schools and colleges with a special unit designated by the local authority and FE institutions with 10 or more places.

There will be a further consultation with the post 16 sector on any changes to be brought in from the 2018-19 academic year.

2.12 Financial impact of proposals on Havering

Illustrative figures have been published as part of the consultation that would eventually allocate to Havering £23,215,369 (an increase of £1.75m above the baseline) and with a gains cap of 3% would allocate £22,067,638 in 2018-19 (an increase of £606k).

The DFE consultation documents can be found on the following link:

<https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>

Agenda Item 14

Schools Funding Forum 18th January 2017

ITEM 14

Subject Heading:

School Funding 2017-18

Report Author:

**David Allen – Strategic Finance
Manager**

Eligibility to vote:

All members

SUMMARY

This report summarises the decisions of the DfE on data changes to be used by local authorities in the calculation of school budgets for 2017-18 and proposes options on the values to be applied to the formula factors. The deadline for final budget submission to the DfE is 20th January 2018.

RECOMMENDATIONS

To agree the rates to be applied to the schools formula funding factors for 2017-18.

REPORT DETAIL

1. Schools' Block

The final DSG allocations for 2017-18 have been received from the DfE (see Item 10). This includes the Schools' Block from which the LA allocates school budgets. The Schools' Block allocation to Havering is £169.915 m.

This amount includes, for the first time, £589k of transferred Education Services Grant (ESG) which has previously been allocated to the Local Authority towards the cost of statutory duties. This was the subject of a previous item (Item 11).

2. Centrally Retained

At the meeting held on 22nd September, the School Funding Forum agreed to the central retention of budget for the following responsibilities permitted by the school finance regulations:

Centrally Retained DSG	2017-18
School Partnerships	200,000
School Admissions	499,734
Servicing of Schools Forums	43,250
Falling Rolls Fund	500,000
Capital expenditure from revenue (DERA)	87,490
Pupil growth / Infant class sizes	2,700,000
National Licences	164,789
	4,195,263

Assuming that the approval is given to retain the ESG, the total amount available for distribution to primary and secondary schools is £165 million.

3. School Data

The data to which the funding formula is applied is taken from the October 2016 census. The permitted factors and data sources are attached at Appendix A.

Changes to the data sets used in previous years are as follows:

Income Deprivation Affecting Children Index (IDACI)

The table below shows the differences between 2015-16 to 2017-18:

IDACI Score	IDACI band 2016/17	% pupils in each band (2015-16)	% pupils in each band (2016-17)	IDACI band 2017/18	% of pupils in each band (2017-18)
Less than 0.2	0	53%	56%	G	56%
0.2 - 0.25	1	8%	10%	F	10%
0.25 - 0.3	2	7%	9%	E	9%
0.3 - 0.35	3	12%	14%	D	8%
0.35 - 0.4				C	7%
0.4 - 0.5	4	10%	8%	B	8%
0.5 - 0.6	5	6%	3%	A	3%
0.6 - 1	6	3%	1%		

For Havering, the differences are shown in the table below:

IDACI Score	IDACI band 2016/17	% pupils in each band (2015-16)	% pupils in each band (2016-17)	IDACI band 2017/18	% of pupils in each band (2017-18)
Less than 0.2	0	56%	50%	G	49%
0.2 - 0.25	1	7%	15%	F	15%
0.25 - 0.3	2	13%	12%	E	12%
0.3 - 0.35	3	13%	17%	D	9%
0.35 - 0.4				C	8%
0.4 - 0.5	4	10%	6%	B	7%
0.5 - 0.6	5	1%	0%	A	0%
0.6 - 1	6	0%	0%		

Prior Attainment

Because of the more challenging tests at KS2, for Year 7 pupils, the first to take the new tests, a national weighting of 41% has been applied to reduce the data. The data for pupils in Years 8-11 is based on the previous KS2 SATs.

4. **Funding rates for 2017-18 formula funding**

Proposals for 2017-18 funding will be tabled at the meeting and will include retaining current formula values and the 1% gains cap and alternative options that move towards the funding rates proposed in the national funding formula.

Factor	Further information
<p>1. Basic entitlement</p> <p>A compulsory factor that assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the October pupil census</p>	<p>Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil number count where schools had previously had higher reception pupil numbers in January 2016 than in the October 2015 census.</p>
<p>2. Deprivation</p> <p>A compulsory factor</p>	<p>Local authorities may choose to use free school meals and/or the income deprivation affecting children index (IDACI). Free meals can be measured either at the previous October census or “ever 6”, which reflects pupils entitled to free meals at any time in the last 6 years, but not both. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary.</p>
	<p>Following the 2015 IDACI dataset update, we have redesigned the IDACI bands to return them to a similar size to previous years. The draft 2017 to 2018 APT will include data showing pupils matched to the new IDACI bands. These can be found at annex 2.</p>

<p>3. Prior attainment</p> <p>An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs</p>	<p>May be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP) and for secondary pupils not reaching the expected standard in KS2 at either English or maths.</p> <p>The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 4) assessed under the new framework. For pupils assessed using the old profile (years 5 and 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.</p> <p>For pupils assessed at KS2 up to 2011, eligible pupils are those who did not reach level 4 in either the English or Maths elements.</p> <p>For pupils assessed from 2011, eligible pupils are those who did not reach level 4 in any of the reading test, teacher assessed writing, or Maths. This reflects the new KS2 English assessment methodology which was introduced in 2012, to include separately a reading test and teacher assessed writing.</p> <p>The 2016 KS2 assessments are the first which assess the new, more challenging national curriculum. At a national level, a higher number of the year 7 cohort in financial year 2017 to 2018 will be identified as having low prior attainment. We intend to use a national weighting to ensure that this cohort does not have disproportionate influence within the overall total. Details of the low prior attainment calculations are in annex 3.</p> <p>The weighting will be confirmed in advance of finalising 2017 to 2018 allocations and included in the APT in December, having taken into account the latest data from 2016 key stage 2 test results.</p> <p>Local authorities will not be able to change the weighting, but would be able to adjust their secondary low prior attainment unit value as usual. This will enable local authorities in most cases to</p>
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Factor	Further information
	<p>maintain their low prior attainment factor at previous levels without significant turbulence.</p> <p>Low prior attainment funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling.</p> <p>As with current funding arrangements, pupils who have not undertaken the assessment are given the average LPA score of their year group, so are taken into account when calculating a school's LPA average.</p>
<p>4. Looked-after children</p> <p>An optional factor</p>	<p>A single unit value may be applied for any child who has been looked after for one day or more as recorded on the LA SSDA903 return at 31 March 2016.</p> <p>This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.</p>
<p>5. English as an additional language (EAL)</p> <p>An optional factor</p>	<p>EAL pupils may attract funding for up to 3 years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary.</p>
<p>6. Pupil mobility</p> <p>An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils).</p> <p>There is a 10% threshold and funding is allocated based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.</p>
<p>Proportion allocated through pupil-led factors</p>	<p>Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).</p>
<p>7. Sparsity</p> <p>An optional factor</p>	<p>Schools that are eligible for sparsity funding must meet two criteria: first, they are located in areas where pupils would have to travel a significant distance to an alternative should the school close, and second, they are small schools. More information on sparsity funding can be found below.</p>

Factor	Further information
<p>8. Lump sum</p> <p>An optional factor (although it has been used by all local authorities)</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift. More information on the lump sum can be found below, including information for amalgamated schools.</p>
<p>9. Split sites</p> <p>An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria, both for the definition of a split site and for how much is paid. More information on split site funding can be found below.</p>
<p>10. Rates</p> <p>An optional factor (although it issued by all local authorities)</p>	<p>These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula.</p> <p>For example, an additional allocation could be made to a school (for example, from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates.</p>
<p>11. Private Finance Initiative (PFI) contracts</p> <p>An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the local authority. More information on PFI funding can be found below.</p>
<p>12. London fringe</p> <p>An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)</p>	<p>The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.</p>
<p>13. Exceptional premises factors</p>	<p>The exceptional factors must relate to premises costs and applications should only be submitted where the value of the</p>

Factor	Further information
Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities	<p>factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area.</p> <p>Any factors which were used in 2016 to 2017 can automatically be used for pre-existing and newly-qualifying schools in 2017 to 2018, provided that the qualification criteria are still met.</p>

Schools Funding Forum 18th January 2017 **ITEM 15**

Subject Heading:	Early Years National Funding Formula
Report Author:	David Allen – Strategic Finance Manager
Eligibility to vote:	School and academy members and PVI representative

SUMMARY

This item summarises proposed changes to the funding rates and other aspects of early years education funding in Havering following a consultation with the Early Years Provider Reference Group. A DFE consultation on the proposed changes was presented to the Schools Funding Forum at the meeting held on 22nd September 2016 and the Government response to the consultation was received from the DFE in December 2016.

RECOMMENDATIONS

The Schools Funding is recommended to:

1. Agree the recommendations of the Early Years Provider Reference Group in implementing the requirements of the early years national funding formula as follows:
 - (i) from the total early years funding received retain £730,000 for central functions relating to early years from 2017-18 to produce a pass-through rate to providers of 95%
 - (ii) to retain a contingency of £403,000 from the 95% pass-through rate to meet the costs of funding provision that is unfunded from January census data

- (iii) to include a supplement for deprivation within the single funding formula at an hourly rate that is consistent with the rates used for primary schools
 - (iv) that no other supplements are included in the single funding formula (NB – see para 2 below)
 - (v) that £50,000 is allocated to a social inclusion fund from early years funding to match the £50,000 held in the high needs block
 - (vi) that the rate for disadvantaged 2 year olds be £5.28 and a contingency held of £103,000 to meet the costs of funding provision that is unfunded from January census
2. Agree that further work be carried out by the LA on supplements for Quality and EAL for consideration of inclusion in the single funding formula for 2018-19.
 3. Agree a base rate of £4.39 per hour.
 4. Consider options for the funding of the deprivation supplement as follows:
 - (i) to match the current deprivation rates used in the schools formula for primary schools
 - (ii) to match the revised deprivation rates used in the schools formula for primary schools as agreed by the Schools Funding Formula
 - (iii) to apply the schools national funding formula rates for deprivation with an adjustment to Band F

REPORT DETAIL

1. Background

The DFE launched a consultation on the introduction of an early years national funding formula on 11th August 2016 with a deadline for responses of 22nd September.

The intention is to create a strong and sustainable early years funding system that is fair and transparent. The national funding formula will allocate funding for 3 and 4 years old entitlement both for the existing 15 hour entitlement and the new 30 hour entitlement for working parents to be introduced from September 2017.

Currently there are significant and unjustified variations between local authority funding rates from central government which lead to significant differences in the hourly rates that local authorities pay to their providers. There are also differences between local authorities in the amounts that they retain to meet central costs.

An additional £300m is being allocated to uplift the government funding rates which for the majority of LAs will lead to an increase in the rates paid to providers.

2. Revised funding arrangements for 2017-18

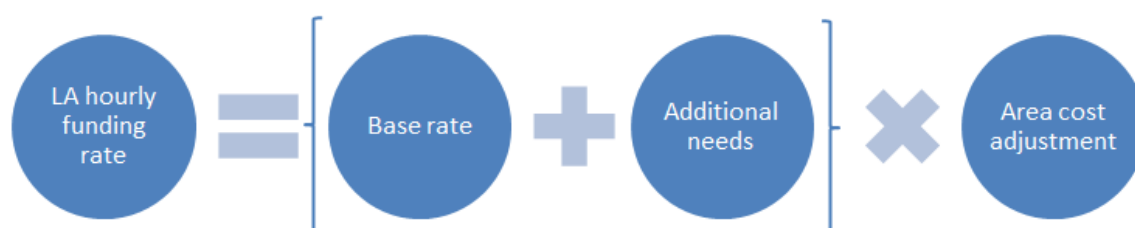
2.1 Summary

Following the consultation, the new arrangements will be as follows:

- a new early years national funding formula from April 2017 that will increase Government funding rates in 80% of local authorities;
- a minimum funding rate of at least £4.30 per hour for every local authority;
- a requirement for local authorities to pass 95% of their funding to providers;
- additional funding, worth £55m per year, to support maintained nursery schools until the end of this Parliament (2019-20);
- a new Disability Access Fund worth £615 per child per year to support disabled three- and four-year-olds to access their early years entitlement; and
- a requirement for all local authorities to have Inclusion Funds to channel additional support to children with Special Educational Needs.

2.2 Funding from central government to local authorities

2.2.1 The formula



Base rate funding	89.5%
Additional needs funding	10.5%

Additional needs based on:

FSM eligibility	8%
English as an additional language	1.5%
Disability living allowance	1%

Area cost adjustment based on:

General labour market adjustment	80%
Nursery & pre-school rateable cost adjustment	10%
Universal costs	10%

2.2.2 Data sources

Funding will continue to be based on the latest January census data adjusted for the following January census to allow for growth. The second January census will adjust the funding for the September to March period (7/12ths)

Data for Free School Meals and EAL will be taken from averages of census data from KS1 and KS2.

2.2.3 National funding increases

The increase in the level of Government funding will provide local authorities with a guaranteed minimum funding of £4.30 per hour giving scope for them to pay providers an average hourly rate of £4 per hour for 3 and 4 year olds. Funding for the early years sector will increase further following the introduction of an additional 15 hours of free entitlement for eligible families from September 2017.

Funding for disadvantaged two year old will also increase from an average of £5.09 to £5.39.

2.2.4 Havering Funding

Currently, LAs are funding according to a Guaranteed Unit of Funding (GUF) per child on the January census, adjusted for the second January census. For Havering the GUF is £3,979.94 which based on January 2016 data would allocate £9.6m.

Using the same data, it is estimated that the revised formula at 2.2.1 will allocate £11.2m, an increase of 16%.

Funding for two year olds will increase from £5.28 per hour to £5.66 from 2017-18.

2.3 Local authority funding to providers

2.3.1 Central retention

To ensure consistency in the amount of the funding received by local authorities that is retained for central functions, a minimum pass-through

rate to providers is included in the new arrangements. This is 95% from 2018-19 onwards with a slightly lower level of 93% in 2017-18 to allow some LAs time to reduce central costs.

2.3.2 Pass- through rate

It is permitted that contingencies are included in the 95% pass-through rate subject to them being used to include in the funding allocated to providers. Similarly, contributions to a social inclusion fund may also be included in the 95% subject to them being used to fund providers.

2.3.3 Universal base rate

By 2019-20, all local authorities are required to set a universal base rate in their local single funding formula which is the same for different types of provider. In Havering, the base rates are currently £3.56 for private and voluntary providers and £4.10 for schools.

2.3.4 Supplements

Local authorities' single funding formula should ensure that no more than 10% of the funding is allocated through supplements. The initial consultation suggested a range of standard supplements and following consultation the final supplements that may be used are as follows:

Category	Mandatory / discretionary	Allowed / not allowed
Deprivation	Mandatory	Allowed
Rurality/Sparsity	Discretionary	Allowed
Flexibility	Discretionary	Allowed
Quality	Discretionary	Allowed (used for workforce qualifications and/or system leadership)
English as an additional language	Discretionary	Allowed
<i>Efficiency</i>	<i>N/A</i>	<i>Not allowed</i>
<i>Additional 15 hours</i>	<i>N/A</i>	<i>Not allowed (future possible inclusion will be kept under review)</i>

2.4 Meeting the needs of disabled children and children with special educational needs

From April 2017, the government will introduce the new targeted early years Disability Access Fund of £12.5m, 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 three and four year olds. The eligibility criteria for receiving the Disability Access Fund will be receipt of DLA.

The purpose of the Disability Access Fund is to aid access to places. Additional funding for providing ongoing support for disabled young children will continue to be available from the high needs block of the DSG, including for children with Education, Health and Care (EHC) plans. Children with SEND who are not in receipt of DLA will also be able to access support from their local SEN inclusion fund.

From April 2017 all local authorities will be required to establish SEN inclusion funds for three and four year olds in their local funding systems. Local authorities, in consultation with their local early years providers, parents, and SEN specialists, will be responsible for deciding the children for which the SEN inclusion fund will be used. The DFE view is that the fund would be best focused on children with lower level or emerging SEN, since those with more complex SEN (broadly those children in receipt of an Education, Health and Care (EHC) plan) can receive additional funding via the high needs DSG block.

Local authorities will be responsible for deciding the amount of money (pooled from either or both of their early years and high needs DSG funding) that they set aside for their SEN inclusion fund, and how the fund will be allocated to providers. The Government will require local authorities to publish details of their eligibility criteria along with the planned value of the fund at the start of the year, and the process for allocating funding to providers as part of their 'Local Offer'.

Local authorities should pass the majority of their SEN inclusion funds to providers in the form of top up grants on a case-by-case basis: this will count within the 95% pass-through.

2.5 Consultation with the Early Years Provider Reference Group

A consultation was held with the Early Years Provider Reference Group (EYPRG) on 30th November, the day before the Government response to the August/September consultation was issued. The view of the EYPRG was that a higher base rate would be sufficient to incentivise implementation of the additional 15 hours rather than a separate supplement. Data for flexibility and efficiency was difficult to capture.

The recommendations to the Schools Funding Forum were as follows:

- (i) That the LA implements the revised formula from 2017-18
- (ii) From the funding received, the DFE retain £730,000 for central functions relating to early years. This is within the 5% permitted for 2018-19 and within the 7% for 2017-18. Pass-through rates would therefore be 95% from 2017-18.

- (iii) That a contingency be held of £403,000 for the funding of participation that is outside of the two January census dates. This follows the recommendation of the LA to avoid overspend of the Early Years Block. The contingency forms part of the 95% pass-through rate.
- (iv) That the deprivation supplement (which is mandatory) is to be the only supplement to be used in Havering's formula. Options to fund discretionary supplements of flexibility, additional 15 hours, efficiency and rurality/sparsity were not agreed.

Note: Since this recommendation, two other supplements have been included in the range which may be included: Quality and EAL.

- (v) That the hourly rates to be attached to the deprivation supplement to be the same as those used in the schools funding formula for primary schools as follows:

Band 1	£0	£0
Band 2	£120	£0.21 per hr
Band 3	£274	£0.48 per hr
Band 4	£610	£1.07 per hr
Band 5	£627	£1.10 per hr
Band 6	£644	£1.13 per hr

Note: Since this recommendation, the IDACI rates to be used in the Schools National funding Formula have changed which may impact on those used in the 2017-18 local schools funding formula.

- (vi) That £50,000 be allocated from Early Years funding towards a social inclusion fund. This match funds the £50,000 already included within the High Needs Block.
- (vii) That for 2 year olds, the hourly rate to fund providers remains at £5.28 and £103,000 is retained as a contingency to fund participation that is outside of the two January census dates. This follows the recommendation of the LA to avoid overspend of the Early Years Block. This was agreed subject to the assurance of the Schools Funding Forum that any balance from the contingency would be ring-fenced for early years.

2.6 Financial implications for providers

Based on a pass-through of 95% of the grant and a minimum of 90% allocated through the base rate, the minimum base rate for all providers will

be £4.14 per hour. The less that is allocated to fund supplements, the greater will be the base rate.

Allocating funding to deprivation only will produce a base rate of £4.39 to all providers.

The Quality supplement would cease which is currently £0.29 for Good settings and £0.39 for Outstanding

Deprivation rates would change as follows:

	current £	revised £
Band 1	0	0
Band 2	0.37	0.21
Band 3	0.57	0.48
Band 4	0.97	1.07
Band 5	1.35	1.10
Band 6	1.75	1.13

It is estimated that this would allocate £458k of funding through deprivation factors compared to £460k in 2015-16 and an estimate of £505k in 2016-17.

2.7 Revisions to supplements

Since the consultation with EYRPG, the final arrangement for funding have been published by the DFE and there have been changes to the supplements permitted and to the IDACI bandings relating to schools funding both for 2017-18 and in the proposals for National Funding Formula.

In the initial consultation, a Quality supplement was excluded from the range that local authorities may use in their formula but it is now included. The inclusion of an EAL factor is also permitted.

2.7.2 IDACI

The DFE has changed the IDACI bandings as follows:

IDACI Score	IDACI band 2016/17	IDACI band 2017/18
Less than 0.2	0	G
0.2 - 0.25	1	F
0.25 - 0.3	2	E
0.3 - 0.35	3	D
0.35 - 0.4		C
0.4 - 0.5	4	B
0.5 - 0.6	5	A
0.6 - 1	6	

Even without any decisions of the Schools Funding Forum to change the funding rates for 2017-18, this will slightly change the IDACI factors used for the early years formula as follows:

Current (Schools) £		Revised £	
0	0	G	0
1	0	F	0
2	0.21	E	0.21
3	0.48	D	0.48
		C	0.48
4	1.07	B	1.07
5	1.10	A	1.13
6	1.13		

The recommendation of the EYPRG was to use the same IDACI rates in the Early Years formula as used in the schools formula. These rates are to be decided elsewhere in this agenda.

Irrespective of the rates to be used for schools' 2017-18 funding, the rates for the Early Years formula could move directly to the schools NFF rates (with an adjustment to Band F to be within budget). These would be as follows:

Schools NFF £		Amended £
G	0	
F	0.37	0.18
E	0.45	
D	0.68	
C	0.68	
B	1.79	
A	1.09	
Cost	£559k	£506k

2.8 Quality

A Quality factor is permitted to:

- support workforce qualifications, or;
- support system leadership (supporting high quality providers leading other providers in the local area)

The data for this is not currently secure and is it recommended that further work be carried out for proposals to be considered for 2018-19 funding.

2.9 EAL

An EAL factor is permitted based on the numbers of children with EAL on the census.

The data for this is not currently secure and it is recommended that further work be carried out for proposals to be considered for 2018-19 funding.