



SCHOOLS FUNDING FORUM AGENDA

8.30 - 11.00 am	17 January 2019	Room 234, CEME
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Members: 17 Quorum: 6

MEMBERSHIP:

Representative Groups

Head Teachers:

Emma Allen, Special Maintained
Denise Broom, Secondary Academy
Margy Bushell, Primary Maintained
Kirsten Cooper, Primary Maintained
Georgina Delmonte, Primary Maintained
David Denchfield, Primary Academy
Nigel Emes, Primary Academy
Ray Lawrence, AP Academy
Simon London, Secondary Academy
Gary Pocock, Special Academy
David Unwin-Bailey, Primary Maintained
Keith Williams, Secondary Academy

Governors:

Bernard Gilley, Primary Maintained
Dave Waters, Primary Maintained

**Non-School
Representatives:**

Maria Thompson, Post 16
Joanna Wilkinson, Early Years/PVI Sector

Trade Unions:

John Delaney, NUT
Peter Liddle, UNISON
John McGill, NASUWT

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. WELCOME TO NEW MEMBERS, APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

Following requests for nominations to fill vacancies, two appointments have been made as follows:

Dave Waters, governor representative of LA maintained schools
Denise Broom, academy representative of secondary schools

Apologies for absence have been received from Dave Waters.

2. TO AGREE THE MINUTES OF THE MEETING HELD ON 8 NOVEMBER 2018 (Pages 1 - 6)

3. MATTERS ARISING

4. HIGH NEEDS FUNDING (Pages 7 - 12)

5. SCHOOLS FUNDING 2019-20 (Pages 13 - 26)

6. EARLY YEARS FUNDING 2019-20 (Pages 27 - 48)

7. NEXT MEETINGS

Future meetings have been arranged as follows:

7th March 2019

13th June 2019

All meetings to be held at CEME at 8.30am.

8. ANY OTHER BUSINESS

**MINUTES OF A MEETING OF THE
SCHOOLS FUNDING FORUM
CEME**

8 November 2018 (8.30 - 10.38 am)

Present:

Representative Groups

Headteachers: Emma Allen, Special Maintained
Margy Bushell, Primary Maintained
Kirsten Cooper, Primary Maintained
Georgina Delmonte, Primary Maintained
David Unwin-Bailey, Primary Maintained
Nigel Emes, Primary Academy
Ray Lawrence, AP Academy
Simon London, Secondary Academy
Keith Williams, Secondary Academy

Governors: Bernard Gilley, Primary Maintained

Trade Unions: Peter Liddle, UNISON

**15 WELCOME TO NEW MEMBERS, APOLOGIES FOR ABSENCE AND
ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS**

Apologies for absence were received from John Delaney (NUT), David Denchfield (Primary Academy), Vicky Fackler (Special Academy), Gary Pocock (Special Academy) and Joanna Wilkinson (Early Years/PVI Sector).

Members welcomed David Unwin-Bailey as the representative for Primary Maintained schools on the Schools Funding Forum, who had replaced Jan Taylor from Cluster A.

Members noted that Maria Thompson, Post 16 representative, had retired and that Paul Wakeling would be invited to join the Forum.

**16 TO AGREE THE MINUTES OF THE MEETING HELD ON 20TH
SEPTEMBER 2018**

The minutes of the meeting of the Forum held on the 20 September 2018 were agreed as a correct record and signed by the Chairman, with an amendment to Minute No. 1 whereby apologies for absence had been received from Emma Allen, representative for Special Maintained schools rather than Special Academies.

17 MATTERS ARISING

The following matters arose from the minutes of the previous meeting:

- Minute No. 2, School Forum Membership refers: Nominations had been sought from Chairs of Academy trusts to be appointed to the Forum, however no interest had yet been received and a reminder would be circulated.
- Minute No. 12, Behaviour and Inclusion refers: Two responses had been received to the consultation on increased contributions from schools to the cost of a range of alternative provision to support pupils with challenging behaviour. An item had not been included on the agenda as the number of responses received was considered to be insufficient. The consultation would be sent out for a second time.

18 HIGH NEEDS FUNDING

Members received a draft report that sought to set out how Havering's allocation of funding from the Dedicated Schools Grant (DSG) High Needs Block was deployed to support and place, in appropriate provision, pupils and young people with special educational needs and/or disabilities and pupils with challenging behaviour requiring intervention or alternative provision.

The inadequacy of funding to local authorities through the DSG High Needs Block was a national issue, with an increasing number of local authorities reporting year end overspends of their High Needs funding and attempts of some to take remedial action having been the subject of judicial review.

There were a number of competing pressures on high needs funding, which included:

- An increasing number of pupils and students requiring Educational Health Care Plans within a growing pupil population;
- An increase in the complexity of need of children requiring placement in Havering schools;
- The revenue costs of funding a new special school for Social, Emotional and Mental Health and Autism Spectrum Disorder;
- The revenue costs of more additionally resourced provisions in mainstream schools;
- Funding that recognised the pressures on schools with high numbers of pupils with Educational Health Care Plans;
- The need for additional support within children's early years;
- An increase in post 16 provision up to the age of 25;
- Pupils with medical needs but no Educational Health Care Plan; and
- Additional training for school staff for children with Special Educational Needs and Disabilities.

In 2018-19, the Government introduced a National Funding Formula (NFF) to redistribute allocations to local authorities for high needs, with the aim to have a fair, transparent and predictable funding system. Based on the application, Havering received an increase in funding of 8.2%, however there was a cap of 3% which had limited the additional funding that Havering would receive. Although this additional funding eased some pressure on budgets, Havering continued to under-fund almost all areas of high needs provision.

The government also provided all local authorities with Special Provision Capital Funding over three years starting in 2018/19, to be used to improve facilities for children and young people with high needs and for increasing the number of places available.

The three special schools in Havering were currently funded £10,000 per place and an element 3 top up per pupil from the commissioning Local Authority. The new free school would be funded by the Education and Skills Funding Agency at £10,000 per place x 60 places and element 3 top up funding from the Havering's high needs block. 26 pupils were identified who could have attended this new school and these children and young people were currently attending a range of independent or non-maintained provision averaging at just over £63,000 per place per year.

The three secondary schools and three primary schools in Havering which had an Additional Resource Provision (ARP) were allocated £6,000 (element 2) per place with additional top up funding (element 3) of a further £6,000 per place. In addition, a further ARP was expected to open in September 2019. Members expressed concern that with the expanding primary provision, there was a lack of secondary places for transition and were advised that the Local Authority were in discussion with some secondary schools regarding additional provision.

Mainstream school funding was at £14 per hour for the number of hours above 11 in a pupil's Educational Health Care Plan x 39 weeks. The number of hours being agreed in plans was increasing due to the complexity of needs.

There were a number of pathways in the borough for post-16 placements depending on need, including Havering College, which caters for students with a range of additional needs across its mainstream curriculum; Ravensbourne Sixth Form; Corbets Tey @ The Avelon for those who had finished Key Stage 4; Routes for Life, delivering courses for 19-25 year olds; and Dycorts would be developing a post-16 provision.

There were also independent and non-maintained provisions out of borough placements used by Havering residents including Treehouse, East London Independent, Hopewell, Woodcroft and The Belsteads, with an average cost for each provision ranging between £53,500 - £99,000. Some of these provisions provided for residential placements with an education element. The cost to the local authority for out of borough placements was

£3,173,508 in 2017-18, which increased to £3,715,611 in 2018-19. The objective was to increase the local provision available, which would be the less expensive option.

In 2018-19, there were 385 children with additional needs and disabilities in early years across the borough.

The Olive AP Academy in Havering provided a facility for secondary aged pupils who had been permanently excluded and these placements were controlled through the secondary In Year Fair Access Panel. With regards to primary provision, there was no longer a primary Pupil Referral Unit and referrals for support would continue to be challenged through the Primary Inclusions Network.

In 2018-19 Havering's High Needs allocation was £20,923,000 (after recoupment) and the forecasted overspend was £2m. It was projected that by 2022/23, there would be an additional 94 children and young people with Educational Health Care Plans, an increase of 6.5%.

The Forum received data on when young people were assessed and the decision taken whether or not to issue an EHC plan. It was suggested that an analysis be undertaken to determine if there were a trigger point. It was further suggested that more recent data be used for the report and the projection data for 0-5 year olds, to include data showing the change in demographics of pupils with EHC plans moving into the borough.

There would be a significant review of Special Educational Needs by the local authority as a priority, with particular attention to the decision making process.

The High Needs report would continue to be updated and presented to Overview and Scrutiny Committee to raise the profile of Havering's position.

19 SCHOOLS FUNDING 2019-20

Members received a report that requested that the Havering's Schools Funding Formula followed the Department for Education National Funding Forum for a second year in 2019-20 and considered, based on current modelling, if this would be achievable within Havering's Schools Block allocation from the Dedicated Schools Grant.

The Forum was provided the indicative allocation of schools block funding to Havering for 2019-20 at its meeting on the 20 September 2018. There was an issue that the funding from the Department for Education was based on previous year estimates and would be insufficient to pay actual NNDR costs in 2019-20 and that the actual funding received would be calculated according to a new formula and would be significantly less than the £3.3m figure.

The Schools Funding Forum agreed to a consultation with schools on the allocation of funding for 2019-20 using the funding rates within the National Funding Formula, including a 0.5% minimum funding guarantee and a gains cap that was affordable up to a maximum of 3%.

A summary of APT formula – Cap, MFG and Funding Floor was circulated at the meeting. The summary was based on unverified data by the Department for Education, as local authorities would not be in receipt of the final DSG calculations until mid December.

The Forum considered the options presented and agreed that a minimum funding guarantee of 0.5% be applied, capped at 2%. The Forum agreed that an exemption to exclude the mobility factor be applied for to the Secretary of State.

The Forum was requested to consider transferring £800,000 from the Schools Block to the High Needs Block. After much consideration and debate, the Forum did not agree to the transfer request. It was considered that a per pupil contribution of £23 would place further pressures on schools budgets and could mask the real problem of the DFE's underfunding of high needs.

20 DE-DELEGATION OF EAL FUNDING FROM MAINTAINED SCHOOLS 2019-20

The Forum received a report which sought its approval for the de-delegation of funding to maintain the provision of a central EAL service in 2019-20 as permitted by the Department for Education Schools Funding Regulations.

The results of consultation with all maintained primary school head teachers were:

Number of responses:	22 (51%)
Agree to delegation:	16 (73%)
Disagree	6 (27%)

The Local Authority maintained school representatives agreed to the de-delegation of funding from the budgets of Local Authority maintained schools to support a central EAL service for the 2019-20 financial year.

21 TEACHERS' PENSION INCREASE

Members received a report which advised of the Government's announcement of the increase in employer contributions to the Teachers' Pension Scheme in 2019 and the allocation of grant.

Following advice from the HM Treasury, the Teachers' Pension Scheme had announced that the increase in employer contributions was likely to rise from 16.48% to 23.6%, compared to the 19% increase from April 2019 that schools had been advised to budget for. The increase had been delayed

until September 2019 and the Government had advised that the increase would be fully grant funded.

The Schools Funding Forum noted the arrangements for grant funding the increase in teachers' pension contributions from 2019.

22 NEXT MEETINGS

Future meetings had been arranged as follows:

13th December 2018

17th January 2019

7th March 2019

13th June 2019

All meetings to start at 8.30 a.m. at CEME.

23 ANY OTHER BUSINESS

The exempt minutes of the meeting of the Forum held on the 20 September 2018 were agreed as a correct record and signed by the Chairman. The Forum was advised that detailed reasons for any considerable under expenditure continued to be collected from schools.

Schools Funding Forum 17th January 2019

ITEM 4

Subject Heading:

High Needs Funding 2019-20

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

All members

SUMMARY

This item is to report to the Schools Funding Forum Havering's allocation of funding for High Needs within the DSG including the additional high needs funding that has been allocated by the Government for financial years 2018-19 and 2019-20.

RECOMMENDATIONS

That the Schools Funding Forum notes the report.

REPORT DETAIL

On 17th December, Damian Hinds, Secretary of State for Education gave a written statement to parliament as an Education update which included an announcement of additional funding to the allocations of High Needs DSG to local authorities for 2018-19 and 2019-20.

A copy of the written statement is attached at Appendix A.

The additional funding to Havering is £611,278 for each year. Although this extra funding is welcome, for Havering it will reduce the amount of the forecast overspend in 2018-19 and is insufficient to meet projected costs in 2019-20.

High Needs Block allocations to local authorities were announced on 18th December 2018 and Havering's allocation is shown in the table below with a comparison to 2018-19 funding.

	Actual 2019-20 high needs NFF allocations, excluding basic entitlement factor and import/export adjustments (£m)	Mid-2019 age 2-18 ONS population projection	2019-20 ACA-weighted basic entitlement factor unit rate (£)	Actual 2019-20 number of pupils in special schools/academies (headcount)	2019-20 import / export adjustments (based on January 2018 school census and February R06 2017/18 ILR.) (£m)	Additional high needs funding (£m)	2019-20 provisional total high needs block (£m)
2019-20	23.649	55,566	4,348.33	355.5	-0.516	0.611	25.290
2018-19	22.298	53,591	4,348.33	343	-0.516	0.611	23.885
Difference	1.351	1,975	0.00	12.5	0.000	0.000	1.405

Education Update: Written statement

Department for Education

Made by: Mr Damian Hinds (The Secretary of State for Education)

Made on: 17 December 2018

Today, I am pleased to announce additional revenue funding in 2018-19 and 2019-20, and extra capital funding in 2019-20, to provide support for children and young people with special educational needs and disabilities (SEND), as well as the 2019-20 Dedicated Schools Grant (DSG) allocations to local authorities.

Our ambition for children with SEND is exactly the same as for every other child – to achieve well in school and college, find employment and go on to live happy and fulfilled lives. High needs funding has already risen by £1 billion, from £5 billion in 2013 to £6 billion this year. As part of our wide-ranging reforms to the SEND system in 2014, we introduced Education, Health and Care (EHC) plans, to ensure that support is tailored to the needs of individuals, and families are put at the heart of the process. Already, more than 320,000 children and young people are benefiting from these.

Members from all sides of the House have raised concerns from schools, colleges and local authorities about the pressures on high needs budgets. I understand that these costs are rising, in particular the costs of special educational provision for those with more complex needs, funded from local authorities' high needs budgets.

Today I am announcing a number of changes to start to address these pressures.

First, we will provide additional high needs funding allocations across all local authorities, of £125 million in each of 2018-19 and 2019-20. This brings the total allocated for high needs this year to £6.1 billion. This additional investment will help local councils to manage pressures and I have published the individual local authority allocations today.

Ensuring that there is sufficient capacity locally for pupils in mainstream and special schools, and for young people aged 16 and above, is a priority for this Government. As part of this, I am announcing a further £100 million top-up to the Special Provision Capital Fund in 2019-20 to take our total investment to £365 million across 2018-21. This additional funding will give more children access to a good school or college place that meets their individual needs. This could also pay for more state-of-the-art facilities, such as sensory rooms and specialist equipment.

We have also received 65 bids from local authorities identifying a need for new special and alternative provision free schools. We now anticipate that all those that fully meet the published criteria will be approved, even if the number of schools exceeds the 30 or so we had originally planned for.

Of course, extra funding cannot be our only response. I want to continue engaging with local authorities, health providers, families, schools and colleges to better understand what is driving the cost pressures on high needs budgets, and to work with the sector to help manage them. Therefore, today I am writing to all local authorities to outline our plans for supporting them in their role of providing strategic leadership and oversight of the provision for children and young people with SEND. While local authorities have this responsibility, I am clear that they cannot act alone in doing so.

To equip all areas to improve planning and commissioning we are establishing a SEND System Leadership Board focused on improving joint education, health and care commissioning, as recommended by Dame Christine Lenehan's review into the experiences and outcomes of children in residential special schools and colleges. We are also establishing joint Ministerial roundtables with the Department for Health and Social Care to give providers, users and voluntary sector organisations further opportunities to input their views and insight across the SEND system.

To support local authorities in carrying out their statutory EHC plan assessment process and to support schools and colleges in their work with families, I am announcing funding for training more Educational Psychologists (EPs). We will be funding three more cohorts of EP trainees, starting in September 2020; and will increase the number of trainees from 160 to at least 206, to reflect increased demand. Classroom teachers and those in training will also have a greater focus on supporting children with SEND, as the upcoming Teacher Recruitment and Retention Strategy will make sure all teachers are equipped with the knowledge and skills to meet the needs of all pupils.

My department is also commissioning SEN Futures: a flagship package of long-term research and analysis to provide evidence on the impact of current SEN provision on children and young people's outcomes, and to assess the value for money of SEN provision in England. Procurement for the first pieces of work in this programme has begun today.

In addition, in order better understand the financial incentives that influence how schools, colleges and councils support children and young people with special educational needs, the Department for Education will be gathering more evidence early in 2019. This will include looking at the first £6,000 schools pay for special educational provision before accessing additional funding from local high needs budgets.

I recognise the rising demand for EHC plans for those over 19, and the need for education, health and social care services to agree a shared vision of what good life outcomes look like for an individual, and when it is right to cease an EHC plan. We have commissioned one of our delivery partners, the National Development Team for Inclusion to work with 20 local authorities to develop and model effective practice on this, and to share their findings across regions.

I also want to continue to ensure that services for young people with SEND effectively prepare them for adulthood, including employment: raising expectations and aspirations for young people, their parents, education providers and employers. My officials are working closely with the Department for Work and Pensions on this, and we are committed to finding ways to support more young people with SEND into sustainable employment. I want our wider reforms to post-16 education, including T Levels, to be accessible to those with SEND and will continue to support close working between colleges, schools and local authorities to improve pathways to adulthood.

Today I am also confirming the school and early years funding allocations for 2019-20. This announcement covers the DSG and the Pupil Premium.

The distribution of the DSG to local authorities is set out in four blocks for each authority: a schools block, a high needs block, an early years block, and the central school services block.

In July 2018, we published the primary and secondary units of funding for the schools block, the provisional allocations for the high needs block and central school services block. These have been updated with the latest pupil numbers to show how much each local authority will receive in 2019-20.

The early years national funding formula rates for 3- and 4-year-olds for 2019-20 were published on 22 November, and today we have announced initial allocations for this block.

The pupil premium per pupil amounts will be protected at the current rates.

Finally, I would like to take this opportunity to respond to the resolution of the House following the opposition day debate on school funding on 13 November.

Children only get one chance at a great education, which is why, as today's announcement further demonstrates, this Government has prioritised and protected school spending – even while having to take difficult public spending decisions in other areas.

Across the board, standards are rising; in 2010, 66% of children were in good or outstanding schools– that is up to 84% now. While there is more money going into our schools than ever before, and we know from international studies that our school spending is in line with or above most comparable countries, we recognise the

budgeting challenges schools face and that we are asking them to do more. That is why we've announced a school resource management strategy, setting out a wide range of practical support to help schools reduce their costs and make every pound count, while at the same time improving outcomes for pupils.

With the funding and support for schools and high needs announced today, I am confident that they will be able to continue to improve outcomes for all children and young people.

Schools Funding Forum 17th January 2019

ITEM 5

Subject Heading:

Schools Funding Formula 2019-20

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

All school and academy members

SUMMARY

This report seeks the approval of the Schools Funding Forum to the formula and funding values on which that Havering's schools and academies will be funded in the financial year 2019-20.

RECOMMENDATIONS

That the Schools Funding Forum agrees that the Local Authority adopts the national funding formula rates for the funding of schools and academies in financial year 2019-20 and also ensures that all schools receive a minimum funding guarantee of 0.5% per pupil with gains capped at 2%.

REPORT DETAIL

At the meeting held on 8th November 2018 the Schools Funding Forum received a report on the Local Authority's estimate of the Schools Block DSG funding that was to be received for financial year 2019-20 for distribution to schools and academies.

On this basis, a range of options were presented all of which were modelled using the DfE's national funding formula rates. Consideration was then given to the level of minimum funding guarantee (mfg) and the gains cap. The national funding formula rates are attached at Appendix A uplifted for the area cost adjustment applicable to Havering.

At the November meeting it was demonstrated that a repeat of the 0.5% mfg and 3% gains cap that were applied in 2018-19 was unaffordable. However, it was considered that the fairest option would be to ensure that every school received the 0.5% per pupil increase with the gains cap reduced to a level that was affordable at 2% per pupil.

A consultation paper was sent to schools on 26th November summarising all of the decisions made by the Funding Forum that will impact on school budgets in 2019-20 including the above proposal. This is attached at Appendix B. No responses were received from schools for the Forum to take into consideration so the Local Authority is proposing to apply the formula that was agreed at the November meeting.

On 18th December the final Schools Block settlement was received which has confirmed that the proposals for a 0.5% per pupil increase and a gains cap of 2% per pupil can be implemented.

The Schools Block funding settlement for 2019-20 is set out below.

Schools block primary unit of funding £	Schools block secondary unit of funding £	Schools block primary pupils	Schools block secondary pupils	Sub-total Schools Block £	Pupil Mobility	Rates	Growth funding £	Total schools block £
4,054.28	5,494.97	22,118	14,447	169,055,649	63,051	2,098,445	2,498,944	173,716,089

For 2018-19, corresponding figures were:

4,004.60	5,474.26	21,969	14,388	166,740,710	71,605	2,036,420	3,360,129	172,208,864
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Differences

49.68	20.71	149	59	2,314,939	-8,554	62,025	-861,185	1,507,225
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The funding available for distribution to schools through the formula, including pupil mobility and rates is £171,217,145 (Schools Block + Pupil mobility + Rates).

To fund all schools and academies on the national funding formula values, apply a 0.5% mfg and a 2 % gains cap will cost £171,404,334. An allocation of £187,189 is therefore required from the contingency set aside to implement the national funding formula for a second year.

Applying the formula as proposed would result in the number of schools receiving at least an increase of 0.5% per pupil as follows:

No of schools receiving the minimum 0.5% increase per pupil	No of schools receiving an increase between 0.5% and 2.0% (3.0%) per pupil	No of schools receiving the maximum 2% (3%) increase per pupil
7 (4)	3 (2)	2 (6)
1 (0)	3 (2)	8 (10)
12 (3)	12 (10)	13 (24)
16 (11)	2 (5)	0 (2)
36 (18)	20 (19)	23 (42)
46% (23%)	25% (24%)	29% (53%)

The allocation of Pupil Growth funding to local authorities is, from 2019-20 allocated to local authorities according to a formula. This reduces the amount available to Havering. In 2018-19 Havering set a budget of £2.7m for pupil growth and £0.4m for Good and Outstanding schools with falling rolls. Applying the same formula as in 2018-19 the estimated costs of growth arising in 2019-20 can be met from within the revised allocation. These are set out at Appendix C.

ITEM 5 APPENDIX A

Schools Funding Forum 17th January 2019

The National Funding Formula for 2019-20 including the area cost adjustment applicable to Havering.

	national rates	ACA @ 1.08204
AWPU (Primary)	2,746.99	2,972.35
AWPU (KS3)	3,862.65	4,179.54
AWPU (KS4)	4,385.81	4,745.62
FSM (Primary)	440.00	476.10
FSM (Secondary)	440.00	476.10
Ever6 FSM (Primary)	540.00	584.30
Ever6 FSM (Secondary)	785.00	849.40
IDACI Band F (Primary)	200.00	216.41
IDACI Band E (Primary)	240.00	259.69
IDACI Band D (Primary)	360.00	389.53
IDACI Band C (Primary)	390.00	422.00
IDACI Band B (Primary)	420.00	454.46
IDACI Band A (Primary)	575.00	622.17
IDACI Band F (Secondary)	290.00	313.79
IDACI Band E (Secondary)	390.00	422.00
IDACI Band D (Secondary)	515.00	557.25
IDACI Band C (Secondary)	560.00	605.94
IDACI Band B (Secondary)	600.00	649.22
IDACI Band A (Secondary)	810.00	876.45
Low Attainment (Primary)	1,022.00	1,105.84
Low Attainment (Secondary)	1,550.00	1,677.16
EAL (Primary)	515.00	557.25
EAL (Secondary)	1,385.00	1,498.63
Lump Sum (Primary)	110,000.00	119,024.40
Lump Sum (Secondary)	110,000.00	119,024.40

Consultation on Schools and High Needs Funding 2019-20



Havering
LONDON BOROUGH

Introduction

This consultation document sets out the proposals of Havering Local Authority for the funding of schools for the financial year 2019-20, the second year of operation of the Government's national funding formula for schools and high needs. Although there are no specific questions raised in this consultation, schools are welcome to comment on any part of the proposed funding arrangements.

Process

The consultation period will run until 10th December 2018.

A summary of responses to the consultation will be reported to the meeting of the Schools Funding Forum on 13th December and final decisions taken by the Local Authority in January before schools are issued with their funding.

Responding to the Consultation

Although the consultation paper is sent to all head teachers and Chairs of Governors, we would prefer to receive a single response from each school.

Any responses should be sent to:


School Finance Team
Education Services
London Borough of Havering
Mercury House
Mercury Gardens
Romford
RM1 3DW

E-mail: education.finance@haverling.gov.uk

All responses should be returned by 10th December 2018.

Further Information

If you require any further information about any item included in the consultation paper please contact:

David Allen
Strategic Finance Manager
 01708 433851
Email: david.allen@haverling.gov.uk

Schools Funding 2019-20

2019-20 is the second year of the transitional arrangements before full implementation of the Government's national funding formula for schools. Full implementation was originally planned for 2020-21 but has now been delayed until 2021-22 at the earliest.

This means that local authorities continue to be responsible for setting the formula for schools to distribute the funding allocated through the Schools Block of the Dedicated Schools Grant (DSG). Decisions are made following consultation with schools and the Schools Funding Forum.

Although the direct funding of schools from the DFE is delayed, the national funding formula is used to calculate the DSG Schools Block that is allocated to local authorities. This is done by applying Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs) to the number of pupils on the October 2018 census for 2019-20 funding.

The PUFs and SUFs are calculated by applying the NFF rates to schools' data (deprivation, prior attainment data etc.) from October 2017. However, the local authority will need to fund actual data from the October 2018 census and needs to model the likely cost against the estimated amount of DSG Schools Block it will receive from the DFE. If data increases e.g. the number of free school meals or the number of children living in areas of deprivation then full application of the national funding formula may not be affordable as the cost of funding schools on October 2018 is greater than the amount allocated by the DFE based on 2017 data.

The verified data from the October 2018 census is not received from the DFE until mid-December so the local authority has modelled schools funding based on locally held data.

In 2018-19, the local authority was able to implement the NFF in full. This was as follows:

- The national funding formula rates were used for each formula factor
- Every mainstream school received a 0.5% increase in its per pupil funding
- A gains cap of 3% per pupil was applied for schools that would otherwise have received a greater increase from the NFF

The result of this for Havering schools for 2018-19 was as shown in the table below.

Phase	Per pupil increase			Total
	0.5%	Between 0.5% and 3%	3%	
Infant	4	2	6	12
Junior	0	2	10	12
Primary	4	8	24	36
Secondary	10	5	2	17
Total	18	17	42	77
% Total	23%	22%	55%	

The local authority's modelling of the October 2018 data shows that it is unaffordable to implement this for a second year within its estimated Schools Block allocation.

This was discussed at the Schools Funding Forum meeting of 8th November and it was agreed to implement the formula as far as possible in 2019-20 but restrict gains to 2% per pupil whilst ensuring that all schools receive the minimum 0.5% per pupil increase. This is summarised as follows:

- The national funding formula rates to be used for each formula factor
- Every mainstream school receives a 0.5% increase in its per pupil funding
- A gains cap of 2% per pupil to be applied for schools that would otherwise have received a greater increase from the NFF

The cost of applying a cap of 2% on gains is £210k less than applying a cap of 3%. Although the 20 schools in the table below would have otherwise received a higher amount, this allows all schools to receive at least a 0.5% increase per pupil. An alternative would have been to set a lower minimum funding guarantee than the 0.5% and increase the cap to 3%. The Schools Funding Forum considered that the application of a 2% cap to be fairer model of distribution.

The result of this for Havering schools for 2019-20 based on indicative data should be as below although the numbers will change once the full and final data set is received.

Phase	Per pupil increase			Total
	0.5%	Between 0.5% and 2%	2%	
Infant	8	1	3	12
Junior	4	1	7	12
Primary	21	4	10	36
Secondary	12	6	0	17
Total	45	12	20	77
% Total	58%	16%	26%	

The NFF also needs to ensure that every school in the country receives the minimum funding per-pupil of £4,800 for secondary schools and £3,500 for primary schools in 2019-20. The proposals above achieve this for every school except for one primary and one secondary school whose per pupil amounts are uplifted to ensure this minimum is received.

The DFE has made some minor changes to the rates of some funding factors as shown at Appendix A and has increased the Schools Block to achieve a 1% increase for schools on 2017-18 per pupil baselines. The LA has demonstrated to the Schools Funding that a 0.5% increase on 2018-19 baselines is more favourable for schools so has applied this in the financial modelling.

De-delegation 2019-20 (LA maintained primary schools only)

On behalf of all LA maintained primary schools, the Schools Funding Forum is asked to consider the de-delegation of funding for a limited number of central support services. Agreement has been given for the services below. The deduction from the various funding factor rates have all reduced from 2018-19 except for FSM Eligibility, Maternity Insurance and Trade Union Facility Time all of which remain unchanged

Attendance & Behaviour

Formula factor	AWPU	FSM	IDACI C	IDACI B	IDACI A	Low attainment	
Amount	£2.00	£17.00	£15.00	£45	£300	£9.00	
Total	£33,758	£33,116	£18,276	£49,927	£1,500	£44,912	£181,489

EAL Service

Formula factor	EAL 3
Amount	£49.00
Total	£110,000

This decision followed a consultation with schools who were 73% in favour of retaining the central service.

Free School Meals Eligibility Checking Service

Formula factor	FSM
Amount	£9.00
Total	£17,613

General Insurance

Formula factor	AWPU
Amount	£20.50
Total	£346,000

Maternity Insurance

Formula factor	AWPU
Amount	£26.00
Total	£439,000

Contingency for Schools in Financial Difficulty

Formula factor	AWPU
Amount	£11.00
Total	£186,000

Trade Union Facility Time

Formula factor	AWPU
Amount	£2.50
Total	£42,200

This is subject to further review by the Schools Funding Forum

Central Education Services

This relates to service for LA maintained schools for which government grant has ceased.

Formula factor	AWPU
Amount	£17.90
Total	£302,000

Pupil Growth and Falling Rolls Funding 2019-20

For several years, Havering has held a central budget to support pupil growth in the borough and for schools with falling rolls. This has provided expanding schools with additional funding where the pupil numbers on which the school has been funded has not taken account of additional classes in a new academic year. This includes the funding of bulge classes. Schools with falling rolls have also received some transitional funding in the years before pupil numbers increase or while the school implements a class reorganisation to reduce its costs. DFE regulations permit this for Good and Outstanding schools only.

In 2018-19 the total budget for pupil growth and falling rolls received from the DFE was £3.2m. For 2019-20 the DFE has drawn all funding back centrally and redistributed it to LAs according to a formula. This will mean that Havering's allocation will reduce by approximately £700,000. The LA is currently modelling the impact of this and has brought to the attention of the DFE that Havering has the highest increase in pupil numbers in London and a reduction in funding could have significant implications for the LA's ability to adequately fund pupil growth.

High Needs Block

As with the DSG Schools Block, the 2019-20 will be the second year that the High Needs Block is allocated on a national funding formula. Havering's allocation in 2018-19 was capped at the maximum 3% and would otherwise have delivered approximately £2m extra rather than the £800k received. In 2019-20 Havering's indicative allocation is £1.3m greater than the current year although there are still some adjustments to be made before the final sum is confirmed.

Although this increase is welcome, the current year's High Needs Block is forecast to overspend by approximately £2m and with increasing numbers of children with EHC plans and an increasing complexity of need, the trend is for higher levels of expenditure in future years.

This is a national problem and several local authorities are accumulating deficits from previous years. A recent survey by London Councils has predicted a £68m shortfall in the funding of London Boroughs by the end of the current financial year.

The local authority will be reviewing all areas of expenditure and will continue to invest in local provision with the aim of reducing the number of pupils placed in costly out of borough, non-maintained and independent provision.

The DFE regulations permit a one-off transfer between DSG funding blocks into the High Needs Block to mitigate some of the pressures. The maximum transfer between funding blocks is 0.5% which would allocate an additional £800k into the High Needs Block if agreed. This was considered by the Schools Funding Forum at the November meeting and members were advised that the reduction in schools budgets would be approximately £23 per pupil. After much debate the decision was to refuse the request of the LA to transfer the funding given the already considerable pressures on school budgets.

Appendix A

Comparison of NFF formula factor values

	2018-19		2019-20		Difference
	national rates	ACA @ 1.08204	national rates	ACA @ 1.08204	
AWPU (Primary)	2,746.99	2,972.35	2,746.99	2,972.35	
AWPU (KS3)	3,862.65	4,179.54	3,862.65	4,179.54	
AWPU (KS4)	4,385.81	4,745.62	4,385.81	4,745.62	
Ever6 FSM (Primary)	440.00	476.10	440.00	476.10	
Ever6 FSM (Secondary)	440.00	476.10	440.00	476.10	
FSM (Primary)	540.00	584.30	980.00	1,060.40	
FSM (Secondary)	785.00	849.40	1,225.00	1,325.50	
IDACI Band F (Primary)	200.00	216.41	200.00	216.41	
IDACI Band E (Primary)	240.00	259.69	240.00	259.69	
IDACI Band D (Primary)	360.00	389.53	360.00	389.53	
IDACI Band C (Primary)	360.00	389.53	390.00	422.00	32.46
IDACI Band B (Primary)	420.00	454.46	420.00	454.46	
IDACI Band A (Primary)	575.00	622.17	575.00	622.17	
IDACI Band F (Secondary)	290.00	313.79	290.00	313.79	
IDACI Band E (Secondary)	390.00	422.00	390.00	422.00	
IDACI Band D (Secondary)	515.00	557.25	515.00	557.25	
IDACI Band C (Secondary)	515.00	557.25	560.00	605.94	48.69
IDACI Band B (Secondary)	600.00	649.22	600.00	649.22	
IDACI Band A (Secondary)	810.00	876.45	810.00	876.45	
LAC	0.00	0.00	0.00	0.00	
Low Attainment (Primary)	1,050.00	1,136.14	1,022.00	1,105.84	-30.30
Low Attainment (Secondary)	1,550.00	1,677.16	1,550.00	1,677.16	
EAL (Primary)	515.00	557.25	515.00	557.25	
EAL (Secondary)	1,385.00	1,498.63	1,385.00	1,498.63	
Lump Sum (Primary)	110,000.00	119,024.40	110,000.00	119,024.40	
Lump Sum (Secondary)	110,000.00	119,024.40	110,000.00	119,024.40	

ACA = Area Cost Adjustment

USE OF PUPIL GROWTH FUND IN 2019-20

	£
New permanent expansions	0
<u>Primary</u>	
Cohorts moving through from previous year permanent expansions	730,413
- Funding of 360 additional places in 12 schools	
<u>Secondary</u>	
Cohorts moving through from previous year permanent expansions	610,212
- Funding of 188 additional places in 6 schools	
Estimated academy recoupment for summer term funding	-118,149
Commitment to primary schools for unfilled bulge classes from previous year	349,111
Good and outstanding schools with falling rolls	260,000
Primary schools with year groups that are significantly and consistently below their PAN	285,098
Allocations to meet infant class size regulations (half form entry schools)	41,613
<u>Contingencies</u>	
3 x primary school bulges	145,645
Infant class size regulations	25,000
Deprivation supplement	70,000
General contingency	100,000
	<u>2,498,943</u>
Budget	2,498,943

Summary	
USE OF PUPIL GROWTH FUND IN 2019-20	
	£
New permanent expansions	0
<u>Primary</u>	
Cohorts moving through from previous year permanent expansions	730,413
- Funding of 360 additional places in 12 schools	
<u>Secondary</u>	
Cohorts moving through from previous year permanent expansions	610,212
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Estimated academy recoupment for summer term funding	-118,149
Commitment to primary schools for unfilled bulge classes from previous year	349,111
Good and outstanding schools with falling rolls	260,000
Primary schools with year groups that are significantly and consistently below their PAN	285,098
Allocations to meet infant class size regulations (half form entry schools)	41,613
<u>Contingencies</u>	
3 x primary school bulges	145,645
Infant class size regulations	25,000
Deprivation supplement	70,000
General contingency	100,000
	<u>2,498,943</u>
Budget	2,498,943

Schools Funding Forum 17th January 2019

ITEM 6

Subject Heading:

Early Years Funding 2019-20

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

All school and academy members and the PVI representative

SUMMARY

This item is to consider the LA proposals for the funding of providers of early years education in financial year 2019-20 following notification by the DfE of indicative funding allocations and consultation with providers.

RECOMMENDATIONS

That the Schools Funding Forum agrees the proposals as follows:

- i) to increase the basic hourly rate to providers to £4.65 (from £4.53) for 3 and 4 year olds
- ii) to continue to use Deprivation as the only supplement to the basic rate
- iii) to continue to set the hourly IDACI rates so they are in line with those used for the schools national funding formula
- iv) to increase the basic hourly rate to providers to £5.40 (from £5.35) for 2 year olds
- v) to retain contingencies of £572,057 (from £803k) and £100,100 (from £85k) for 3 & 4 and 2 year olds respectively to fund in-year provision
- vi) to retain £800k (5%) for LA statutory and quality assurance functions
- vii) to retain the Inclusion Fund at £200k but reduce the contribution from the DSG high needs block from £100k to £50k.

REPORT DETAIL

Background

Early years education is funded through the Early Years Block of the DSG. Local authorities receive indicative allocations of funding which are updated during the year based on the January census. LAs therefore need to estimate the total grant that will be received during the financial year to determine the funding that can be allocated to early years providers and retained to meet the costs of the LA. The proposed funding arrangements are then subject to consultation with providers.

Estimated funding through the DSG Early Years Block

The funding rates for local authorities were announced by the DfE on 22nd November 2018. Havering's rate is £5.28 for 3 and 4 year olds and £5.66 for 2 year olds, the same as in 2018-19.

Unlike the DSG Schools Block which is calculated on the basis of the preceding October census, the Early Years Block is calculated on the January census prior to the start of the financial year and updated on the following January census to allow for growth between the two counts.

LAs must therefore budget for a contingency for funding provision that is not picked up in either census.

On the basis of current participation and anticipated growth, the LA has estimated that it will receive the following funding in financial year 2019-20:

3 and 4 year olds

	Part time equivalent	Hours (PTE x 15 hrs x 38 weeks)	@ £5.28 per hr £
15 hours entitlement	4,200.00	2,394,000	12,640,320
Additional 15 hours	1,430.90	815,613	4,306,434
Total			16,946,754

2 year olds

	Part time equivalent	Hours (PTE x 15 hrs x 38 weeks)	@ £5.66 per hr £
15 hours entitlement	675.45	385,006	2,179,151

Proposals

From the estimated funding above, decisions need to be made on funding to be held centrally, supplements to be used and the basic hourly rate that will be applied to the funding of provision in 2019-20.

- i) As in 2018-19, the required pass through rate of grant to providers is 95%. 5% may be retained by LAs for statutory duties on quality assurance, sufficiency planning, business support, data collection and analysis, finance etc.

In 2018-19 the amount retained centrally was £730k. With increased participation in 2019-20 the financial value of the 5% has also increased. During 2019-20 it is intended to review the software that supports the submission and management of data which will increase the central costs. An additional £70k is therefore requested for central retention.

Proposal: To retain £800k (4.7%) centrally.

- ii) Because the DSG Early Years Block is allocated on the basis of a January census, estimates need to be made on the hours of provision to be funded that is not captured in the census. This is estimated as follows:

3 and 4 year olds

	Part time equivalent	Hours (PTE x 15 hrs x 38 weeks)	@ £4.65 per hr £
15 hours entitlement	215.83	123,023	572,057

2 year olds

	Part time equivalent	Hours (PTE x 15 hrs x 38 weeks)	@ £5.40 per hr £
15 hours entitlement	32.52	18,536	100,100

Proposal: To retain £572,057 contingency for 3 & 4 year olds and £100,100 for 2 year olds provision

- iii) An Inclusion Fund of £200,000 has been established to allocate to providers in support of children with special educational needs and disabilities. In 2018-19 this was funded 50/50 from the Early Years and High Needs Blocks. Because of increasing pressures on the High Needs Block it is proposed to reduce the contribution from £100k to £50k and increase the contribution from the Early Years Block from £50k to £100k.

Proposal: To retain the Inclusion Fund at £200k funded by £150k from the Early Years Block and £50k from the High Needs Block.

- iv) LAs are limited in the supplementary factors they may use to allocate funding to providers other than through the basic rate. The permitted factors are deprivation, English as an additional language, quality, flexibility and rurality/sparsity (not applicable to Havering). In the last two years Deprivation has been the only supplement used for Havering providers and there continue to be issues with the robustness of the data for the other factors. The same IDACI rates as used in the funding of schools provides consistency.

It is estimated that £500k (3%) of funding will be allocated through the deprivation factors, well within the 10% permitted through supplements.

Proposal: To continue to use deprivation as the only supplement using IDACI hourly rates based on school rates.

- v) Having deducted contingencies, inclusion fund contributions and estimated sums to be allocated through a deprivation supplement, the balance of funding is allocated to providers through a basic hourly rate. Because of the increase in the hourly rate used to allocate funding to the LA, this can increase to £4.65 (from £4.53) for 3 and 4 year olds and to £5.40 (from £5.35) for 2 year olds.

Estimated costs

3 and 4 year olds

	Part time equivalent	Hours (PTE x 15 hrs x 38 weeks)	@ £4.65 per hr £
15 hours entitlement	4,200.00	2,394,000	11,132,100
Additional 15 hours	1,430.90	815,613	3,792,600
Total			14,924,700

2 year olds

	Part time equivalent	Hours (PTE x 15 hrs x 38 weeks)	@ £5.40 per hr £
15 hours entitlement	675.45	385,006	2,079,035

Proposal: To apply basic hourly rates of £4.65 for 3 and 4 year olds and £5.40 for 2 year olds for 2019-20.

Consultation

These proposals were presented to the Early Years Provider Reference Group at the meeting held on 4th November, to PVI managers at the termly briefing meeting on 10th December and to PVI providers at the termly preparation session on 8th January. A consultation paper was also sent to all providers.

Responses are as follows:

Number of responses	72
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Type of Provision responding	
Pre-school	31
Day Nursery	21
Childminder	17
LA Maintained School/Academy/College	2
Voluntary sector	1
Other (please specify)	0
Total	72

Proposal	No View			No View		
	Yes	No	View	Yes %	%	No %
(i) 2 year olds – an increase of 5p from £5.35 to £5.40	61	6	5	85%	8%	7%
(ii) retain a contingency of £100,102 to fund participation that is not picked up in Census	49	17	6	68%	24%	8%
(i) 3 & 4 year olds – an increase of 12p from £4.53 to £4.65	64	1	7	89%	1%	10%
(ii) retain deprivation as the sole supplement using IDACI data	51	14	7	71%	19%	10%
(iii) retain a contingency of £572,057 to fund participation that is not picked up in Census	51	16	5	71%	22%	7%
(iv) increase the central retention to £800,000 (from £730,000), which is within the 5% central retention permitted	37	22	13	51%	31%	18%
(v) increase the contribution from Early Years Block from £100,000 to £150,000 to compensate for the reduction in the contribution from the High Needs Block	36	23	13	50%	32%	18%



Early years funding

Proposed changes to funding for two year olds and three and four year olds

2019-20 Funding Consultation

December 2018

Consultation: Thursday 6th December 2018 to Wednesday 9th January 2019

Surveymonkey consultation link: <https://www.surveymonkey.co.uk/r/EY1920>

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Consultation overview

This consultation outlines the funding to providers who deliver the early years entitlements in the financial year 2019 to 2020. The early years entitlements are:

- the 15 hours entitlement for disadvantaged two year olds
- the universal 15 hours entitlement for all three and four year olds
- the additional 15 hours entitlement for eligible working parents of three and four year olds
- three and four year olds deprivation supplement
- Early Years Additional Needs Inclusion Fund

Additional funding streams for eligible three and four year olds for providers, which is out of scope of this consultation and remaining unchanged are:

- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF)
- Maintained Nursery School supplementary funding (*not applicable for Havering*)

Consultation respondents

This consultation is aimed at the following London Borough of Havering stakeholders, and is open to other parties affected by this consultation:

- Private and Voluntary Early Years providers (e.g. childminders, preschools, etc.)
- Independent providers
- Mainstream schools with nurseries
- Early Years Provider Reference Group (EYPRG)
- Schools Funding Forum
- Local Authority Early Years central support services

Part 1 – Introduction

(a) Early Years Block

Funding for early years education is allocated to local authorities by central Government through the Early Years Block of the Dedicated Schools Grant (DSG). The Early Years Block includes six funding streams:

- the early years entitlement for disadvantaged two year olds,
- the early years universal entitlement for three and four year olds,
- the early years additional entitlement for three and four year old children of eligible working parents,
- supplementary funding for Maintained Nursery Schools (not relevant to Havering),
- the Early Years Pupil Premium (EYPP), and
- the Disability Access Fund (DAF).

The initial allocation to local authorities applies hourly funding rates to the previous January census data. For financial year 2019-20, therefore, this is based on the January 2018 census. Initial allocations to local authorities will be announced in December 2018.

These allocations will then be updated for the January 2019 census once it has been verified by the DFE and again for the January 2020 census although any adjustments to an LA's funding arising from the 2020 census will not be made until July in the following financial year.

The local authority must therefore use local data and trend analysis to estimate its likely final funding allocation for the forthcoming financial year.

(b) Early Years Block Estimated Funding 2019-20

As per previous years, we have projected the number of children that we will attract funding for, based on the upcoming January Census and the estimated funding* for 2019-20 is as follows:

	Funding Rate (hourly)	Local Data (PTE)	Local Estimated Funding
entitlement for disadvantaged two year olds	£5.66	675.45	£2,179,151
universal entitlement for three and four year olds	£5.28	4,200.00	£12,640,320
additional entitlement for three and four year old children of eligible working parents	£5.28	1,430.90	£4,306,437
Early Years Pupil Premium (EYPP)	£0.53	285.14	£86,141
Disability Access Fund (DAF)	£615.00	88	£54,120
Total – Early Years Block			£19,266,169

**Please note that the Early Years block funding will be confirmed in July 2019 following the first census update of January 2019.*

(c) Funding Activities of Early Years Block

For two year old and three and four year olds, local authorities have to fund the following activities within each of the funding streams:

	two year olds	three and four year olds
2019-20 Published DfE Funding Rate	£5.66	£5.28
Comparable rate in 2018-19	£5.66	£5.28

<u>To fund:</u>		
Hourly base rate	✓	✓
Supplements	x	✓
In year contingency	✓	✓
Inclusion fund	✓	✓
Central retention	x	✓

(d) Funding requirements prescribed by DfE to LAs for financial year 2019-20

The key points on local authority funding of providers are that local authorities:

- are encouraged to fund providers on the basis of a flat hourly rate for all providers with no compulsory supplements for two year olds
- should set a single funding rate (including the same base rate and supplements) for both entitlements for three and four year olds (that is, both the universal 15 hours, and the additional 15 hours for working parents)
- must plan to pass on at least 95% of their three and four year old funding directly to providers to deliver the three and four year old entitlements
- may request that the 95% requirement be disapplied (i.e. reduced) in specific, exceptional circumstances
- must use a universal base rate for all types of provider in their local three and four year old formula
- must use a deprivation supplement in their local three and four year old formula, and any other supplements used must fall within one of the allowable categories (see Part 2 (a))
- must not channel more than 10% of their funding for three and four olds through funding supplements
- must provide a Special Educational Needs Inclusion Fund (SENIF) for three and four year olds
- must pass on Early Years Pupil Premium (EYPP) in full to providers for eligible three and four year olds
- must pass on Disability Access Fund (DAF) funding in full to providers for eligible three and four year olds

(Source: “Early years entitlements: local authority funding of providers - Operational guide 2019 to 2020 (November 2018)” accessible at [EYNFF Operational Guide - 2019-20 Final.pdf](#))

Part 2 – Formula funding 2019-20

Local authorities consult providers directly and via EYPRG on annual changes to their local formula. The Schools Funding Forum will also be consulted and will give final ratification on the recommendations, following the consultation, on changes to the local early years funding formula and central expenditure supporting Early Years. The formula cannot be changed after the financial year has started.

(a) Factors providers can be funded via the formula:

- (i) Base rate for the entitlement for disadvantaged two year olds (**mandatory**)
- (ii) Universal Base rate for the universal 15 hours entitlement and the additional 15 hours entitlement for working parents for three and four year olds (**mandatory**)
- (iii) Funding supplements for three and four year olds only (***must not be more than 10% of the total value of planned funding to be passed through to providers***):
 - a. deprivation (**mandatory supplement**)
local authorities must use this supplement to recognise deprivation in their areas
 - b. rurality or sparsity (**discretionary supplement**)
to enable local authorities to support providers serving rural areas less likely to benefit from economies of scale
 - c. flexibility (**discretionary supplement**)
to enable local authorities to support providers in offering flexible provision for parents; this could, for example, be childcare wraparound care, out-of-hours provision, or to encourage a particular type of provider in an area (such as to meet a need for childminders in an area)
 - d. quality (**discretionary supplement**)
to support workforce qualifications, or system leadership (supporting high quality providers leading other providers in the local area)
 - e. English as an additional language (EAL) (**discretionary supplement**)

(b) Applicable factors subject to consultation:

- (i) two year olds Base Rate (mandatory)
the only factor to fund disadvantaged two year olds meeting the eligibility criteria. Data collected termly via Census and post-Census change submissions.
- (ii) three and four year olds Universal Base rate (mandatory)
at least 90% of overall funding paid to providers for the three and four year old entitlement will be through this factor. Data collected termly via Census and post-Census change submissions.
- (iii) three and four year olds funding supplement (maximum 10% of overall funding paid to providers):
 - a. Deprivation (mandatory)
Based on the income deprivation affecting children index (IDACI), which is a subset of the indices of multiple deprivation (IMD). It is an area-based measure defined at the level of lower super output area (LSOA) and is based on the data published in September 2015. It is a score between 0 and 1, which can be interpreted as the proportion of children aged under 16 in the LSOA which are in income deprived households. Data is collected in the preceding Autumn Term Census, the same as the mainstream schools' formula.
 - b. Rurality/sparsity (discretionary)
Not applicable for London Borough of Havering.

- c. Flexibility (discretionary)
Not applicable for London Borough of Havering as all providers provide this as part of standard practice
- d. Quality (discretionary)
To review feasibility of having this factor as an option for financial year 2020-21.
The data available is currently considered to be unreliable.
- e. EAL (discretionary)
To review feasibility of having this factor as an option for financial year 2020-21.
The data available is currently considered to be unreliable.

The principle for funding all Early Years providers is to keep the formula as simple as possible. The recommendation is to continue to allocate most of the funding through the base rate factors, with deprivation as the only supplement within the formula.

(c) Financial Year 2018-19 funding decisions

The arrangements that were agreed for the current financial year which were as follows:

- i) to increase the basic hourly rate to providers to £4.53 (from £4.39) for three and four year olds
- ii) to have Deprivation as the only supplement to the basic rate for three and four year olds
- iii) for deprivation supplement, to bring the hourly IDACI rates in line with those used for the schools national funding formula (subject to approval of the NFF)
- iv) to increase the basic hourly rate to providers to £5.35 (from £5.28) for two year olds
- v) to retain contingencies of £803,000 and £85,000 for three and four year olds and two year olds respectively to fund in-year provision
- vi) to retain £730,000 (5%) for LA statutory and quality assurance functions
- vii) to increase the Inclusion Fund to £200,000 (from £100,000) to be funded 50%/50% from the DSG Early Years and High Needs blocks

(d) Financial Year 2019-20 funding proposals

(1) Early years entitlement for disadvantaged two year olds

Early years entitlement funding for disadvantaged two year olds is currently allocated to providers at a rate of £5.35 per hour through the one factor of Base rate.

In 2019-20, we are proposing to continue to use the one rate to fund providers and increase the funded hourly rate to £5.40 per hour, which will be 95.1% of the hourly rate that we receive for eligible children from the January Census.

It is proposed to retain a contingency budget to fund for participation that is not picked up in Census, with an estimated 32.52 PTE children projected to be funded in-year, requiring approximately £100,102.

The following table illustrates the estimated funding and the distribution of the central government grant to providers:

	2 year old	Estimated Data (PTE)	Estimated Grant	% of funding rate
DfE Funding Rate	£5.66	675.45	£2,179,151	100.00%
Current Base Rate	£5.35	675.45	£2,059,798	94.5%
Base Rate Increase	£0.05	675.45	£19,250	0.9%
Contingency (term time growth)	£0.26	32.52	£100,102	4.6%
Total	£5.66		£2,179,151	100.00%

Consultation question

Based on current projections, the LA is proposing to an increase of 5p from £5.35 to £5.40 for the base rate of funding for Early Years entitlement for disadvantaged two year olds.

Retain a contingency of £100,102 to fund participation that is not picked up in Census.

(2) Universal 15 hours entitlement and the additional 15 hours entitlement for working parents for three and four year olds

Early years entitlement funding for three and four year olds currently supports:

- Universal and Extended Offer (additional 15 hours for working parents) Base Rates
- Deprivation funding
- Early Years Inclusion Fund
- Central Support Services

The current funding formula comprises of £4.53 per hour via the Base rate and deprivation supplement funding of IDACI's six bands.

For 2019-20 we are proposing to increase the funded hourly rate to £4.65 per hour, which is an increase of 12 pence per hour from the 2018-19 funded rate.

We are also proposing to continue to use the same deprivation index of IDACI and retain the same hourly rate as per 2018-19, mirroring the mainstream school's Years Reception to 11 National Funding Formula (NFF) funding rate and methodology. This ensures that the level of deprivation funding is consistent from nursery to Year 11 for children through the factor of IDACI. Other supplements that are permitted (but not recommended) are described at (a) and (b) above.

It is proposed to retain a contingency budget to fund for participation that is not picked up in Census, with an estimated 215.8 PTE children projected to be funded in-year, requiring approximately £572,057.

With the on-going pressures to the DSG High Needs Block, it is proposed to reduce the contribution from the High Needs Block to the Inclusion Fund from £100,000 to £50,000 with a corresponding increase in the contribution from the Early Years Block of £50,000.

With the need to ensure that the software systems are improved and made more effective, the central support budget is proposed to increase to £800,000 from £730,000, which is 4.7% of the overall funding received and below the maximum threshold of retention of 5%.

The following table illustrates the estimated funding and the distribution of the central government grant to providers:

	3/4 year old (universal & extended offer)	Estimated Data (PTE)	Estimated Grant	% of funding rate
DfE Funding Rate	£5.28	5,630.90	£16,946,757	100.00%
Current Base Rate	£4.53	5,630.90	£14,539,547	85.8%
Base Rate Increase	£0.12	5,630.90	£385,153	2.3%
IDACI	£0.156		£500,000	3.0%
Contingency (term time growth)	£0.178	215.83	£572,057	3.3%
Inclusion Fund	£0.047		£150,000	0.9%
Central Support Services	£0.249		£800,000	4.7%
Total	£5.28		£16,946,757	100.00%

Consultation question

Based on current projections, do you support the LA's proposals as follows:

- (i) to an increase of 12p from £4.53 to £4.65 for the base rate of funding for Early years entitlement for funding three and four year olds (universal and extended offer)
- (ii) retain deprivation as the sole supplement using IDACI data
- (iii) retain a contingency of £572,057 to fund participation that is not picked up in Census
- (iv) increase the contribution to the SEN Inclusion Fund from the Early Years Block from £100,000 to £150,000 with a corresponding reduction in the contribution from the High Needs Block
- (v) increase the Central Support budget from £730,000 to £800,000

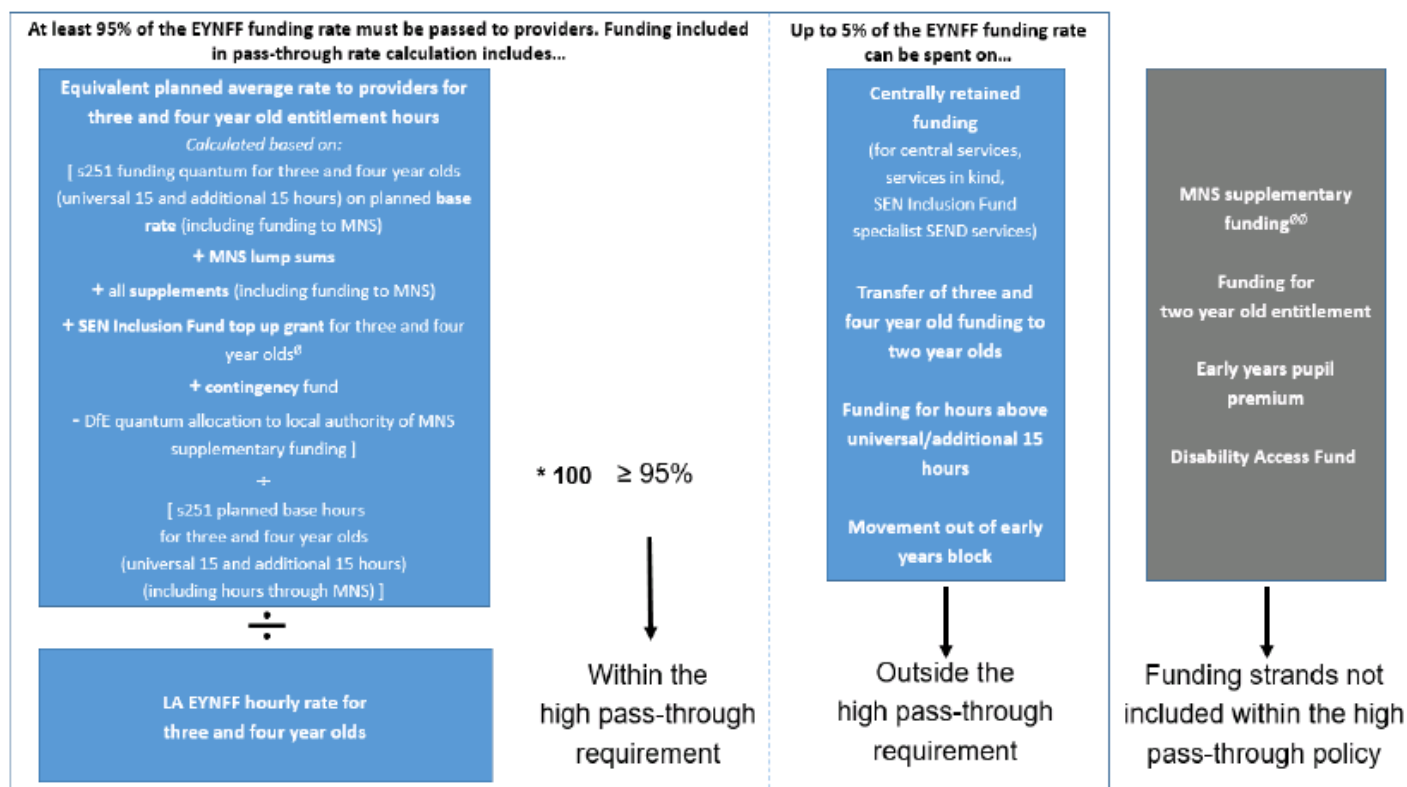
(e) Funding Rates Comparison

Factor Category	Funding Factor	2018-19 Hourly Rate	2019-20 Hourly Rate	Change	Change
Base	Two Year Old – Base Rate	£5.35	£5.40	£0.05	0.93%
Base	Three/Four Year Old – Base Rate (Universal & Extended)	£4.53	£4.65	£0.12	2.65%
Deprivation	Three/Four Year Old – Deprivation - IDACI Band F (0.20-0.25)	£0.23	£0.23	Unchanged	
Deprivation	Three/Four Year Old – Deprivation - IDACI Band E (0.25-0.30)	£0.27	£0.27		
Deprivation	Three/Four Year Old – Deprivation - IDACI Band D (0.30-0.35)	£0.41	£0.41		
Deprivation	Three/Four Year Old – Deprivation - IDACI Band C (0.35-0.40)	£0.44	£0.44		
Deprivation	Three/Four Year Old – Deprivation - IDACI Band B (0.40-0.50)	£0.48	£0.48		
Deprivation	Three/Four Year Old – Deprivation - IDACI Band A (0.50-1.00)	£0.65	£0.65		
EYPP	Three/Four Year Old – Early Years Pupil Premium	£0.53	£0.53		
DAF	Three/Four Year Old – Disability Access Fund (DLA)	£615 lump sum	£615 lump sum		
Inclusion	Two/Three/Four Year Old – Inclusion Fund Support	£3.50	£3.50		
Inclusion	Two/Three/Four Year Old – Inclusion Fund (Complex needs element)	£2.31	£2.31		

(f) Compliance Check for 95% pass through rate based on proposals

Calc	Line	Description	Hourly Funding Rate	Amount
A	1	Anticipated budget for base rate for 3 and 4 year olds	£4.65 per hour (proposed)	£14,924,700
	2	Anticipated budget for MNS lump sums for 3 and 4 year olds	n/a	£0
	3	Anticipated budget for supplements for 3 and 4 year olds: Deprivation (including funding to MNS)	Deprivation Supplement - IDACI Band F (0.20-0.25) - £0.23 per hour Deprivation Supplement - IDACI Band E (0.25-0.30) - £0.27 per hour Deprivation Supplement - IDACI Band D (0.30-0.35) - £0.41 per hour Deprivation Supplement - IDACI Band C (0.35-0.40) - £0.44 per hour Deprivation Supplement - IDACI Band B (0.40-0.50) - £0.48 per hour Deprivation Supplement - IDACI Band A (0.50-1.00) - £0.65 per hour	£500,000
	4	Anticipated budget for supplements for 3 and 4 year olds: Quality	n/a	£0
	5	Anticipated budget for supplements for 3 and 4 year olds: Flexibility	n/a	£0
	6	Anticipated budget for supplements for 3 and 4 year olds: Rurality	n/a	£0
	7	Anticipated budget for supplements for 3 and 4 year olds: EAL	n/a	£0
	8	Anticipated budget for 3 and 4 year old SEN inclusion fund (top up grant element)	Inclusion Fund Support - £3.50 per hour Complex Needs Support - £2.31 per hour (<i>must be in receipt of Inclusion Fund Support</i>)	£150,000
	9	Anticipated budget for 3 and 4 year old contingency	£4.65	£572,057
		Subtotal =		£16,146,757
B	10	DfE initial quantum allocation to local authority of MNS supplementary funding	n/a	£0
C	11	Planned total base rate hours for universal 15 and additional 15 hours for 3 and 4 year olds	5,630.9 PTE (estimated from Autumn 2018 Census numbers & previous year's data)	3,209,613 hours
D	12	Equivalent average rate to providers for entitlement hours for 3 and 4 year olds = (A-B) / C = (lines 1+2+3+4+5+6+7+8+9 - 10) / (line 11)	(£16,146,757 - £0) / 3,209,613 hours	£5.03 per hour
E	13	LA EYNFF hourly rate for 3 and 4 year olds (published in preliminary November 2018 DSG Early Years block table)		£5.28 per hour
F	14	Test of meeting requirement F = (D / E) * 100 = ((line 12) / (line 13))*100	(£5.03 per hour / £5.28 per hour) x 100%	95.3%

(g) DfE diagram illustrating which funding strands are included in the 95% pass-through rate calculation, and which are excluded



[Ⓔ] SEN Inclusion Fund must be established by combining an amount from either one or both of their early years block and high needs block.

^{ⒺⒺ} DfE allocated MNS supplementary funding quantum to local authority. Only the MNS funding from the EYNFF allocation is considered within the pass-through rate calculation.

For those who wish to complete the consultation by ink, please complete the response form below and email your response to education.finance@havering.gov.uk.

Consultee Details :

Name :

Position (if applicable) :

Date :

Organisation :

Email address :

1. Early years entitlement for disadvantaged two year olds proposals:

(i) 2 year olds – an increase of 5p from £5.35 to £5.40

☐ Yes ☐ No ☐ No view

(ii) Retain a contingency of £100,102 to fund participation that is not picked up in Census.

☐ Yes ☐ No ☐ No view

2. Early years entitlement for three and four year old proposals:

(i) 3 & 4 year olds – an increase of 12p per hour to the basic hourly rate from £4.53 to £4.65

☐ Yes ☐ No ☐ No view

(ii) retain deprivation as the sole supplement using IDACI data

☐ Yes ☐ No ☐ No view

(iii) retain a contingency of £572,057 to fund participation that is not picked up in Census

☐ Yes ☐ No ☐ No view

(iv) increase the contribution from Early Years Block from £100,000 to £150,000 to compensate for the reduction in the contribution from the High Needs Block

☐ Yes ☐ No ☐ No view

(v) increase the central retention to £800,000 (from £730,000), which is within the 5% central retention permitted.

☐ Yes ☐ No ☐ No view

ITEM 6 APPENDIX B

Schools Funding Forum 17th January 2019

Summary of responses to the consultation with early years providers

Responses relating to the hourly rates

Provider Response
This year the cost of our business is going up more than the funding is increasing. This means we will have to find monies from other areas to fund the shortfall between the funding rates and what our business costs to run.
We feel that the nurseries rates should increase to match other local authorities.
Funding for three and four years should be increased to £5.40 and two years old should be put up to £6.00 as increase in staff wages need to be maintained to keep good staff.
3 and 4 year old funding is still well below the average hourly rate of the borough. I earn 5.50 per hour for non- funded children and researched average rates in my area to set this rate.
LA Response
The LA is restricted by the amount that we can fund for the entitlement by the central government settlement. We have ensured that any increases that are affordable are reflected in the base rate funding for the 2 year old and 3/4 year old entitlement. The central government hourly rate settlement to Havering hourly rate for two year is £5.66 and for three/four year old is £5.28. We are supportive of all providers, and are in continuous dialogue with central government on funding pressures across all educational establishments in the LA.

Responses relating to the retention of a contingency

Provider Response	LA Response
I would like to see some evidence on how the contingency fund from last year was spent and whether it was all spent - also it would be interesting to see how the money not spent from this fund was redistributed.	Any unspent contingency is relayed at the various forums at year end.

Responses relating to the SEN Inclusion Fund

Provider Response
<p>V If there is a guarantee that SEN funding will remain free of charge or highly subsidised then I would support this contribution. I would also like to ensure the contribution is ring fenced for Early Years and any surplus left at the end of the year is given to the providers to further support any SEND children.</p>
<p>If retaining money, can we please confirm Send training is FREE!</p>
LA Response
<p>The Inclusion Fund will support primarily those children who require support at Early Years settings. The SEN training is part of a separate survey and once the responses have been collated, the LA will provide the final recommendations.</p> <p>LAs should target SEN Inclusion Funds at children with lower level or emerging SEN. Children with more complex needs and those in receipt of an Education, Health and Care Plan (EHCP) continue to be eligible to receive funding via the high needs block of the DSG.</p>

Responses relating to central retention

Provider Response	LA Response
<p>I am strongly against the central services budget increasing by 9.6% when front line funding for children is only to increase by 2.7%. Central services may want to invest in new IT but the increase is disproportionate.</p>	<p>The % increase in Central Services in monetary terms is £70,000. This is the first increase that we have proposed since the new arrangements have come into force (2017-18) and is line with the DfE guidelines of no more than 5% of the overall funding for three/four year old is to fund Central Services. The increase in budget required is less than the increase that is being funded to all providers in the base rate which is an additional £385,153.</p>

Responses relating to more than a single issue

Provider Response	LA Response
<p>You were up front in stating that you were delivering 95.1% of the 2 year old funding given by the DFE. Not so when it came to 3 and 4 year old funding. I've calculated it, and the new rise of 12p still only means that you are delivering only 88.06818% to us which is not the stated 95% that we should be receiving. Therefore I would rather have the 95% delivered to us at £5.016 than be covering deprivation and more SEN and the money for an upgrade in a computer system that really should be funded from elsewhere. I understand the reasoning behind a contingency to fund participation not picked up at census, although it's about time that it was fed back to government that the census system as it stands does not work in practice and should be re-formulated. Whatever the decision, an upfront declaration of the amount we are being given should be clear and not hidden behind other figures. If we should receive at least 95% then that is what we should receive, it shouldn't be hidden behind other figures.</p>	<p>Currently all two year old funding that we received is earmarked for the delivery of the entitlement. This is to remain unchanged in 2019-20. We are able to project in the 2019-20 funding schedules to commence from 1st April 2019, 95.1% of the overall funding can be accounted from the on-set. The remaining 4.9% is for term-time changes that we do not receive funding for.</p> <p>For the three/four year old entitlement, we are able to project in the 2019-20 funding schedules to commence from 1st April 2019, 88.1% of the overall funding can be accounted from the on-set via the base rate and 3.0% can be funded via the mandatory deprivation factor. 3.3% of the funding is earmarked for term-time changes that we do not receive funding for. 0.9% of the funding is for the Inclusion Fund. These give rise to 95.3% of the overall funding that we are due to receive being funded direct to providers.</p> <p>The Central Support Services budget has remained unchanged since 2017-18, and the increase is to support the LA to deliver a system that is more effective and efficient for providers.</p> <p>We are supportive of providers, and are in continuous dialogue with central government on funding pressures across all educational establishments in the LA.</p>
<p>I agree to the contingency for both age ranges, but feel we should be informed of how much of that is actually needed and used and also be informed how any money not used is distributed. I agree to the central retention of £800,000 to fund the new computer systems. The increase in contribution from early years block is okay if the spending is ring fenced for early years transparent and our SEN training remains free.</p>	<p>Any unspent contingency is reported at the various forums at year end.</p> <p>.</p>

General points raised

Provider Response	LA Response
5(v) This is not an appropriate way to gain feedback, and should be brought to EYPRG first. The high needs block should continue to support on an equal basis as agreed last year.	EYPRG meeting was held on the 2nd of November, and this proposal was raised following the periodical review of expenditure across the DSG.
I have answered no view as I don't fully understand the question. I have read the consultation document but could not find explanation of why this needed, so felt it better to answer no view	Questions 1(i), 1(ii), 2(iii) and 2 (iv) have no view from provider. Provider could have approached LA/fellow colleagues in sector for further details if guidance is not clear enough.
Not sure what number 5V means! Also not sure what 4ii means. What does the 102 mean? Pounds?	<p>5V means question 5, and the "V" means part 5. "4ii" means question 4, and the "ii" means part 2.</p> <p>The 102 is part of the amount we have proposed to retain for term-time growth for two year old which is £100,102 for 32.52 PTE children.</p>
Any increase for the children is always for the good.	n/a.
The LA has been very supportive in all aspects of delivery since we started our provision in March 2018	This is due to the Early Years Central Support Services that we are able to provide from the centrally retained element of the funding.