



## **NOTICE OF MEETING**

### **Schools Forum**

**Thursday 8 December 2016, 4.30 pm**

**Council Chamber, Fourth Floor, Easthampstead House, Bracknell**

**To: The Schools Forum**

#### **Schools Members:**

John Throssell, Primary School Governor (Vice-Chairman)  
Dr Keith Stapylton, Primary School Governors  
One Vacancy, Primary School Governor  
Brian Fries, Secondary School Governor  
One Vacancy, Secondary School Governor  
Liz Cole, Primary School Representative  
Karen Davis, Primary Head Representative  
Trudi Sammons, Primary School Representative  
Grant Strudley, Primary Head Representative  
Keith Grainger, Secondary Head Representative  
Debbie Smith, Secondary Head Representative  
One Vacancy, Academy Governor Representative  
Martin Gocke, Pupil Referral Unit Representative  
Anne Shillcock, Special Education Representative

#### **Non-Schools Members**

George Clement, Union Representative (Chairman)  
Kate Sillett, PVI Provider Representative  
Vacant, 14-19 Partnership Representative  
Vacant, Diocese Representative (Roman Catholic)  
One Vacancy, Diocese Representative (Church of England)

ALISON SANDERS  
Director of Corporate Services

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Published: 30 November 2016

## **Schools Forum**

**Thursday 8 December 2016, 4.30 pm**

**Council Chamber, Fourth Floor, Easthampstead House, Bracknell**

Sound recording, photographing, filming and use of social media at meetings which are held in public are permitted. Those wishing to record proceedings at a meeting are however advised to contact the Democratic Services Officer named as the contact for further information on the front of this agenda as early as possible before the start of the meeting so that any special arrangements can be made.

### **AGENDA**

Page No

1. **Apologies for Absence/Substitute Members**

To receive apologies for absence and to note the attendance of any substitute members.

2. **Declarations of Interest**

Any Member with a Disclosable Pecuniary Interest or an Affected Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.

3. **Minutes and Matters Arising**

To approve as a correct record the minutes of the meeting of 15 September 2016.

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4. **Apprenticeship Levy**

13 - 20

5. **Consultation on Proposals for 2017-18 Early Years Funding**

21 - 94

6. **Revenue Funding Policy for new and expanding schools for 2017-18**

95 - 112

7. **2017-18 Schools Block element of the Schools Budget - Initial Matters**

113 - 140

8. **Dates of Future Meetings**

12 January 2017

9 March 2017

25 May 2017



**SCHOOLS FORUM  
15 SEPTEMBER 2016  
4.30 - 6.00 PM**

**Present:**

**Schools' Members**

Sue Barber, Primary School Governor  
Brian Fries, Secondary School Governor  
Martin Gocke, Pupil Referral Unit Representative  
Keith Grainger, Secondary Head Representative  
Anne Shillcock, Special Education Representative  
Grant Strudley, Primary Head Representative  
John Throssell, Primary School Governor (Vice-Chairman)

**Academies' Members**

Beverley Stevens, Academy School Representative

**Non-Schools' Members:**

George Clement, Union Representative (Chairman)

**Observer:**

Councillor Dr Gareth Barnard, Executive Member for Children, Young People & Learning

**Apologies for absence were received from:**

Karen Davis, Primary Head Representative  
Trudi Sammons, Primary School Representative

**24. Election of Chairman**

**RESOLVED** that George Clement be elected Chairman of the Schools Forum for the academic year 2016/17.

**25. Appointment of Vice-Chairman**

**RESOLVED** that John Throssell be appointed Vice-Chairman of the Schools Forum for the academic year 2016/17.

**26. Declarations of Interest**

Declarations of Interest were received from Brian Fries, Dr Keith Stapylton and Grant Strudley in relation to item 8 on additional financial support to schools, being connected to one of the schools.

**27. Minutes and Matters Arising**

In respect of milk provided free of charge to eligible children that is part funded by the EU, it remained Council policy to continue to fund any residual cost of milk and the management of the scheme. It was not known at this stage what the long-term cost to the Council would be following the Brexit vote in June 2016.

Item 23 would be deleted from the Minutes as it was a repeat of item 21.

**RESOLVED** that the minutes of the meeting held on 10 March 2016 be approved and signed by the Chairman as a correct record.

28. **Review of Provision for Academy and Secondary School Representatives on the School Forum**

The Forum received a report of an amendment to the Forum's composition which was intended to bring it in to line with the Schools Forum (England) Regulations 2012 to reflect the proportion of pupils in schools maintained by the Local Authority.

Officers had undertaken a review of school pupil numbers in Bracknell Forest to assess whether the current allocation of seats was broadly proportionate to the different groupings. The figures were detailed in the report and suggested that with Brakenhale becoming an Academy school, an Academy School Governor representative needed to be added to the Forum's Constitution and the number of Secondary Heads reduced to 2 from 3. This would ensure representatives were broadly proportionate as stipulated by the guidance issued by the DfE. The Forum noted that the terms of office for senior schools staff, Governors and non-schools members would be 3 academic years and 1 year for the Chairman and Vice-Chairman, following which they could stand for re-election from the body they represented.

In addition, nominations took place in May 2016, as a result of which David Stacey and John McNab both stepped down from their roles on the Forum as Primary School Governor Representative and Secondary School Governor Representative respectively. Dr Keith Stapleton had taken up one of the Primary School Governors Representative position. It was agreed that Anne Shillcock would continue as Special Education Representative for a further year.

The following positions were vacant on the Forum:

- Primary School Governor
- Secondary School Governor
- Academy Governor
- 14-19 Partnership Representative
- Diocese Representative (Roman Catholic)
- Diocese Representative (Church of England)

Anne Shillcock commented that as Special Education Representative and Governor of Kennel Lane School she was not in a position to represent SEN in mainstream schools and suggested a mainstream schools SEN representative and mainstream SENCO was considered for future membership to the Forum.

The Forum **AGREED** the following recommendations made in the report:

- That the composition of the Bracknell Forest Schools Forum as set out in the report be approved.
- That the Governing Bodies of the three Academies be asked to confirm their nominee for the Academy Governor vacancy.
- That the Secondary Heads Group be asked to confirm two representatives.

## 29. 2015-16 School Balances

The purpose of this report was to update Members on the level of balances held by schools as at 31 March 2016, how these compared to the previous financial year and to consider whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget.

Members were again asked to consider performance information excluding Harmanswater Primary School as their current surplus significantly distorted the data. The key points highlighted included:

- Aggregate surplus balances had decreased by £0.537m, from £3.031m to £2.495m (-17.3%).
- On average, at 3.8% of total budget, overall reserves were considered to be below the prudent level of 5% required for working balances to cover unforeseen circumstances and therefore an increased risk existed of schools developing year end deficit balances.
- At £0.072m (6.4% of budget), the average surplus balance for a primary school was greater than the £0.050m (0.1%) average balance held by secondaries.

Members were also updated on schools with significant surplus balances, as defined by the approved scheme. As usual, officers had collected signed statements from relevant headteachers to confirm the intended use of the funds and also the anticipated spend date. This indicated that all funds were being held within the provisions of the scheme and should not be subject to claw-back.

In response to questions from Members, Officers advised that:

- surplus balances were planned and not set aside 'in case of need' for something not yet identified.
- Most surpluses were allocated for capital projects, some of which were phased over a number of years; this applied in particular to the larger amounts.
- In respect of the two largest surpluses as a proportion of the annual budget, both schools had advanced plans in place to deliver significant capital investments
- All investment plans were monitored regularly to ensure they were still needed and the use of surplus balances was still justified.
- Recent changes had been introduced to the claw-back scheme to apply an absolute cap on the amount of surplus schools could retain. The transitional period to allow schools to move towards the new arrangements ends at March 2017 at which point there would be stronger sanctions available to control excessive surplus balances.

The Forum **NOTED**:

The key performance information on all school balances, as set out in paragraph 5.3 of the report.

That due to the significant size of surplus, it was more appropriate to draw conclusions from overall school performance excluding Harmanswater Primary School, as set out in the report, and in particular;

- i. Aggregate surplus balances continued to decline, with an in-year reduction of £0.537m (-17.3%);
- ii. Secondary schools were drawing down more from their reserves than primary schools;
- ii. At 3.8%, average balances were considered to be below the level required for working balances to cover unforeseen circumstances and an increase risk existed of schools over spending their budgets.

The Forum **AGREED** the following recommendation made in the report:

That all of the significant surplus balances held by schools had been assigned for relevant purposes as set out in the approved scheme and should not be subject to claw back.

### 30. **2015-16 Provisional Outturn on the Schools Budget**

The Forum received the annual report of the provisional outturn on the 2015-16 Schools Budget, including the allocation of balances and the use of Earmarked Reserves.

This confirmed the budget movements required during the course of the financial year and that there was a year end under spending of £0.81m. The main budget variances were also reported, which in line with the earlier budget monitoring report highlighted savings on SEN costs. The report also confirmed that taking account of the opening balance, the in-year under spending and year end transfers to and from reserves, the Schools Budget held an unallocated surplus balance of £1.373m.

It was also confirmed that the Borough Treasurer has reviewed the financial risks in the Schools Budget and determined that a minimum prudential level of reserves of £0.66m needed to be held to manage in-year cost pressures, an increase of £0.15m. This meant that there is £0.713m of balances available to use, for which the report made recommendations for allocating £0.613m.

Questions and comments from Members were received in respect of:

- The £0.055m under-spend on the free entitlement to childcare for 2 year olds. Members were advised the under-spend was due to the take up being lower than had been projected.
- How many pupils were on the roll of the SEN Resource Unit for Rise@GHC, what was considered an economical size and how long would it take to reach that point? Members were advised the number currently on the roll was 15. The Garth Hill Principal stated that savings had been made against the original plan. Officers confirmed that the medium term budget plan for the Unit would, as usual, be presented to the Forum to consider. It would take account of the most up to date information and is intended to be available for the next meeting in October 2016 when these matters could be considered in more detail.
- Members were advised the earmarked reserve of £0.316m allocated to SEN Resource Units as at 31 March 2016 was expected to be required to meet diseconomy costs at Rise@GHC.
- Was there an amount available for the SEN Resource Units at Binfield Learning Village and other schools? Members were advised no specific amount had been earmarked and Binfield Learning Village in particular would be very challenging to forecast at this stage.

The Forum **NOTED**:

- That the outturn expenditure for 2015-16, subject to audit, showed net income of £0.463m which represented an under spend of £0.81m before allocation of reserves and balances;
- That after transfers to and from earmarked reserves, the Schools Budget under spent by £1.165m;
- The main reasons for budget variances;
- As at 31 March 2016, the aggregate surplus on balances and Earmarked Reserves within the Schools Budget amounted to £5.589m;
- The previously agreed transfers to and from Earmarked Reserves;
- The transfers to and from balances and Earmarked Reserves processed as part of the accounts closedown process;
- The £1.373m current balance on the Schools Budget General Reserve;
- To recognise the increasing difficult financial circumstances that schools were operating under, the decision of the Borough Treasurer to increase the minimum prudential level of balances by £0.15m to £0.66m.

The Forum **AGREED:**

The new allocations proposed from the Schools Budget General Reserve.

### 31. **2016-17 Proposals for Additional Financial Support to Schools and Other Associated Matters**

The Forum received the annual report of the 2016-17 Proposals for Additional Financial Support to Schools and Other Associated Matters. The purpose of the report was to update Members on proposals for financial support to schools and amendments to funding policies, including the Scheme for Financing Schools.

In terms of additional financial support to schools, the report set out that 2 main options are available; one-off allocations that do not need to be repaid, normally related to supporting schools in or at risk of entering an Ofsted category; or a loan that is advanced to cover a short to medium term cash flow shortage, that is fully repaid.

Allocations of additional financial support to schools agreed by the Director under delegated powers of £0.031m were reported, along with a request to the Forum to agree that £0.07m be granted to Easthampstead Park Community School to ensure that when combined with the previously agreed loan, a balanced medium term budget plan could be set. In making this proposal, the Council considered that all reasonable savings measures had been taken by Easthampstead Park Community School and that the funding was necessary in order to be able to deliver the national curriculum.

For existing loans, an extension of 1 year was proposed for Easthampstead Park, with 3 new loans for primary schools being recommended that in total aggregate to £0.075m.

The report also confirmed that a proposed revision to loan conditions relating to outstanding balances when schools convert to academy status had been supported by 89% of schools that responded, and this should now be incorporated into the approved scheme, and that the schools applying for new loans this year had done so on the assumption that this change would be agreed. It was also reported that taking account of responses from 2 schools to this consultation, it was proposed that the de-

delegated school contingency budget should be available to fund any school deficit balances if these are not reimbursed by the Education Funding Agency.

The final matter dealt with on this report related to amending the criteria used to calculate top up funding to schools experiencing significant in-year increases in pupil numbers. A change in the calculation was proposed for schools opening a whole form of entry to reflect the actual capacity of the school each year, based on available classes, which would tend to increase by one each year, rather than the current calculation that is always based on the capacity when fully open.

Questions and comments from Members were received in respect of:

- The alternative wording provided by the 2 schools that did not agree the proposed change to the school loan scheme suggested that the “LA will, where necessary, negotiate exceptional and varied arrangements to prevent schools converting with a deficit carried forward”. Members queried whether this flexibility should be incorporated into the loan schedule to demonstrate that every effort would be made to achieve break-even when maintained schools became Academies. Officers advised members that the Council would always look to support those schools in financial difficulties but wording that was too specific could have the effect of restricting flexibility.
- The additional financial support provided to schools in Ofsted categories. Was the LA sure that schools could not afford the activities being funded, and how effective had the funded actions been? Officers reported that relevant schools were always required to confirm that they did not have sufficient funds for the activity. It was also confirmed that the next report on additional financial support to schools, expected to be presented to the Forum in March 2017 would provide an update on these matters.

The Forum **NOTED**:

That in respect of previously agreed loans:

- Wildmoor Heath Primary School was requesting a further advance to cover a medium term funding shortfall;
- Sandhurst Secondary School was on target to meet the original repayment terms;
- Easthampstead Park Secondary School was requesting an extension of one year to the repayment schedule;
- Garth Hill funded their planned expenditure from Devolved Formula Capitals so did not require the advance;
- An agreement was in place with Brakenhale Secondary Academy School to fully repay the outstanding balance.

Under the delegated powers awarded to the Director of Children, Young People and Learning, the one-off funding allocations agreed for schools in financial difficulties.

The Forum **AGREED** the proposed changes to:

- Eligible expenditure that can be charged to the school contingency;
- The calculation of funding thresholds to be applied to in-year growth allowances for schools that have expanded by a whole form of entry.

The maintained schools representatives on the Schools Forum **AGREED**:



- The proposed change to the loan conditions included in the Scheme for Financing Schools which was to be applied for all new loan agreements. Grant Strudley abstained.
- An allocation of £0.070m from the budget to support schools in financial difficulty to Easthampstead Park Secondary School to ensure sufficient funds were available to deliver the national curriculum.

In respect of the final recommendation relating to new school loans, Brian Fries, Dr Keith Stapylton and Grant Strudley had declared an interest as they were connected to one of the schools. However, in order to effectively manage the voting and minimise the need for Members to leave and return on each recommendation, and taking account of the nature of the recommendation, other Members of the Forum confirmed that they could remain during the voting but would not be permitted to vote on the item relating to the school they were connected to.

The maintained schools representatives on the Schools Forum **AGREED**:

The new loan requests / amendments to existing loan arrangements to cover medium term budget shortfalls, subject to receipt of request from the Chair of Governors and signed minutes from the relevant Governor meeting confirming the loan schedule and compliance with conditions for:

- a new loan for Birch Hill Primary School (£0.03m);
- a new loan for Great Hollands Primary School (£0.03m);
- a revision to the existing loan for Wildmoor Heath Primary School (£0.015m);

a revision to the existing loan for Easthampstead Park Secondary School extending repayment by 1 year to March 2020.

### 32. **Update on School and Education Funding**

Members received a report on School and Education Funding. The purpose of the report was to update on the potential implications to the Council and schools from consultations issued by the DfE relating to proposed changes to education and school funding. The report provided a more detailed response to the verbal update presented to the last meeting of the Forum on 10 March 2016 and also presented updates where the DfE had subsequently issued more information.

The following key points from the report were highlighted:

A reminder of the original proposals from the DfE and impact:

- A Schools National Funding Formula would be introduced, with schools directly funded by the Education Funding Agency
- The role of LAs in education would be greatly reduced, with £600m of education related grants to be withdrawn from April 2017, for which BFC would lose £1.5m
- The Council would be seeking to make equivalent savings through the Transformation Programme, for which there would be representation from 4 head teachers to offer guidance.
- The Council would retain responsibility for the high risk Special Educational Needs budgets and those relating to Early Years.

June 2016 DfE update on Schools Funding:

- Implementation of the Schools National Funding Formula would be delayed one year to April 2018, with allocations of funds to LAs in 2017-18 remaining on the current, historic spend basis.
- No LA will see a reduction in per pupil funding rates from 2016-17 levels.
- The £600m cut in funding to LAs would proceed unchanged at April 2017.
- To provide LAs with a funding source to pay for education services, subject to Schools Forum agreement, a per pupil amount could be retained from maintained schools only.
- LAs would continue to be funded for high needs pupils on the current historic cost calculation, with no LA to receive a lower cash settlement than in 2016-17.

#### August 2016 update on Early Years Funding:

- From April 2017, DfE plans to introduce a national funding formula for Early Years. This follows the same approach as taken with schools and will move LAs away from receiving their funding at historic spending levels to an objective, national formula basis.
- At the same time, additional resources will be added to increase provider funding rates and help incentivise providers to ensure they are in a position to meet the increased demand for the free entitlement from September 2017 when entitlement increases to 30 hours per week for working families.
- Illustrative financial information issued by the DfE indicates that BFC will receive a 15.3% increase in per child funding next year, compared to a national average 7%, rising to 22% once transitional funding protection ends that has been put in place to ensure those LAs that will lose funding do not face the full reduction straight away.
- Changes will be required to the local Early Years funding formula, in particular to harmonise the amount of base rate funding to be paid to all providers and a review of the top up supplements to be paid, which can account for no more than 10% of total funds, with the existing quality supplement paid in BF no longer to be permitted by the DfE.
- The DfE consultation also included proposals on how funding could be made available to providers to ensure children with SEN could readily access the free entitlement.

The council would be considering these new requirements and expects to undertake funding consultations with schools and Early Years providers over the autumn and spring terms. The intention is for the Schools Forum to review the Early Years consultation document at the 8 December meeting, before it is issued to providers.

#### The Forum **NOTED**:

- The changed role for LAs in supporting schools, the potential for significant financial implications that could arise, and the requirement to review services that support schools and education related services in order for them to be operating on an affordable cost base.
- The changes likely to impact on schools, including the introduction of a Schools National Funding Formula, the additional £500m expected to be added to the SNFF to ensure those schools gaining from the changes received an early benefit, the new role of LAs in supporting schools and the expectation of enhanced hourly funding rate payments to be paid to early years providers.

### 33. **2016-17 Budget Monitoring**

Members received a report of the Schools Budget – 2016-17 Budget Monitoring and other financial matters.

The following key points from the report were highlighted:

- The budget adjustments that had been required since the original budget was agreed.
- Current budget monitoring information indicated a forecast year end over spending of £0.056m, with the reasons behind the significant anticipated budget variances detailed in the report.
- A change in presentation of financial data in the Schools Budget had been made this year in order to reflect the School Funding reforms and to allow clear focus on key areas likely to change, such as de-delegated budgets and combined services budgets where funding would be lost at some point in the near future.
- That the capital programme was forecast to spend at budget as the general policy in place was to recycle any budget variances to other schemes on the programme that were delivering new school places
- Progress to date against the main schemes on the capital programme

The Forum **NOTED**:

- The current level of anticipated Dedicated Schools Grant at £75.040m;
- The revised presentation of financial data to better reflect the future funding arrangements;
- The budget variances being forecast on the Schools Budget that total to an aggregate net over spending of £0.056m;
- That the accumulated year-end balance for the Schools Budget General Reserve was forecast to be £0.044m above the minimum prudential level required to be maintained to safely manage in-year budget risks;
- Progress to date on the Education Capital Programme.

The Forum **AGREED** the revenue budget virements proposed.

### 34. **Dates of Future Meetings**

The Forum noted that future meetings would be held on the following dates:

20 October 2016  
8 December 2016  
12 January 2017

**CHAIRMAN**

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**TO: SCHOOLS FORUM**  
**Date 8 DECEMBER 2016**

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**APPRENTICESHIP LEVY**  
**Director of Children, Young People and Learning**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to update the Schools Forum on the issues surrounding the introduction of an apprenticeship levy and a quota of apprentices for public sector employers and the plans being made by the council.

**2 RECOMMENDATIONS**

- 2.1 **That the Schools Forum NOTES the current position, as set out in Annex 1.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 It is appropriate for the Schools Forum to be aware of these matters.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 As detailed in Annex 1.

**5 SUPPORTING INFORMATION**

- 5.1 From April 2017, the government intends to introduce changes to the way apprenticeships operate in public sector employers through the introduction of a levy and quota system as follows:

1. Organisations with a payroll above the £3 million threshold must pay a levy to the government equivalent to 0.5 per cent of their payroll. Funds can then be withdrawn from the levy fund once qualifying criteria are met to fund apprenticeship programmes.
2. Organisations with more than 250 employees (FTE) will be set a target of 2.3 per cent 'apprenticeship starts' each year

- 5.2 Full details of the scheme have yet to emerge but the Council is in the process of formulating a strategy to meet the new challenge. Schools are within the scope of these changes.

Annex 1 sets out more details of the scheme and progress made to date by the Council.

**6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

6.1 As detailed in Annex 1.

Borough Treasurer

6.2 As detailed in Annex 1.

Equalities Impact Assessment

6.3 As detailed in Annex 1.

Strategic Risk Management Issues

6.4 As detailed in Annex 1.

Background Papers

None.

Contact for further information

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TO: CORPORATE MANAGEMENT TEAM  
12 OCTOBER 2016

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**RECENT NATIONAL DEVELOPMENTS ON APPRENTICESHIPS: LEVY AND QUOTAS  
(Director of Corporate Services - HR)**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to update CMT on the issues surrounding introduction of an apprenticeship levy and a quota of apprentices for public sector employers.
- 1.2 CMT are requested to agree to maximising use of training funds available by establishing a programme to support apprenticeships.
- 1.3 A further report will be brought back to CMT when the final regulations and quotas are published by the government.

**2 RECOMMENDATION(S)**

**That CMT agree to:**

- 2.1 **Maximise the use of levy training funds by developing a centrally managed apprenticeship programme that is fully integrated into the Council's work force planning strategy and business planning cycle and aims to work towards achieving the quotas set for public services.**
- 2.2 **Devolve the levy training funds and quotas into two streams across schools and non-schools respectively following appropriate consultation through the Schools Forum.**
- 2.3 **Following discussion with schools, agree internal quotas for schools and non-schools to achieve the 2.3% overall target of 90 apprenticeships ensuring that this figure is comprised of both quotas for conversion of existing staff to apprenticeships as well as a proportion of new hire apprenticeships.**
- 2.4 **Begin formal discussions with schools regarding how they plan to utilise their portion of the levy training funds and meet their apprenticeship quotas. To promote the benefits of a centrally managed apprenticeship programme which schools could then chose to buy in.**
- 2.5 **Agree to the funding of a dedicated temporary (as set out in 5.18) resource to support the development and implementation of the apprenticeship programme and commence recruitment to this new post - 'Project Manager – Apprenticeships' as soon as practicable.**

**3 REASONS FOR RECOMMENDATION(S)**

- 3.1 A previous report to CMT in April 2016 outlined the anticipated impact of the levy and quotas, the details of which remain broadly unchanged, as there has been further delay in the regulations being published by the Government. However the implementation date remains as April 2017. Given the lead in time that may be

needed to fully access and utilise the training funds available; an early decision regarding the direction of travel is needed from CMT in relation to whether we are:

- (a) to expand the use of apprenticeships across the Council now to maximise the use of the levy training funds in 2017. This will need additional investment to develop, coordinate and support the delivery of a much larger apprenticeship offering.
- (b) to accept the levy as a 'tax' that we will only get limited benefit from and continue utilising apprenticeships in the way we have to date and in doing so accept that we will be in breach of the quotas for public sector employers (once these are published).
- (c) to continue as we are for the next 6 months and aim to expand the use of apprenticeships from September 2017. This would allow time for greater clarity on the regulations but it should be noted that this will limit the lifespan of year one levy training funds to be used within 12 months rather than the current 18 months proposed and may result in some loss of levy funds due to this expiration period.

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Pay the levy for the first 12 months of the scheme without making efforts to maximise the number of posts which could be used as apprenticeships and accept it purely as a 'tax' from which the Council will get little direct benefit.
- 4.2 Continue with the current demand led, low level provision of apprenticeship opportunities the consequences of which may include reputational damage from reporting non-compliance with quotas and limited benefit from the levy funds.
- 4.3 Opt to delay implementation for September 2017 to allow the regulations to be published and implemented by others prior to commencing implementation across the Council as the levy funds are accessible for 18 months this would still allow the Council 12 months to utilise the 2017 levy monies. Given the lead in time for developing and recruiting an apprenticeship offering this planned delay could jeopardise a greater proportion of the levy funds being lost in the first year.

#### **5 SUPPORTING INFORMATION**

##### **Levy**

- 5.1 Our current paybill is £95.2million. This figure includes schools. On this basis the levy would therefore cost approximately £0.5m (which includes schools). Enquiries made with the Department for Education have indicated that it is the total PAYE bill which is the calculation to be used when working out the levy to be paid. Although the amount relating to schools can be recovered from their budgets, it does mean that it will then be the responsibility of schools to determine what they want to do to try and minimise this expenditure by recruiting apprentices into their workforce.
- 5.2 Once the training funds are allocated to the Council via the digital accounts they are only live for 18 months after which time they automatically expire.



- 5.3 It has been confirmed that the levy training funds can be used to fund apprenticeship training costs for existing staff as long as:
- a) the apprenticeship is relevant to their role
  - b) they are working towards achieving an approved apprenticeship standard or apprenticeship framework
  - c) the training lasts at least 12 months
  - d) they spend at least 20% of their time on off- the-job training.

### **Strategy**

- 5.4 The Council will be required to pay the apprenticeship levy from April 2017 onwards, and therefore must consider how to maximise the benefits to be gained from claiming money back from the levy training funds.
- 5.5 The Council is facing a number of challenges in relation to having an aging workforce and needing to operate current and future services with reduced resources and budgets. Coupled with areas of higher turnover and hard to recruit areas , the Council increasingly needs to invest in a more proactive approach to developing robust short, medium and long term work force plans and strategies to meet the future demands of the service. These plans must also specifically identify how apprenticeships could be used to develop staff and/or new recruits to meet future workforce needs. This approach could assist in stabilising high turnover of hard to recruit areas encouraging a 'grow our own' approach.

### **Quota**

- 5.6 The Council will be required to work towards centrally set quotas and provide reporting information to central government. The details of which are still to be published. Our current approach to demand-led recruitment of apprenticeships will not generate sufficient opportunities to meet these quotas. It is unclear whether performance information against these quotas will be publicly accessible but it is envisaged that in time such data might be published by central government in performance score cards or league tables or by third parties via Freedom of Information requests.
- 5.7 The quotas could be apportioned to schools and non schools. This would equate to approximately 45 apprentices for schools (under the LA control) and 45 apprentices for other Council services/departments. This could vary in future based on any academy decisions made by schools.
- 5.8 For schools, this could be broken down further to approximately 1 apprentice per primary school (31 schools excluding academies) and 2 per secondary/special school (5 schools excluding academies). It should be noted that whilst schools may be broadly aware of the apprenticeship levy we would need to formally consult with them. They are keen to know how the apprenticeship programme will work, what they will need to do and details about the financial implications. Once CMT have agreed the strategy it is proposed to step up communications with schools.. The next Schools Forum is scheduled for December and would provide a good opportunity to present further details. Information would also be provided through the communication forums of the Headteachers and Bursars Group meetings.
- 5.9 For non schools CMT could set Departments quotas regarding what proportion of the levy paid each Department should aim to achieve within a given timescale. This approach would require significant cultural and attitudinal change within departments

especially if some existing jobs were to be accepted as ones where the occupant/new recruit would be expected to undertake an apprenticeship programme.

- 5.10 Whilst there are costs and resource implications to expanding the current apprenticeship programme, the potential benefits of access to training funds to support a move to an increased 'grow our own' scheme for future staffing needs will strengthen the Council's position in relation to workforce planning, talent management and succession planning.
- 5.11 It should be noted that this would require additional support and resource from HR/LD and ideally also require OD input in order to maximise the potential benefits for the Council.
- 5.12 The quota can be met by a combination of new apprentice hires and new apprenticeships for existing staff as long as the criteria for existing staff set out in 5.3 are met. Whilst conversion of existing staff would assist in upskilling the existing workforce and reduce the number of new hires required there would still be some additional costs to enable the release of existing employees who become apprentices to spend at least 20% of their time in off the job training.
- 5.13 The Council employs roughly 600 new employees per annum based on recent statistics (including schools). This is comprised of approximately 210 (35%) non schools new employees and 390 (65%) schools new employees. If the quota were to be met wholly by new hires and the apprenticeships were of the typical one year duration, 15% of new hires each year (including schools) would have to be apprentices to meet and maintain the quota of 2.3% of workforce.

#### **Lead Provider(s)**

- 5.14 The Council will need to work with a Lead Provider who is approved by the Skills Funding Agency (SFA). This provider will assist the Council in finding an end point assessor (who must also be SFA approved) who will need to assess each apprenticeship prior to the Council being able to access the last 20% of the apprenticeship training costs. This is a reflection of the fact employers will increasingly move to training apprentices on apprenticeship standards, where there is an end point assessment. The cost of this assessment is incurred at the end of the apprenticeship and the Department of Education believes retaining 20% of total payments until completion will help to ensure the employer does not overpay training costs in the event the apprentice does not finish their apprenticeship.
- 5.15 The Council could seek to become a Lead Provider within the local community and there is a possibility of income generation in relation to this. However, it should be noted that the Council cannot act as the end point assessor for its own apprenticeships. Additionally, it should be noted that as a Lead Provider the Council would also then be subject to Ofsted inspections.
- 5.16 The Council already hold a SFA contract from Adult Education which has historically been renewed annually. If this contract was utilised to provide some apprenticeships the steps required to become a lead provider would be reduced. This would need further exploration by the Project Manager – Apprenticeships.

### **Financial implications of employing additional headcount**

- 5.17 If we employ 90 apprentices additionally to the current headcount, the pay would cost us £586,850 plus on costs (at minimum payment levels). Paying at or around the median level for the local area would increase that to approximately £783,055 plus on costs. At a time of reducing budgets, this would appear to be difficult or impossible to sustain without corresponding staffing cuts elsewhere. Therefore it is suggested that the two best methods of recruitment to meet quota would be:
- a) converting existing employees/trainees to apprenticeships, therefore not increasing the current pay bill but recouping some of the levy
  - b) increasing the proportion of apprenticeships within our current rates of hiring and therefore not increasing headcount.

### **Managing the scheme**

- 5.18 The expansion of the apprenticeship scheme will need to be developed and implemented in the first instance through additional resource. It is likely that such resource will be 1.0 fte and likely grade of BG–F / E subject to formal job evaluation equating to approximately £40k pa plus on costs for 6-12 months on a fixed term contract. This could then be reviewed as part of the Council Wide Support Services Review. It is envisaged that this resource could support the development of an apprenticeship scheme to support both streams of schools and non-schools apprenticeships. Arrangements could be made to recharge a proportion of these costs to schools.
- 5.19 CMT will also be aware of proposals from CYPL to seek set numbers of placements, traineeships and apprenticeships for Care Leavers. Their report stresses the support needed for these young people.

## **6 ADVICE RECEIVED FROM OTHER OFFICERS**

### **Borough Solicitor**

- 6.1 Nothing to add to the report.

### **Borough Treasurer**

- 6.2 The Council's Commitment Budget includes £215,000 in 2017/18 for the apprenticeship levy – this excludes schools. For budgeting purposes the levy is being treated as an additional employment tax, similar to employers national insurance contributions. An expansion of the apprenticeship programme with access to levy training funds has the potential to reduce this liability, although this cannot be quantified at this stage.

There is no provision at present for the additional post of Project Manager - Apprenticeships. Should CMT be minded to approve this post the cost will need to be met from either the contingency or put forward as a budget pressure in 2017/18.

### **Equalities Impact Assessment**

- 6.3 None envisaged.

Strategic Risk Management Issues

6.4 A number of issues have been identified that need to be considered within the context at a time when finances are stretched and resources and services are under review:

- Reputational Risk if the quota is not met.
- Loss of levy training funds if not utilised.
- Salary cost of employing additional apprentices.

Full appraisal of the risks can only be made when further details are available on both the levy and the quota from Central Government.

Background Papers

Contact for further information

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(ITEM )

**TO: SCHOOLS FORUM**  
**DATE: 8 DECEMBER 2016**

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## **CONSULTATION ON PROPOSALS FOR 2017-18 EARLY YEARS FUNDING** **Director of Children, Young People and Learning**

### **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to seek comments on proposals from the council for the funding arrangements to be put in place for Early Years (EY) provisions from 2017-18 and to approve the release of the consequential consultation document to providers and other interested parties. Changes are now being proposed in order to comply with new requirements from the Department for Education (DfE).
- 1.2 The report also confirms a new EY representative on the Schools Forum at this important time for the sector.

### **2 EXECUTIVE SUMMARY**

- 2.1 The DfE is making changes in arrangements for EY funding in order to enable those parents that want to work more hours to do so. The free entitlement to education and childcare (the “free entitlement”) for 3 and 4 year olds will therefore be extended from 15 to 30 hours per week for working families. There will be £1 billion of additional funding by 2019-20 to increase provider funding rates and to encourage the development of the additional places that will be required to meet increased take-up.
- 2.2 The DfE consultation proposals indicate that Bracknell Forest Council (BFC) will substantially gain from the changes with an estimated 14.1% increase in per child funding rates in 2017-18 compared to the national average increase of 7%. This equates to around £0.586m for the core 15 hours free entitlement. A further £0.273m is expected in 2019-20 when the new arrangements are fully implemented, so £0.859m in total. At this point per child funding will have increased by 20.1%.
- 2.3 The local changes proposed in this consultation by BFC are intended to maximise quality of provision, increase the number of free entitlement hours and target support to children that need it the most to succeed who providers then prioritise. They result in an average increase in provider hourly funding rates of 14.1%, with around 1 in 3 providers expected to see their rates increase by at least 15%. The new enhanced funding rates will also be paid to those providers choosing to deliver the extended entitlement between 15 and 30 hours for working families.
- 2.4 In respect of the free entitlement for 2 year olds, as this is a very recent development, the DfE are not intending to make any changes to current arrangements and are instead proposing to increase all LA per child funding rates by 7.1%. The council proposes to follow this approach and apply a 7.1% uniform increase to the current £5.10 hourly rate paid in BF, making a new rate of £5.46.

### **3 RECOMMENDATIONS**

**3.1 To AGREE the distribution of the EY funding consultation document and supporting papers at Appendices 1 and 2, subject to any approved changes.**

**3.2 To NOTE following a nomination process, Michelle Tuddenham has been appointed as the new EY provider representative on the Schools Forum.**

### **4 REASONS FOR RECOMMENDATIONS**

4.1 To seek comments from the Schools Forum on the EY funding arrangements proposed to be implemented from April 2017, in advance of a formal consultation with providers and other interested parties.

### **5 ALTERNATIVE OPTIONS CONSIDERED**

5.1 These are set out in the supporting information and the attached Appendix 1.

### **6 SUPPORTING INFORMATION**

#### Background

6.1 The previous meeting of the Forum received an update on DfE funding proposals for 2017-18 in respect of schools, education and EY services. In respect of EY services, this reported that in order to deliver the national policy objective of enabling more families to work by extending the free entitlement to childcare from 15 to 30 hours per week for parents that want to work, there would be £1 billion additional funding by 2019-20 to increase provider funding rates to encourage the development of the additional places that will be required from increased take-up. The details of the DfE proposals were set out in *An Early Years National Funding Formula and change to the way three and four year olds entitlements to childcare are funded* consultation document, of which the key issues are:

1. the extension to 30 hours per week for eligible children would commence from September 2017
2. to encourage providers to increase capacity to ensure sufficient places are available, funding rates should increase
3. to ensure funds are allocated to Local authorities (LAs) on a consistent and objective basis rather than continue with historic spending levels, an Early Years National Funding Formula (EYNFF) would be introduced
4. changes would be made to the way LAs could implement their local EY funding arrangements including:
  - a. changing the factors that can be taken into account in the determination of a provider's hourly funding rate
  - b. requiring at least 95% of an LAs EY funding to be passed on to providers, of which at least 90% of the amount paid to providers having to be allocated through a uniform base rate that must be set at the same amount for all providers, irrespective of the setting type or characteristics

- c. clarifying the expectation of arrangements to be put in place to ensure children with special educational needs (SEN) or disabilities can properly access the free entitlement.

- 6.2 At this stage, the DfE has yet to publish final decisions on the required EY funding framework for next year. However, a clear set of proposals have been set out in the national consultation and in order to have sufficient time to seek and consider views from providers on how future arrangements should be structured locally, the Bracknell Forest Council (BFC) consultation needs to commence now and therefore assumes the original DfE proposals will be implemented. To delay further would put at risk a successful April 2017 implementation. Should any significant differences emerge between the national consultation and the final DfE decisions, a further local consultation may be required, otherwise, decisions will need to be taken directly through the Schools Forum.
- 6.3 In order to ensure that EY providers are properly represented on the Forum at this important stage of the development of EY funding, the current EY provider representative indicated that due to current business commitments, she could no longer devote sufficient time to properly represent the sector and resigned her position. Therefore, nominations were sought from other providers to fulfil this role for which 2 were received. One was supported by 4 other providers, the other had the support of one other provider. For the EY representative on the Forum, the DfE Regulations require the LA to appoint, but it is good practice to seek nominations from the relevant bodies. The council has followed this process and determined that Michelle Tuddenham, Director of Little Acorns Montessori, with settings in Winkfield and Priestwood received the most support and has therefore been appointed.

*Anticipated financial implications arising from the DfE proposals*

- 6.23 In general, the council welcomes the proposals from the DfE to move towards a national funding formula for EY that uses clear and objective criteria consistently across the country, that necessarily reflects regional cost differences, ensures all areas are funded on the same basis and that high levels of funds are passed on to providers. The provision of £1 billion additional funds is also supported.
- 6.24 To help determine the potential impact from the national proposals, the DfE has published illustrative financial information at LA level. Whilst this is very welcome, it does need to be viewed with caution due to the assumptions used as these can produce out of date results. For example, the published hourly funding rates currently paid to LAs by the DfE are calculated from dividing the 2016-17 LA budget figures by January 2016 actual hours of participation. For BFC this divides 1.086m hours of participation into a £4.126m budget to give an hourly funding rate of £3.79. The BFC budget of £4.126m was in fact calculated on the assumption that 1.010m hours of free entitlement would be taken in 2016-17, which is in line with the actual hours delivered in 2015-16, meaning a real average hourly funding rate of £4.08. The average hourly funding rate BFC expects to pay to providers in 2016-17 is £3.85 and clearly this level would not be affordable using the DfE calculation of £3.79.
- 6.25 In trying to provide realistic financial information there can be a lag in the information available to the DfE compared to that accessible in individual LAs. However, in order to provide a guide to the potential financial implications, the following data is presented:

1. Average LA hourly funding rates in 2017-18 from all sources will increase from £4.56 to £4.88 (7.0%, this is a DfE calculation). This rate funds all expenditure and not just payments to providers.
2. BFC hourly funding rate for 2017-18 is estimated to increase from £4.08 (BFC calculation) to £4.66 (14.1%, DfE calculation). This is an increase in funding of around £0.586m.
3. LAs gaining the most from the changes will not receive the full increase immediately, but will need to contribute to a fund for 2 years to support LAs facing the largest funding reductions. This will ensure no LA receives an hourly funding reduction of more than 5% in each of the next 2 years which is intended to protect provider funding rates in those areas.
4. Once these transitional funding protection arrangements finish – expected for 2 years, so to April 2019 – LAs due to experience the largest gains from these changes will receive the full increase.
5. After the 2 year transitional funding period, BFC hourly funding rates are then expected to increase by another £0.27 to £4.93 (7.1%, DfE calculation), an overall increase in per child funding from 2016-17 of 20.1%. This is estimated to amount to a further £0.273m on top of the £0.586m immediate gain, so £0.859m in total.

#### Outline of BFC consultation proposals

- 6.26 The proposals from BFC are intended to maximise quality of provision, increase the number of free entitlement hours and target financial support to children that need it the most to succeed who providers then prioritise. The expectation is that proper targeting of financial support in EY settings now will result in more children achieving their full potential and fewer developing more complex and costly needs. This approach reflects the key strategic aims of the council.
- 6.27 As set out above, in trying to provide realistic financial information there can be a lag in the information available to the DfE compared to that accessible in individual LAs. In order for the financial information presented in the BFC consultation to reflect the most up to date and accurate picture, BFC data is generally used. Despite taking this approach, it needs to be borne in mind that final figures will almost certainly differ from those quoted in the BFC consultation document. This is because per child funding rates that are calculated from the number of hours of free entitlement delivered are all currently estimates as actuals for 2016-17 and 2017-18 are not yet known.
- 6.28 In considering the future local EY funding formula, a number of key principles have been applied, including aiming for a transparent and predictable calculation and targeting additional resources only where these are justified through additional costs or promotion of key priorities. In addition, for each of the top up supplementary payments that the DfE permits to be paid to providers, a consistent, and where possible, evidence based approach has been taken to formulate recommendations.



6.29 Taking this approach, the following represents the key elements of the proposed local EY funding framework:

1. In respect of the local EY Funding Formula, of which around 94% (£5.4m) of total funds will be distributed:
  - a. Around 92.75% of funds will be distributed through the uniform base rate to be paid to all providers, estimated at £4.08 per hour (currently £3.17 for schools and £3.71 for private, voluntary and independent sector (PVI) providers). This factor must comprise at least 90% of the funding distributed through the EY funding formula.
  - b. Around 5% of funds will be allocated through a deprivation supplement, based on post code level low family income data included in the Income Deprivation Affecting Children Index (IDACI), with variable hourly funding rates based on relative levels of deprivation, estimated at £0.20, £0.40 or £0.61 per hour. This is a key factor to deliver additional financial support to providers with the most challenging children, to maximise their school readiness and to help close the attainment gap as they move into schools.
  - c. Around 1% of funds will be paid to providers offering the most flexible offer to parents e.g. availability early or late in the day, at weekend or school holidays. Estimated hourly rates are proposed to vary depending on the degree of flexibility. Providers can qualify for more than one element of flexibility top up, with top up rates varying from £0.05 to £0.15 and can achieve a maximum hourly top up of up funding rate of £0.35.
  - d. Around 1.25% of funds will be paid to providers delivering the additional 15 hours, to encourage additional availability and to reflect current market conditions and charges currently being levied by providers. The rate is estimated at £0.30 per hour, paid only for provision above the core 15 hours entitlement, on an individual child basis.
  - e. The DfE will no longer allow a quality supplement top up to be paid to providers. Therefore, the current hourly payment rates of £0.21, £0.27 and £0.48, based on staff qualification data, will no longer be permitted. This is the highest value top up supplement in the 2016-17 EY Funding Formula.
  - f. The DfE also allows a sparsity top up to be paid to support providers with very low levels of participation, but this is not considered necessary in BF.
  - g. The DfE also allows an efficiency top up to be paid to providers. However, there is insufficient information on the detail of what this means, how it would be measured or how it would operate. Until more information is available, it is not proposed to reflect an efficiency supplement in BF.
2. In respect of the remaining funds, of which around 6% (£0.328m) of total funds will be distributed:
  - a. An SEN Inclusion Fund will be created to support relevant children, in accordance with clear eligibility criteria. This is expected to hold 1 % of available EY funds (£0.057m) but will be supplemented by funding

in the Dedicated Schools Grant High Needs Block as appropriate where additional need is demonstrated.

- b. A ring-fenced account will be established to provide financial support to children eligible to the Disability Living Allowance, holding around 0.6% (£0.35m) of available funds. Paid to each provider, which is the amount allocated to BFC by the DfE. This is intended to provide additional financial support to relevant children to access the free entitlement.
- c. A provider contingency will be established with around 1.5% of available funds (£0.086m) to finance in-year increases in take-up of the free entitlement and also to support providers in financial hardship where this relates to ensuring sufficiency of places for parents.
- d. Funding for central management by the council for fulfilment of statutory duties and the delivery of local and national priorities, which will be capped at 3% of available funds (£0.172m).

Appendix 1 of this report sets out the BFC consultation document that the Forum is requested to comment on and approve for distribution to providers, with a deadline for responses set at 20 January 2017. Annex 1 of Appendix 1 provides more financial information on the overall budget proposed for EY, with Annex 2 setting out illustrative individual provider funding rates.

Appendix 2 of this report sets out the more detailed information and workings that support the main consultation document.

6.30 If all of the proposals in the BFC consultation document are accepted, taking account of the assumptions used in generating the financial information, the following highlight changes are expected in provider funding rates:

1. 23 (36%) providers receive at least a 5% increase in hourly rate
2. 29 (45%) providers receive at least a 10% increase in hourly rate
3. 18 (28%) providers receive at least a 15% increase in hourly rate
4. 10 (16%) providers receive at least a 20% increase in hourly rate

Note, the above analysis excludes the impact of the flexibility and additional 15 hours top up supplement as it is unknown which providers will deliver these options and to what level. Actual increases will therefore be higher than those indicated for providers delivering these options.

6.31 The DfE state that “funding for the most disadvantaged 2 year olds is already allocated on a fair and formulaic basis and is not covered by these proposals.” However, as part of government spending plans, the BFC hourly funding rate will increase by 7.1% from £5.10 to £5.46. The consultation also proposes to increase provider hourly funding rates by the same 7.1%.

### Next Steps

6.32 The BFC consultation will be supported by two evening briefings; on 10 January at 7.00 pm and 12 January at 6.00 pm. Both sessions will be held in the Forest Suite at Bracknell Sports and Leisure Centre, RG12 9SE and will explain the key issues raised and the potential implications. The sessions will address each question on the consultation and provide an opportunity for attendees to raise their own questions.

The intended audience is those involved in the delivery of the free entitlement, including school governors.

- 6.33 The results of this consultation will be summarised and presented to the Schools Forum on 9 March 2017, as part of the normal budget setting process. The Schools Forum will need to take a strategic approach in recommending the budget for the Executive Member to agree, including taking account of the overall level of resources. The Executive Member is expected to make the budget decisions on 21 March 2017.
- 6.34 One of the outcomes from this consultation will be agreement to hourly top up rates for 2017-18: To have a proper understanding and evaluation of the impact of any changes implemented as a result of this consultation, and to consider whether any refinements are required, a review is intended to be undertaken with providers towards the end of 2017 in order for any changes to be considered by the Schools Forum as part of the 2018-19 budget setting process.

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 7.1 The relevant legal implications are addressed within the main body of the report..

### Borough Treasurer

- 7.2 The anticipated financial implications are set out in the supporting information. Final proposals made by the Forum to the Executive Member will need to be affordable within the anticipated level of resources.

### Equalities Impact Assessment

- 7.3 The DfE has completed an EIA on the impact of these proposals.

### Strategic Risk Management Issues

- 7.4 The most significant issue anticipated from the proposals is failure to deliver the number of additional free hours required by parents. This is being mitigated by the expectation that provider funding rates will increase by an average of 14.1%, and for additional funding of £0.30 per hour to be paid to providers choosing to deliver the additional hours.
- 7.5 However the majority of provision within the private, voluntary and Independent sector will only receive between 2.5% and 10% and it is possible that a number of providers will struggle to be sustainable particularly as they will not be able to charge for the additional hours above the 15 hours free entitlement as they currently do. This could result in some providers opting out of the scheme. Most schools could receive the full amount available, and many have the capacity to extend, but currently many are not keen to change their model.
- 7.5 There is also the possibility that with a new funding formula, funds allocated to providers will exceed the budget. This could be as a result of additional hours needing to be paid, or providers becoming eligible to higher rate top up payments than those currently anticipated. There could also be additional cost pressures to support children with SEN. These will be managed through the £0.085m contingency and High Need Block budgets.

- 7.6 Many providers operate in community/church halls where it may not be possible to expand provision. There is a lack of available space in the borough for providers to rent.
- 7.7 There will be added pressure to recruit additional, qualified, staff at the appropriate levels as there is already a shortage.
- 7.8 If the capital bid to the EFA is unsuccessful we will lose a current provider who has been given notice to leave the school site in July 2017. There is no other capital fund currently available for this purpose.
- 7.9 We are working closely with all providers offering business and practice advice, support and guidance and encouraging collaborative working between providers. This may mitigate some of the above risks.

## **8 CONSULTATION**

### Principal Groups Consulted

- 8.1 This report presents part of the consultation process that will also include a formal written consultation with all providers. To date, consultation has only included CYPL Departmental Management Team.

### Method of Consultation

- 8.2 Written report.

### Representations Received

- 8.3 Included in body of the report.

### Background Papers

DfE early years funding consultation:

<http://schools.bracknell-forest.gov.uk/sites/default/files/assets/an-early-years-national-funding-formula-consultation.pdf>

### Contact for further information

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Children, Young People  
and Learning  
Department

# **RESPONDING TO DfE REFORM OF EARLY YEARS FUNDING**

## **A CONSULTATION WITH EARLY YEARS PROVIDERS IN BRACKNELL FOREST**

**9 DECEMBER 2016  
TO 20 JANUARY 2017**

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## **Executive Summary**

1. This document summarises the reform of Early Years (EY) funding proposed by the Department for Education (DfE). It also seeks views on the changes proposed in Bracknell Forest (BF) to meet the needs of providers and the DfE requirements.
2. The DfE is making these changes in order to enable those parents that want to work more hours to do so. To this end, the free entitlement to education and childcare (the “free entitlement”) for 3 and 4 year olds will be extended from 15 to 30 hours per week for working families. There will be £1 billion of additional funding by 2019-20 to increase provider funding rates to encourage the development of the additional places that will be required to meet increased take-up.
3. The DfE consultation proposals indicate that Bracknell Forest Council (BFC) will substantially gain from the changes with an estimated 14.1% increase in per child funding rates in 2017-18 compared to the national average increase of 7%. This equates to around £0.586m for the 15 hours free entitlement. A further £0.273m is expected in 2019-20 when the new arrangements are fully implemented, so £0.859m in total. At this point per child funding will have increased by 20.1%.
4. The local changes proposed in this consultation by BFC are intended to maximise quality of provision, increase the number of free entitlement hours and target support to children that need it the most to succeed who providers then prioritise. They will result in an average increase in provider hourly funding rates of 14.1%, with around 1 in 3 providers expected to see their rates increase by at least 15%. The new enhanced funding rates will also be paid to those providers choosing to deliver the extended entitlement between 15 and 30 hours for working families.
5. However, to ensure that all funds are allocated to providers in accordance with DfE requirements, and that where flexibility exists to make local decisions that the right choices are made, the Council is seeking views from providers on the proposals, and in particular:
  - The value of the hourly base rate that must be paid at the same amount to all providers
  - The top up supplements that should be paid to providers
  - The criteria that should be used to determine eligibility for each supplement
  - The hourly rate that each supplement should be set at
  - Funding arrangements to be put into place to support children with a Disability Living Allowance
  - Funding arrangements to be put into place to support children with Special Educational Needs (SEN)
  - How much money should be spent on the EY support services that the Council should deliver
6. In respect of the free entitlement for 2 year olds, as this is a very recent development, the DfE are not looking to make any changes to current arrangements and are instead proposing to increase all LA per child funding rates by 7.1%. The council proposes to follow this approach and apply a 7.1% uniform increase to the current £5.10 hourly rate paid in BF, making a new rate of £5.46.



7. This is an important consultation that will have significant financial implications and all providers are therefore encouraged to complete a response so their views can be considered when final budget decisions are taken in March 2017.

## Introduction

8. The purpose of this consultation is to gather views from EY providers and other interested parties on the council's funding proposals for April 2017. These need to be updated to reflect new requirements from the government. It builds on the briefing note sent to providers in September, with updates where appropriate, and includes firm proposals in respect of funding arrangements for EY providers and support services.
9. Unless otherwise stated, this consultation relates to 3 and 4 year olds only. The DfE are not proposing any significant changes to the funding arrangements for 2 year olds.
10. A range of supporting information is also available with this consultation. The following additional materials have been produced:
  1. A list of Annexes. This expands on the information contained in this, the main consultation document, and includes an illustration of the expected financial impact on each provider, from the range of options being presented.
  2. A spreadsheet to illustrate the potential funding rates for providers to help understand the anticipated financial impact on them from the options and proposals being presented.
11. The consultation documents and supporting information from both the DfE and BF council can be found at the following BF website address:  
<http://schools.bracknell-forest.gov.uk/finance/early-years-funding-reform>
12. Due to the significance of this consultation, and the amount of paperwork involved, paper copies of this consultation document and the separate list of annexes document will be printed and circulated to all providers.

## Information sessions

13. This consultation will be supported by two evening briefings; on 10 January at 7.00 pm and 12 January at 6.00 pm. Both sessions will be held in the Forest Suite at Bracknell Sports and Leisure Centre, RG12 9SE and will explain the key issues raised and the potential implications. The sessions will address each question on the consultation and provide an opportunity for attendees to raise their own questions. The intended audience is those involved in the delivery of the free entitlement, including all providers in the private, voluntary and independent (PVI) <sup>1</sup> sectors and head teachers, and school <sup>2</sup> governors. School bursars will be provided with a briefing at the 12<sup>th</sup> January 2017 Bursar Support Session.
14. If you plan to attend one of the briefing sessions, please can you include the date of the intended session in the title of your email and **reply by Monday 19 December to:**  
[early.years@bracknell-forest.gov.uk](mailto:early.years@bracknell-forest.gov.uk)

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<sup>1</sup> "PVI" is the term used in this document to mean all current and potential providers of the free entitlement other than council maintained schools or academies, this includes pre-schools, day nurseries, private nurseries, independent schools childminders and out of school providers.

<sup>2</sup> In this document "school" means a council maintained school or academy school providing the free entitlement.

## **Responses**

15. A separate response form accompanies this consultation, and you are asked to return your signed, scanned reply **by Friday 20 January 2017** to:

[education.finance@bracknell-forest.gov.uk](mailto:education.finance@bracknell-forest.gov.uk)

or by post to:

Education Finance, Bracknell Forest Council  
Time Square, Bracknell, RG12 1JD

## **Who should respond to this consultation?**

16. Providers of the free entitlement. For maintained schools, the response should be completed by the chair of governors, in consultation with the headteacher and other governors. Other interested parties such as childminders and out of school providers that are not currently registered for the free entitlement are also welcome to make a response.

## **Queries**

17. If you have any queries on this consultation, please contact:

PVI sector providers:

Early Help Business Support Team

Tel: 01344 354027 or 01344 352187

Email: [ehbs@bracknell-forest.gov.uk](mailto:ehbs@bracknell-forest.gov.uk)

School providers and other interested parties:

Education Finance

Tel 01344 354053

Email: [education.finance@bracknell-forest.gov.uk](mailto:education.finance@bracknell-forest.gov.uk)

## **Background to Early Years Funding**

18. Local Authorities (LAs) are currently funded by the DfE for most of their EY responsibilities through a specific grant called the Dedicated Schools Grant (DSG). The DfE determines how much each LA will receive and what the funding can be spent on.
19. There is a simple formula to calculate the distribution of money to LAs. Each receives a fixed amount of funding for every child taking up the 15 hours free entitlement<sup>3</sup>. The funding rate paid to each LA varies and reflects their individual spending levels in 2010 which was the point that the DfE first required LAs to fund providers of the free entitlement through a local EY funding formula.
20. The DfE also specifies that EY DSG can only be spent on relevant EY provisions and support services. There is a degree of local flexibility available for LAs and Schools Forums<sup>4</sup> on the composition of the local EY funding formula, including the use of top up supplement payments where providers face additional costs or deliver national or local priorities.
21. The amount of funding available for EY, and what it can be spent on, is therefore set by the DfE and not LAs. In 2016-17, BFC expects to receive around £4.126m of EY funding for 3 and 4 year olds with providers delivering 1,010,110 hours of free entitlement.

## **Early Years Funding: DfE proposals at a glance**

22. The following text is taken directly from the 63 page DfE consultation document that has previously been circulated to providers and can be viewed at:

<http://schools.bracknell-forest.gov.uk/sites/default/files/assets/an-early-years-national-funding-formula-consultation.pdf>

### **National funding to local authorities**

- Hourly funding rates (national average) will increase from £4.56 to £4.88 for three- and four-year olds (including average Early Years Pupil Premium spend) and from £5.09 to £5.39 for two-year olds.
- A new early years national funding formula would allocate funding to local authorities for the existing 15-hour entitlement for all three- and four-year-olds and the additional 15 hours for three- and four-year children of eligible working parents.
- The formula would include factors for additional needs and an area cost adjustment to reflect variations in local costs.
- While the majority of local authorities would see increases in their hourly funding rates, we would set a funding floor to ensure that no authority could see a reduction of more than -10% once the formula is fully implemented.

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<sup>3</sup> LAs are funded for actual take up each January: April to August funding is based on the previous January; September to March on the January that falls within the relevant funding period.

<sup>4</sup> Local authorities must constitute a local Schools Forum to consult with on budget and other financial matters relating to education. BF Schools Forum representation comprises head teachers, governors, SEN specialists, a16-19 provider, an early years PVI provider and a Trade Union representative.

- We would also use transitional protections to ensure that no local authority could see an annual reduction in their hourly funding rates of more than -5% in any year.
- We propose all local authorities should be funded by the early years national funding formula, without any transitional protections, by 2019-20.

### **Local funding from local authorities to providers**

- We would require that all local authorities pass 93% in 2017-18 then 95% in 2018-19 of early years funding to providers. This would maximise funding to childcare providers.
- Local authorities would use a universal base rate to fund providers for each hour of the free entitlement, by no later than 2019-20. This would bring about greater equality in funding between different types of provider.
- There would be supplementary funding for maintained nursery schools for at least two years to keep their transition to a universal base rate manageable.
- There would be a limited set of permitted funding supplements, limited to those which reflect drivers of cost and incentivise providers to meet the needs of parents. These supplements would be capped at 10% of the hourly funding rate.

### **Meeting children's additional needs**

- There would be a new Disability Access Fund to support disabled children to access the free entitlements.
- Local inclusion funds for children with special educational needs would support providers in driving outcomes for these children.
- The Early Years Pupil Premium will continue.

## **Bracknell Forest position and approach to EY funding**

23. In general, the council welcomes the proposals from the DfE to move towards a national funding formula for EY that uses clear and objective criteria consistently across the country, that necessarily reflects regional cost differences, ensures all areas are funded on the same basis and that high levels of funds are passed on to providers. The Council's response to the DfE consultation can be viewed at:

<http://schools.bracknell-forest.gov.uk/sites/default/files/assets/consultation-response-from-bfc-to-dfe-on-EYNSFF.pdf>

24. Arrangements regarding education funding in Bracknell Forest have been well established on the basis of a partnership with schools, other interested parties and the Bracknell Forest Schools Forum. Where significant changes are proposed from one year to the next, a consultation is undertaken with key stakeholders. As there have been no funding changes in recent years, with the DfE continuing to pay the same per child funding rate to LAs each year, there has been no scope to make changes to local funding rates. Consultations on EY funding arrangements have not therefore been undertaken. However, significant changes are now required, and this document presents proposals for 2017-18.
25. Whilst the DfE has yet to publish final decisions on the required EY funding framework for next year, a clear set of proposals have been set out in the national consultation. In

order to have sufficient time to seek and consider views from providers on how future arrangements should be structured locally, this consultation needs to commence now and therefore assumes the original DfE proposals will be implemented. To delay further would put at risk a successful April 2017 implementation. Should any significant differences emerge between the DfE consultation and their final decisions, a further local consultation may be required, otherwise, decisions will be taken directly through the Schools Forum.

26. A timetable for this consultation and implementation of the agreed changes is set out in Annex 1 of the list of Annexes document.

## **Early Years Funding: determination of current arrangements in BF**

27. Current funding arrangements in BF were established in 2010 in response to the then new government requirement that all LAs must introduce a single local Formula to fund providers for the free entitlement. It had to properly reflect the different structure and cost bases for EY provision in schools and PVI sectors so that the prevailing inconsistencies between the sectors were removed and that increased flexibility of provisions and the extension of the free entitlement were properly encouraged.
28. To guide the Council on this process, the Schools Forum established a representative group drawn from schools and the PVI sector in the ratio of 2 schools to 6 PVI settings, with the ratios of membership set in proportion to the overall number of providers in each sector. The Group analysed:
- all providers to establish the existing baseline of provision and resourcing;
  - provider cost surveys to help identify cost bases and to inform on how funds should be distributed;
  - LAs that have introduced a funding Formula early through a national pilot scheme, so that good practices can be adopted;
  - guidance issued from the government to ensure that national policy requirements were incorporated.
29. In forming recommendations in respect of formula design and values, the following key principles were used by the Group:
- To allow for proper business planning, the Formula must be transparent, stable and predictable in its delivery of funding;
  - A single basic hourly rate for all providers, with differential amounts for the schools and PVI settings where this is supported by reliable data;
  - Impact from individual business practices or choices will not to be reflected;
  - Hourly supplements to be made where justified to incentivise good practice and to promote national and local policy objectives;
  - The Formula must be affordable within the existing Early Years funding envelope.
30. Whilst a provider reference group was used to inform on the original implementation of the EY funding formula in 2010, the changes required for 2017-18, whilst significant, are considered to be a progression to the earlier work and therefore the reference group has not been re-convened but rather the original key principles have been reviewed and updated to guide the approach now being taken.



## Early Years Funding: current payments to providers and BF budgets

31. As set out above an EY Funding Group recommended a structure for the BF EY funding formula, which following consultation with providers was amended where responses identified improvements, with Table 1 below representing the final funding formula. The rates quoted in Table 1 and amount of funds allocated are based on the provisional 2016-17 budget and reflect subsequent changes to hourly funding rates agreed by the Schools Forum since 2010 as part of the usual budget setting process. Table 1 also sets out the value of budgets centrally managed by BFC.

Appendix 1 to this document sets out key Early Years budget data.

Table1: BF EY Funding with original 2016-17 budget data (estimate)

<b>Formula Factor</b>	<b>Hourly rate range</b>	<b>Total cost</b>	<b>Share of EY Formula</b>
<b>EY Funding Formula:</b>			
Base rate	£3.17 or £3.71	£3,524,690	90.6%
Supplements:			
<i>Deprivation</i> – Income Deprivation Affecting Children Index (based on child post code)	£0.11 to £0.32	£124,100	3.2%
<i>Quality</i> - based on staff qualifications	£0.21 to £0.48	£214,940	5.5%
<i>Flexibility</i> - based on availability over an extended day, choice of days attended, school holidays etc	£0.05 to £0.035	£27,340	0.7%
<b>Total EY Funding Formula</b>	£3.44 to £4.24 1,010,110 hrs	<b>£3,891,090</b>	<b>100.0%</b>
<b>Average hourly provider funding rate</b>	£3.85		
<b>Council managed funds:</b>			
Support to children with SEN - based on assessed needs, paid to providers	£7.20 or £9.00	£27,000	
Other budgets		£207,910	
<b>Total Council managed funds</b>		<b>£234,910</b>	
<b>GRAND TOTAL</b>	<b>£4.08</b>	<b>£4,126,000</b>	

Table 1 excludes the Early Years Pupil Premium grant paid at £0.53 per hour for eligible children.

32. More detail on the current elements of the BF EY Funding Formula and associated eligibility criteria are set out in Annex 2 of the list of Annexes document. Budgets centrally managed by BFC are listed in Annex 3.



## **Basis of financial data used in the BF consultation**

33. To help determine the potential impact from the national proposals, the DfE has published illustrative financial information at LA level. Whilst this is very welcome additional information, it does need to be viewed with caution due to the assumptions used which can produce out of date results. For example, the published hourly funding rates paid to LAs by the DfE are calculated from dividing the 2016-17 LA budget figures by January 2016 actual hours of participation. For BFC this divides 1.086m hours of participation into a £4.126m budget to give an hourly funding rate of £3.79. The BFC budget of £4.126m was in fact based on funding the estimated number of hours participation to be taken in 2016-17 of 1.010m (which is in line with the actual hours delivered in 2015-16), meaning a real average hourly funding rate of £4.08. The average hourly funding rate BFC expects to pay to providers in 2016-17 is £3.85 and clearly this level would not be affordable using the DfE calculation.
34. Unfortunately, in trying to provide realistic financial information there can be a lag in the information available to the DfE compared to that accessible in individual LAs. In order for the financial information presented in this consultation to reflect the most up to date and accurate picture, BFC data is generally used. Despite taking this approach, it needs to be bourn in mind that final amounts will almost certainly differ from those quoted in this document. This is because per child funding rates that are calculated from the number of hours of free entitlement delivered are all currently estimates as actuals for 2016-17 and 2017-18 are not yet known.

## **Early Years Funding: Proposals for BF**

### **Overview**

35. Reviewing the financial illustrations published by the DfE and updating where relevant to more up to date local data presents the following key points:
- Average national LA hourly funding rates in 2017-18 from all sources will increase from £4.56 to £4.88 (7.0%, this is a DfE calculation). This rate funds all expenditure and not just payments to providers.
  - BFC hourly funding rate for 2017-18 is estimated to increase from £4.08 (BFC calculation) to £4.66 (14.1%, DfE calculation). This is an increase in funding of around £0.586m.
  - LAs gaining the most from the changes will not receive the full increase immediately, but will need to contribute to a fund for 2 years to support LAs facing the largest funding reductions. This will ensure no LA receives an hourly funding reduction of more that 5% in each of the next 2 years which is intended to protect provider funding rates in those areas.
  - Once these transitional funding protection arrangements finish – expected for 2 years, so to April 2019 – LAs due to experience the largest gains from these changes will receive the full increase.
  - After the 2 year transitional funding period, BFC hourly funding rates are then expected to increase by another £0.27 to £4.93 (7.1%, DfE calculation), an overall increase in per child funding of

20.1%. This is estimated to amount to a further £0.273m on top of the £0.586m immediate gain, so £0.859m in total.

## Local funding from BFC to providers – the proposed structure of the local EY Funding Formula and weightings to be applied to each factor

### Key principles

36. The proposals from BFC are intended to maximise quality of provision, increase the number of free entitlement hours and target financial support to children that need it the most to succeed who providers then prioritise. The expectation is that proper targeting of financial support in EY settings now will result in more children achieving their full potential and fewer developing more complex and costly needs. This approach reflects the key strategic aims of the council.
37. In considering the future EY funding formula, the following key principles have been applied, with those highlighted in bold font remaining from the original principles adopted when the EY Funding Formula was originally established in 2010:
1. **The Formula must be transparent, stable and predictable in its delivery of funding**, compatible with DfE requirements and efficient to manage;
  2. Data used for funding purposes e.g. the measure of deprivation in the deprivation supplement, must be readily available and objective in nature;
  3. **Hourly supplements to be made where justified to incentivise good practice**, or reflect an additional cost, **or promote national or local policy objectives**;
  4. **The Formula must be affordable within the existing Early Years funding envelope.**

### Process undertaken to propose indicative provider funding rates

38. As set out above in paragraph 34, this document uses the illustrative 2017-18 funding allocations for BFC produced by the DfE, updated for the latest information, to model the potential financial impact at individual provider level. The figures are estimates which means that the amounts and rates quoted below will almost certainly need to be revised. Any requirement to update the amounts quoted here will be determined by the Schools Forum as part of the normal budget setting process and will take account of the latest information, including responses from providers to this consultation and requirements and guidance from the DfE.
39. In meeting some of the DfE requirements, a decision taken on one part of the funding formula can often have a direct impact on how another part has to be developed. For example, setting the amount of funds to be allocated to providers through the EY funding formula, can only be established after all other budget requirements have been set, such as an SEN Inclusion Fund, support for children in receipt of a Disability Living Allowance, and funds to be centrally managed by the Council. Therefore, in formulating a full set of proposals, assumptions have had to be made.

### Top-up supplements

40. The DfE is expected to require at least 90% of EY funding formula funds to be allocated through the uniform base rate that must be paid to all providers. Therefore, top up supplements must aggregate to below 10%. **Unless otherwise stated, top up supplements will apply equally to all providers, irrespective of type of setting.** The approach taken in this consultation is to consider which top up supplements should be used in BF, the approximate percentage of funds they should each distribute, with the remaining balance available to fund the uniform base rate. Information on proposals for

the uniform base rate are set out below from paragraph 52.

41. To apply a consistent approach to the use of top up supplements, the following 4 questions are considered for each available option:

1. Is there a need for the supplement to **“incentivise good practice, or reflect an additional cost, or promote national or local policy objectives”**?
2. Are there **“readily available and objective”** measures to target funding to the children / providers that need it?
3. What approximate proportion of funding should be allocated through the supplement? So how important is it?
4. Should the supplement have a uniform funding rate or should it vary according to relative need?

Bold type above reflects wording from the key principles set out above in paragraph 36. Others relate to how the supplement should be calculated and allocated to providers.

This consultation considers all of the top up supplements that the DfE proposes can be used by LAs when allocating funds to providers.

#### Deprivation

42. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

LAs must include a deprivation factor in their local EY Funding Formula, so there is no choice. The DfE require this as a considerable portion of funds at national level (8% of the national EYNFF) are being channelled for children with disadvantage and low-level special educational needs.

2. **Are suitable measures available to allocate funds?**

The DfE will permit LAs to use any measure of deprivation they chose. The most common measures available are Income Deprivation Affecting Children Index (IDACI) which is a geographical measure at post code level of deprivation calculated by the government from data on families on low income, Index of Multiple Deprivation, which uses 7 different measures of deprivation - Income, Employment, Health and Disability, Education, Housing, Living Environment and Crime - to determine an aggregate score for an area and commercially available products, such as ACORN or MOSAIC that classify postcodes into types based on census and other information using cluster analysis and various statistical methods to arrive at a deprivation rating. **The current BF EY Funding Formula uses IDACI and this is proposed to continue.** Annex 4 from the list of Annexes document provides more information on the available measures and their advantages and disadvantages and why IDACI is recommended to continue.

3. **How much money should there be allocated through this factor?**

It was agreed through the consultation when the current BF EY Funding Formula was established that around 3% of funds should be allocated through a deprivation measure. Table 1 above at paragraph 31 shows that over time, the percentage has increased to 3.2% with the movement generally accounted for as hours of free entitlement delivered by providers

in the most deprived areas have increased at a higher rate than providers in less deprived areas.

There is little meaningful objective data available to base the appropriate proportion of funds that should be allocated through a deprivation measure. However, there is substantial evidence available that confirms children from the most deprived areas need additional support to achieve the same levels of attainment as those from less deprived areas. The 2016 Early Years Foundation Stage profile judgements in BF show an average points score difference of 22.3 between the disadvantaged and non-disadvantaged.

With the government requiring this supplement, and distributing 8% of national funds through this measure, the expectation must be for a relatively high percentage. **The recommendation is therefore to increase the proportion of funds distributed through the deprivation factor from 3.2% to 5%.**

4. **Should the hourly top up rate be a fixed amount or variable?**

As with all supplements, the intention is to target resources rather than pay them to all providers as the base rate provides for general costs that all providers are expected to experience, including those arising from relatively low levels of deprivation. Therefore, with the mandatory deprivation supplement, a decision needs to be taken on how to target resources.

The current EY funding formula only resources 60% of providers; those assessed as delivering the free entitlement in settings with the greatest concentration of deprived children. Furthermore, the hourly top up rate varies so that the top 10% are funded at 3 times the basic rate (Band 3), the next 25% at 2 times the basic rate (Band 2) and the final 25% at the basic rate (Band 1). Using this approach can move providers between top up rates purely as a result of changed scores at other providers, so in some instances, providers will move to a lower or higher top up rate when their average deprivation score is unchanged.

A more appropriate measure is considered to have IDACI scores as the funding threshold. In this way, a providers rate would only change if their score, and therefore deprivation measure changes, and would not be impacted by changes in deprivation occurring at other providers.

As the recommended IDACI deprivation measure scores geographical areas by relative severity, this provides a sound basis to vary the hourly top up rate as those with the highest scores will generally be facing the highest costs. In addition, the higher the concentration of children with deprivation in a setting, the greater impact on additional support needs as spare capacity to support more needy children is quickly absorbed. For these reasons, **a variable hourly rate is recommended to continue to be paid.**

IDACI provides a deprivation score for each post code area of between 0 where the probability of families receiving low income is zero, to 1, where there is a 100% probability of a family having low income, and a score in the middle at 0.5 indicating a 50% probability that the family is receiving low income, and so on. **It is recommended that IDACI scores of 0.33, 0.25 and 0.2 are used to allocate 3 times the basic rate (Band 3 at £0.61), 2 times the basic rate (Band 2 at £0.40) and the basic rate (Band 1 at £0.20) respectively.** This equates to a setting having approximately 1 in 3 children from deprived families, 1 in 4 and 1 in 5 respectively. Providers with higher ratios would not receive top up funding.

The current BFC EY deprivation supplement does not apply to childminders. This is because the low number of children receiving the free entitlement

with childminders means an IDACI score from one child can have an undue influence on the average setting score. In light of the government focus on deprivation and the need to narrow the attainment gap, and the fact that childminders will face the same challenges from children from these backgrounds as other providers, childminders are now proposed to be eligible to a deprivation top up.

To reflect the issues set out above, the application of the deprivation factor for childminders is proposed to be applied in the same way as to all other providers to calculate the IDACI score for the setting, but funding will only be allocated when the score is at least 0.33 i.e. 1 in 3 children are considered to live in a low income family. In these circumstances, top up funding will be capped to Band 1, the lowest funding level, estimated at £0.20 per hour. Childminders will therefore only qualify for deprivation top up funding when they have relatively high levels of deprivation on the IDACI score, with the rate of funding paid at the lowest available hourly rate.

Table 2 below sets out the anticipated impact on providers based on current deprivation scores if these changes are implemented. Note, due to lack of data, this excludes childminders.

Table 2: Anticipated impact from proposed deprivation top up supplement

Deprivation Band	Existing position		Future position		Change	
	No.	Amount	No.	Amount	No.	Amount
3: High	8	£37,644	4	£45,192	-4	+£7,548
2: Medium	16	£58,164	21	£132,257	+5	+£74,093
1: Low	16	£31,302	12	£44,771	-4	£13,469
<b>Total</b>	<b>40</b>	<b>£127,110</b>	<b>37</b>	<b>£222,220</b>	<b>-3</b>	<b>£95,110</b>

**In respect of the mandatory deprivation top up supplement:**

**Question 1** – Do you agree that the Income Deprivation Affecting Children Index (IDACI) should continue to be used as the deprivation measure? (IDACI is a geographical measure of deprivation at post code level, ranked by severity of deprivation, calculated from government from data that identifies areas with the lowest levels of family income).

**Assuming a deprivation top up supplement is agreed:**

**Question 2** – What proportion of funds do you think should be allocated through the deprivation measure in the BF EY Funding Formula? Around 3% (£0.133m existing amount), 4% (£0.178m) or 5% (£0.222m and recommended amount)?

**Question 3** - Do you agree that funding should be further targeted so that providers with 1 in 3 children from a deprived background receive 3 times the basic rate (Band 3 at £0.61), those with 1 in 4 children from a deprived background 2 times the basic rate (Band 2 at £0.40) and those with 1 in 5 children from a deprived background the basic rate (Band1 at £0.20)?

**Question 4** - Do you agree that to reflect the circumstances in childminder settings, the deprivation top up should only apply where IDACI data indicates at least 1 in 3 children

are from deprived backgrounds (score of at least 0.33), and that in such circumstances, funding will be applied at the Band 1 level, estimated at £0.20 per hour?



Rurality / sparsity

43. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

This supplement is available as the DfE consider that in “some very sparsely populated areas, childcare providers may be delivering an important service to a very small number of local families. Where a childcare provider faces higher costs from operating at very small scale in sparsely populated areas – where that setting provides an important service to local families with no alternative source of childcare provision – we propose that LAs should have the discretion to offer a funding supplement to maintain the providers viability.” Where this supplement is used, funding must be allocated on the basis of a distance measure.

The council does not consider there are any providers in the borough operating within the circumstances detailed in the DfE consultation, **and it is therefore recommended that there is no justification for this supplement.**

**In respect of a discretionary rurality / sparsity top up supplement:**

**Question 5** – Do you agree that there is no case to use a rurality / sparsity supplement in BF?

Flexibility

44. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

The draft statutory guidance from the DfE on flexibility makes clear that children should be able to take up their full entitlement to a funded place at times that best support their learning, and at times which fit with the needs of parents to enable them to work if they wish to do so. Therefore, to meet national priorities, a flexibility supplement needs to be paid in BF.

2. **Are suitable measures available to allocate funds?**

The DfE consider it appropriate for LAs to retain discretion over what kind of flexibility should be promoted locally. This could be to support growth in a particular segment of the local childcare market or could reflect a local definition for flexibility. This consultation proposes that the supplement links to a local definition of flexibility as follows, with proposed hourly supplements:

- a) No restrictions are placed on the hours or days when the free entitlement can be accessed and subject to availability, the setting seeks to meet any parental requests to change attendance patterns within six weeks of the request. **Top up at £0.15 per hour.**
- b) Parents are able to access the free entitlement across the year including at least 10 weeks of school holidays. **Top up at £0.10 per hour.**

- c) Parents are able to access the free entitlement across the year including at least 30 week ends. **Top up at £0.05 per hour.**
- d) Any other innovative methodology approved by the Director of Children, Young People and Learning. **Top up at £0.05 per hour.**

Annex 5 of the of the list of Annexes document provides more detail on flexibility.

3. **How much money should there be allocated through this factor?**

Around 0.7% of funds are currently allocated through this supplement. As this is a key national and local priority, it is proposed to increase this to around 1%. This is intended to widen choice and support the extension to 30 hours free entitlement to working families.

4. **Should there be a uniform hourly top up rate or variable?**

The proposed local definition to be used to assess provider flexibility includes a number of measures which means a degree of flexibility can be established. The proposal is therefore to pay increased levels of supplement to providers as they meet more eligibility criteria.

**In respect of a flexibility top up supplement:**

**Question 6** –Do you agree that a flexibility supplement should be in place in BF?.

**Assuming a flexibility top up supplement is supported:**

**Question 7** – Do you agree with the local definition around providing the free entitlement without restrictions of hours or days of availability, including early and late in the day, during school holidays, weekends attempting to accommodate changes in patterns of attendance, and innovative arrangements agreed by the Director of Children, Young People and Learning?

**Question 8** – Do you prefer it to represent around 0.7% of total funds (£0.028m current level), 1% (£0.04m recommended level) or 1.5% (£0.061m)?

*Efficiency*

45. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

The DfE consultation states that “We are minded to include the option for LAs to reward and recognise providers who make optimum use of income to provide high quality childcare, to invest in their workforce and to develop and share strong business models with other providers.”

However, there is no information on the detail of what this means, how it would be measured and also how it would operate as the consultation says “We welcome your views on whether a supplement to recognise and reward such behaviours would be valuable in your local area, and if so how it might be designed.”

With a lack of clarity over what this means and how it would be measured, **it is not recommended to implement this supplement** for April 2017 but rather to wait for final guidance from the DfE and to consider again at the

end of 2017 whether it is a worthwhile top up which could then be introduced for 2018-19.

**In respect of a discretionary efficiency top up supplement:**

**Question 9** – Do you agree that due to lack of clarity on what this supplement is intended to reward and how it would work in practice that it is not used in BF in 2017-18?

Delivery of the additional 15 hours

46. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

The DfE “overarching objective is to ensure that the childcare market offers sufficient high quality places and delivers 30 hours from September 2017, as well as continuing to deliver the 15 hour offer for all 3 and 4 year olds, and for the most disadvantaged 2 year olds”. At the same time, the DfE would want to make sure that such a supplement would not “create a disadvantage to providers who choose to, or whose capacity is limited to, offering only the existing 15 hour free entitlement.”

Again, the DfE are not clear on how such a supplement could work, but suggest there could “be a ‘growth’ or ‘new places’ supplement to offer additional money for new capacity where it is genuinely required to meet parental demand, while protecting existing places.”

In light of the additional money that will be received next year, and the recommendation at paragraph 55 to increase the uniform base rate by between £0.37 and £0.91 to £4.08, the expectation is that the extra financial benefit providers will receive will ensure that all existing places are protected. However, there is a recognition that some providers will receive relatively low increases and may also face additional costs in offering 30 hours or suffer a loss of income if the hours are currently being paid for by parents at a higher rate than that paid for free entitlement provision.

The DfE recognise this as an issue, with the likelihood that different solutions will need to be introduced across the country, so are again seeking views on how the supplement could be designed. **As a key national and local policy priority, it is recommended that a supplement to deliver the additional 15 hours is included in the BF funding formula.**

This supplement will only be paid where a setting provides more than 15 funded hours for a child in a week.

Examples:

A setting providing 20 hours of care for a child in a week, will only receive the supplement for the 5 hours over the first 15 hours.

2 settings sharing the 30 hours, both providing 15 hours, neither will receive the supplement.

2 settings both providing more than 15 hours of care in a week. Funding will be split between the providers by:

- The parent decides the split of funded hours between the settings
- Otherwise, the funding is split on a pro-rata basis

2. **Are suitable measures available to allocate funds?**

As set out above, the DfE have yet to determine how this could work, however, it appears that a 'growth' or 'new places' supplement would be an option in the local funding formula, but this has yet to be confirmed. Until further information is confirmed by the DfE on this supplement, this consultation proposes the supplement rewards providers that deliver new hours of free entitlement above the existing 15 hours on an individual child basis to the maximum of 30 hours (for eligible children).

Clearly this data is not currently available, but for modelling purposes, the assumptions used by the DfE in calculating the number of extra places that will be required in each LA from September 2017 have been used. In essence this has been calculated from national population estimates for parents of 3 and 4 year olds on low income, less an estimate for those earning above the £100,000 wage limit who are not eligible, then multiplying each LAs estimated proportion of pupils entitled to additional hours funding provides the estimate for pupils eligible for additional hours funding. There is then an adjustment to reflect the expected actual take up, with DfE assuming 80% of eligible children will take up some additional hours, at an average of 12 of the available 15. Using this method, the DfE estimate 219,184 additional hours will be delivered.

3. **How much money should there be allocated through this factor?**

As the delivery of the additional hours is a key national and local policy objective that is a significant factor in securing the substantial additional resources being made available for delivering of the free entitlement this should be reflected in the local funding formula.

In terms of current market charges for hours delivered above the free entitlement, providers are charging an average £5.05 per hour which is £1.20 above the £3.85 average hourly rate paid for the free hours. If free entitlement hours of up to 30 per week are delivered, then this charge will no longer be allowed to be levied, resulting in a loss of income. The additional 15 hours supplement will need to take account of this loss of income and encourage more providers to deliver the required hours.

Generally speaking, admitting children for more than 15 hours is not expected to incur any significant additional costs compared to delivering the first 15 hours. Therefore, the charges levied above 15 hours provision are considered to be set at a level that covers costs across all hours delivered and not just those above the 15 free hours. This implies that where 30 hours are delivered, the £1.20 additional charge is recovering costs across double the number of hours it has been levied against. Clearly, other scenarios also exist.

This means that some providers are in effect charging £0.60 per hour delivered to parents i.e. half the actual billable rate contributes to current free entitlement hours provision, and the other half to paid hours provision.

Annex 1 of this document sets out that excluding any top up that may be paid through this additional hours supplement, there is expected to be a £0.49 average increase in provider hourly funding should all the proposals in this consultation be accepted, which is £0.11 per hour below the income some providers will be receiving from up to 15 hours billing. With the additional hours supplement proposed to be paid only for the additional

hours, and not the existing 15 free hours, the funding shortfall could be £0.22.

In order to provide some protection to the existing market, and to encourage new entrants, **an hourly funding top up of £0.30 is recommended, which based on estimated DfE take up hours of 219,184 would equate to around 1.25% of the money allocated through the EY Funding Formula.**

4. **Should there be a uniform hourly top up rate or variable?**

As set out above, a uniform hourly top up rate of £0.30 is considered the most appropriate funding method.

Due to the largely unpredictable nature of how many additional hours will actually be delivered, and its impact on the current fee paying hours, this element of the EY Funding Formula will need to be closely monitored to measure its appropriateness and effectiveness.

**In respect of a discretionary delivery of the additional 15 hours top up supplement:**

**Question 10** – Do you agree that delivery of an additional 15 hours top up supplement should be included in the BF funding formula

**Assuming an additional hours top up supplement is supported:**

**Question 11** – Do you prefer it to represent around 1% of funds (around £0.044m and £0.25 per hour), 1.25% (recommended level, and around £0.068m and £0.30 per hour) or 1.5% (around £0.082m and £0.35 per hour)?

Note: as this supplement relates to increased participation from the additional 30 hours, the amount of funds illustrated as likely to be allocated is calculated against 1.229m hours. Other amounts in this consultation are calculated against the existing 15 hours only and 1.010m in total.

Supplements – other matters

47. Each provider's hourly funding amount of base rate, plus where relevant, supplements for deprivation and flexibility will be paid at the same hourly rate irrespective of how many hours of the free entitlement are delivered. Those delivering the additional 15 hours will be paid the same for these elements of the formula no matter how many hours are provided, up to the maximum of 30.
48. In respect of the supplement relating to the delivery of the additional hours, this will only be added to the extra hours provided to individual children above the current maximum of 15.

Removal of the Quality Supplement

49. The DfE will no longer allow LAs to pay a quality supplement to providers as good quality should be expected of all providers. Table 1 above in paragraph 31 shows that £0.215m is expected to be paid through the BF EY funding formula for quality making it the highest value supplement. The effect of this restriction is that the money will be recycled within the BF EY funding formula.

Frequency of review of provider eligibility criteria

50. Whilst it is important to minimise the operating costs of the EY funding system, there is a case to make that provider eligibility to top up supplements should be regularly reviewed to ensure that correct hourly rates are paid, especially when increases are due. Hourly rates are currently reviewed and updated once a year, for the start of April. There is the option to update hourly rates each term, but this would require providers to supply relevant data 3 times a year and for the LA to review and verify it before changing payment rates.
51. The key points to consider before moving to termly updates to hourly rates are:
1. There would be extra work for providers to supply termly data returns to the LA;
  2. There would be extra work for the LA to review and verify the data.
  3. Payments to providers would be less predictable, with potential fluctuations in hourly rates now 3 times a year;
  4. With more dynamic and fluctuating supplements, providers would receive faster updates in funding to reflect any changing circumstances, so for example, funding adjustments in respect of changes in the delivery of the additional 15 hours would be funded quicker, as would changes in a provider's flexibility offer.

**In respect of updating provider eligibility to hourly top up supplements:**

**Question 12** – For each of the following top up supplements, do you prefer an annual or termly update to determine provider eligibility:

- a) Deprivation (requires LA activity)
- b) Flexibility (requires LA and provider activity)
- c) Delivery of the additional 15 hours (requires LA and provider activity)

Base rate

52. The approach taken in this consultation is to make recommendations on the amount of funds to be allocated through each of the top up supplements, with the remaining balance left for allocation through the uniform base rate. With 7.25% of funds recommended to be allocated through supplements as set out below, this means 92.75% will be delivered through the base rate. A summary of the estimated cost of top up supplements is as follows:
1. Deprivation supplement should allocate around 5% of funds;
  2. Flexibility should allocate around 1%;
  3. Delivery of the additional 15 hours around 1.25%.
53. The DfE are proposing 2 key controls on how the hourly base funding rate should operate in the local EY funding formula:
1. It must be used to distribute at least 90% of funds.
  2. No later than from April 2019, the same uniform rate must be paid to all providers;

54. Paragraph 52 above sets out the proposal to allocate around 7.25% of funds through top up supplement, thereby ensuring that the minimum 90% threshold set by the DfE will be met. In respect of a uniform base rate, the current EY funding formula pays a differential hourly base rate with schools receiving £3.17 compared to the £3.70 paid to PVI providers.
55. Moving to a uniform base rate for April 2017, using 92.75% of available funds and assuming providers deliver the same number of hours of the free entitlement as at January 2016 indicates a new uniform hourly base rate of £4.08. This is an increase of £0.91 for schools and £0.37 for PVI providers.
56. In considering whether the uniform base rate should be fully implemented in April 2017, or on a phased basis to April 2019, **the recommendation is to fully implement the uniform base rate from April 2017**. This proposal is based on:
  1. The additional funds being received that will ensure the increase to lower paid providers does not need to be funded from a reduction to those receiving higher rates;
  2. The removal of the quality supplement will also free up funding (circa £0.215m) to ease the financial impact;
  3. Avoiding a period of funding fluctuations to providers that would arise if the change is introduced on a phased basis.
  4. The DfE requirement is promptly implemented.

**In respect of the uniform hourly base rate**

**Question 13** – Taking account of your views on the right amount of funds to be allocated through top up supplements, do you prefer the uniform hourly base rate to be set at below 92.75% of total funds, around 92.75% of funds (recommended level), or above 92.75%?

**Question 14** – Do you agree that the uniform hourly base rate is introduced at April 2017 rather than being phased in over 2 years?

Summary impact from proposed recommendations

57. If all of the proposals in this consultation document are accepted, taking account of the assumptions used in generating the financial information, the following highlight changes are expected in provider funding rates:
  1. 23 (36%) providers receive at least a 5% increase in hourly rate
  2. 29 (45%) providers receive at least a 10% increase in hourly rate
  3. 18 (28%) providers receive at least a 15% increase in hourly rate
  4. 10 (16%) providers receive at least a 20% increase in hourly rate

Note, the above analysis excludes the impact of the flexibility and additional 15 hours top up supplement as it is unknown which providers will deliver these options and to what level. Actual increases will therefore be higher than those indicated for providers delivering these options.



Appendix 2 of this document sets out a summary of current and potential provider funding rates.

## Funding to be centrally managed by the Council

58. This section looks at services and budgets that are considered best delivered through central management by the council. The DfE have set a cap on the amount of such funds at 5% of the amount allocated through the EY funding formula. For BF, this will be around £0.27m in 2017-18. Where such funding ultimately ends up being passed on to providers, this is not counted within the cap. Paragraphs 58 to 67 below look at funding proposed to be centrally retained that is **OUTSIDE this cap**. Paragraphs 68 to 72 look at funding proposed to be centrally retained that is **INSIDE the 5% cap**.

### Centrally managed funding **OUTSIDE** the 5% cap

59. The DfE consultation states that “the Government is clear that all children should be able to access their entitlement to childcare and that no child should have access to their entitlements restricted or denied because of special educational needs or a disability”. Clear proposals on how relevant children should be supported in these circumstances are included in the DfE consultation, of which more detail is set out below. In both instances, the DfE expects LAs to hold relevant funds in the first instance, before they are passed on to qualifying providers. As the funding ultimately reaches providers, the DfE proposes to exclude these amounts from the 5% cap on centrally retained funds. Paragraphs 60 to 61 set out funding proposals to support disabled children, with paragraphs 62 to 65 setting out funding proposals to support children with SEN.

### Meeting children’s additional needs: Disabled Living Allowance

60. The Equalities Act 2010 requires LAs and all EY settings to make reasonable adjustments where these are required by disabled children. To provide a dedicated funding stream to support these requirements, the DfE consultation proposes a targeted fund is paid to LAs that must then be passed on to providers for each child in receipt of a Disability Living Allowance. This would be paid as an annual lump sum rather than an increase to hourly funding rates with providers then responsible for making decisions about what the funding should be spent on. The DfE intend to monitor how the funding is spent in order to develop an evidence base of best effect. Each eligible child will deliver to the provider the amount of funding provided by the DfE for this purpose, which for BFC is expected to be £500.
61. It is recognised that the DLA specific funding will not always cover the full costs of required support. Providers will still be responsible for supporting all children within their setting as per their duties under The Early Years Foundation Stage and Equalities Act 2010. In addition, the LA will be available to provide additional support from budgets available to support children with high needs. In order for providers to be clear of their obligations and the circumstances when they can expect to receive additional financial support for disabled children, **a recommended policy has been developed to support disabled children, and this is set in Annex 6 of the list of Annexes document**. This proposes the following criteria must be met before a provider can request additional financial support from the council:

1. All providers must demonstrate that they do not discriminate against, harass or victimise disabled children. Policies should evidence that settings are inclusive and all children will be welcomed regardless of disability.
2. All providers must demonstrate that reasonable adjustments have been made, including the provision of auxiliary aids and services, to ensure that disabled children and young people are not

at a substantial disadvantage compared with their peers. Examples of reasonable adjustments are:

- Creating a communication friendly environment using alternative and augmentative communication (including signing and visual aids)
  - make spaces for children to spend time away from the group if required
  - Physical building adaptations where possible, depending on ownership and practicality of required works
3. Schools must have published an accessibility plan setting out how they plan to increase access for disabled pupils to the curriculum, the physical environment and to information.

**In respect of supporting children with disabilities:**

**Question 15** – Do you have any comments on the policy proposed to support children with disabilities, as set out in Annex 6 of the list of Annexes document?

*Meeting children's additional needs: SEN Inclusion Fund*

62. The DfE acknowledges that “the current funding system in the early years lacks the necessary structure and transparency to ensure that children with SEN receive the support that they need to develop while taking up the free entitlement.” It also believes that “a common feature of LAs and providers that are delivering effective support for children with SEN is a strategic and clear approach on how funding is allocated to meet additional needs.”
63. To facilitate this, the DfE propose that LAs should set up a SEN Inclusion Fund to support the children they consider need additional support. The fund would be used to finance additional support for relevant children that would be passed on to providers, on a case by case basis. This would assist close working between LAs and providers to identify children with SEN and to ensure that appropriate support is in place.
64. Again, in order for providers and parents to be clear of their obligations and the circumstances when they can expect to receive additional financial support, **a recommended policy has been developed to support children with SEN**, and this is set out in Annex 6 of the list of Annexes document, the key points of which are:
1. Child is known to the Child Development Centre (CDC)
  2. Child's current developmental levels
    - a) 3 prime areas for under 3's
    - b) 7 areas of EYFS for 3-5 years
  3. Provision map detailing interventions to date (over and above those offered to all children)
  4. Diagnosis/including medical needs
  5. Evidence of implementing recommendations from other professionals, e.g. CDC Officers, speech and language therapists
  6. Details of how the funding will be used to improve outcomes for the child
  7. Parental consent to apply for the fund

65. In terms of the amount of funds that should be included in any SEN Inclusion Fund, the DfE has identified that 6% of 3 and 4 year olds taking up the free entitlement have SEN. The intention of BFC is to continue to fund those children with an Education, Health and Care Plan from high needs budgets, and not EY specific funding. Nationally, this covers 0.7% of 3 and 4 year olds. As the 0-25 SEND Code of Practice states there is a graduated approach to supporting children with SEN, some of the remaining 5.3% of young children with SEN will need limited financial support that can ordinarily be met from hourly rate funding. The recommendation from this consultation that the SEN inclusion fund should total around 1% of the amount allocated through the EY funding formula, including the addition 15 hours, which is around £0.057m, and double current levels of expenditure. If this is insufficient, BFC would add funding set aside for High Needs Funding to compliment EY specific funding, subject to available resources.
66. The recommended SEN policy sets out 3 levels of additional support; low at up to 6 hours a week, moderate at above 6 and up to 9 hours a week, with high at above 9 and up to 15 hours a week, with criteria attached to each category. Low support requirements would attract £710, moderate £1,060 and high £1,770. The funding rates are based on £8.45 per hour staffing costs plus 10% employer on-costs, so £9.30 in total. Payments would be adjusted pro rata where a different number of hours was being delivered. In exceptional circumstances, alternative funding agreements may be appropriate, and these would be agreed on a case by case basis.
- 67.

**In respect of supporting children with special educational needs:**

**Question 16** – Do you agree that an SEN Inclusion fund should be maintained to provide financial support to children with SEN?

**Assuming an SEN inclusion fund is supported:**

**Question 17** – Do you agree that there should be 3 levels of additional support; low at up to 6 hours a week, moderate at above 6 and up to 9 hours a week, with high at above 9 and up to 15 hours a week?

**Question 18** – Do you agree that in exceptional circumstances, alternative funding arrangements can be put in place?

**Question 19** – Do you agree that it is reasonable to base the funding allocation on £9.30 per hour staff costs?

**Question 20** – Do you have any comments on the proposed funding policy to support children with Special Educational Needs as set out in Annex 6 of the list of Annexes document?

Contingency

68. The DfE recognise “that it is reasonable for LAs to hold back contingency funds for in-year demographic growth and this should be counted in the high pass-through rate, because the money is eventually shared with providers.” BFC has previously held back funds for this purpose, as well as being able to support providers facing financial hardship where this relates to ensuring sufficiency of places for parents. It may also be required to help finance support to children with SEN and where providers become eligible to higher top up payments.
69. In the current year, a budget of £0.115m has been agreed for a contingency. In reviewing recent demand, less funds have been required than set aside in the budget. Therefore, it is proposed to reduce future provision to around 1.5% of funding, which equates to around £0.087m.

**In respect of a contingency:**

**Question 21** – Do you agree that a contingency should be retained to meet the cost of in-year demographic growth and to support providers facing financial hardship where this relates to ensuring sufficiency of places for parents and other in-year cost pressures?

**Question 22** – If a contingency is supported, do you prefer it to represent around 1% of funds (around £0.057m), 1.5% (recommended level, and around £0.087m) or 2.0% (current amount, around £0.115m)?

Centrally managed funding **INSIDE** the 5% cap

70. The DfE recognises that “some retention of central spend is justifiable and appropriate. We recognise, for example, that LAs need to administer entitlements”. LAs also have a range of statutory duties to meet in respect of early years that can be financed from EY DSG income. In 2015-16, the average LA retention rate was 6% with over 30% of LAs retaining more than 10%.
71. The main duties that LAs need to meet include:
1. The duty to secure sufficient early years provision free of charge, including children with SEND
  2. Duty to secure sufficient childcare for working parents or parents in education/training, including children with SEND.
  3. Duty to assess childcare provision.
  4. Duty to provide information, advice and training to childcare providers and prospective providers.
  5. Funding Formula Duty to maintain and develop a local EY
72. As well as statutory duties, there can also be a case for central council management of funds where area-wide organisation of services is beneficial or there are economies of scale, and therefore value for money benefits.
73. Taking these factors into account, and in order to provide some flexibility around what actual services are provided, to allow changes to be made as new issues or changes to current requirements emerge, it is proposed that funding to be centrally managed by the council should be set at a proportion of total funds. Taking account of current plans and requirements, the recommendation is that up to 3% of funds, around £0.15m, can be centrally managed by the council, with detailed proposals to be presented to the Schools Forum each year for agreement. The proposed limit is well within the 5% maximum set by the DfE, which equates to £0.27m.
74. The areas of expenditure envisaged to be centrally managed by the council would be:
1. The provision of information and advice to providers and parents, including the local offer (SEND).
  2. Planning and developing the support structure for providers, including the employment of Quality and Development Workers who assist providers with the quality of their provision and the sustainability of their business.

3. Planning, developing and administering the EY funding formula, including gathering data, checking eligibilities, processing payments, maintenance of payment software and managing provider and parent queries.

**In respect of funds within the 5% cap to be centrally managed by the Council:**

**Question 23** – Taking account of the council’s statutory duties, what level of funds within the 5% cap do you consider it appropriate for the council to centrally manage on behalf of providers? Do you prefer it to represent around 3% of funds (recommended level, around £0.16m), 4% (around £0.215m) or up to the maximum amount of 5% (around £0.27m)?

## **Early Years Funding: Proposals for 2 Year Olds**

75. The DfE state that “funding for the most disadvantaged 2 year olds is already allocated on a fair and formulaic basis and is not covered by their proposals.” However, as part of government spending plans, the BFC hourly funding rate will increase by 7.1% from £5.10 to £5.46. The recommendation is to also increase provider hourly funding rates by 7.1%.

**In respect of funding for 2 year olds**

**Question 24** – Do you agree that provider funding rates should be increased by 7.1%, the same amount as the funding rate paid to BFC?

## **Review**

76. One of the outcomes from this consultation will be agreement to hourly top up rates for 2017-18: To have a proper understanding and evaluation of the impact of any changes implemented as a result of this consultation, and to consider whether any refinements are required, a review is intended to be undertaken with providers towards the end of 2017 in order for any changes to be considered by the Schools Forum as part of the 2018-19 budget setting process.

## **Next Steps**

### Results of Consultation

77. The results of this consultation will be summarised and presented to the Schools Forum on 9 March 2017, as part of the budget setting process. The report will be published on 2<sup>nd</sup> March 2017 on the council’s public access website at:

<http://democraticintranet.bracknell-forest.gov.uk/ieListDocuments.aspx?CId=187&MId=6554&Ver=4>

Any specific comments on the proposals made by individual providers will also be reported to the Schools Forum, but these will not be published on the public access website and will only be made available to members of the Schools Forum.

78. The Schools Forum will need to take a strategic approach in recommending the budget for the Executive Member to agree, including taking account of the overall level of resources. The Executive Member will make the budget decisions on 14 March 2017.

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## Early Years Summary Budget Information

**2016-17 Budget Information**

3 and 4 year olds					
Hourly / fixed funding rate	Funded hours per week	Funded weeks per year	Total funded hours	Total <b>EXCLUDING</b> additional 15 hours	Total <b>INCLUDING</b> additional 15 hours

**BFC estimate for EY funding**

Existing 15 hours free entitlement funding

**Total BFC estimate of EY funding****Total BFC estimate of EY Funding Formula allocation****Total BFC estimate of centrally managed expenditure**

64

£4.08	15	38	1,010,110	£4,126,000	
<b>£4.08</b>			<b>1,010,110</b>	<b>£4,126,000</b>	
<b>£3.85</b>			<b>1,010,110</b>	<b>£3,900,490</b>	
				<b>£225,510</b>	



## 2017-18 Budget Information

3 and 4 year olds					
Hourly / fixed funding rate	Funded hours per week	Funded weeks per year	Total funded hours	Total <b>EXCLUDING</b> additional 15 hours	Total <b>INCLUDING</b> additional 15 hours

### DfE EY funding model:

Existing 15 hours free entitlement funding	£4.66	15	38	1,089,422	£5,076,710	£5,076,710
Delivery of up to 15 additional hours (from Sept 2017)	£4.66	15	38	219,184	0	£1,021,400
<b>Total DfE estimate of EY funding</b>	<b>£4.66</b>			<b>1,308,606</b>	<b>£5,076,710</b>	<b>£6,098,110</b>

### BFC adjustment to DfE funding model:

Existing 15 hours free entitlement funding - <b>REVISED HOURS</b>	£4.66	15	38	1,010,110	£4,707,110	£4,707,110
Delivery of up to 15 additional hours (from September 2017)	£4.66	15	38	219,184	0	£1,021,400
<b>Total BFC estimate of EY funding</b>	<b>£4.66</b>			<b>1,229,294</b>	<b>£4,707,110</b>	<b>£5,728,510</b>

Current average rate	£4.08					
Change	£0.58	14.1%				

### For allocation through the EY Funding Formula:

Basic rate	£4.08	92.75%	of total available funds	£4,116,270	£5,008,780
Deprivation supplement	£0.22	5.00%	of total available funds	£222,220	£270,010
Flexibility supplement	£0.04	1.00%	of total available funds	£40,400	£54,000
Delivery of additional 15 hours	£0.05	1.25%	of total available funds	£0	£67,500
<b>Total BFC estimate of EY Funding Formula allocation</b>	<b>£4.39</b>	(average)		<b>£4,378,890</b>	<b>£5,400,290</b>

Current average rate	£3.85				
Change	£0.54	14.1%			
Change - excluding delivery of additional 15 hours	£0.49				

## 2017-18 Budget Information

3 and 4 year olds					
Hourly / fixed funding rate	Funded hours per week	Funded weeks per year	Total funded hours	Total <b>EXCLUDING</b> additional 15 hours	Total <b>INCLUDING</b> additional 15 hours

### Funding to be managed by the Council

#### Outside the 5% cap of EY Funding Formula:

Ring fenced Disability Access Fund	£500	per child with DLA	70	£35,000	£35,000
SEN Inclusion Fund	1.0%	of total available funds		£57,290	£57,290
Provider Contingency	1.5%	of total available funds		£85,930	£85,930

#### Within the 5% cap of EY Funding Formula: circa £270,000

BFC Services	2.8%	Propose up to 3% maximum		£150,000	£150,000
<b>Total BFC estimate of funding to be managed by the Council</b>				<b>£328,220</b>	<b>£328,220</b>
<b>Total BFC estimate of EY funding</b>				<b>£4,707,110</b>	<b>£5,728,510</b>

**Current and potential provider hourly funding rates if all the proposals in this consultation are agreed and estimates accurate**

Ref	Provider	Current Funding Formula				Proposed Funding Formula			Change in hourly rate					Ref
		Base rate	Depr-ivation	Quality	Total hourly rate	Base rate	Depr-ivation	Total hourly rate	Base rate	Depr-ivation	Quality	Total hourly rate	% Change in hourly rate	
1	Ascot & Cranbourne Pre-School	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	1
2	Binfield Jocks Lane Pre-School	£3.71	£0.32	£0.00	£4.03	£4.08	£0.40	£4.48	£0.37	£0.08	£0.00	£0.45	11.14%	2
3	Binfield Pre-School (Memorial Hall)	£3.71	£0.00	£0.00	£3.71	£4.08	£0.00	£4.08	£0.37	£0.00	£0.00	£0.37	9.84%	3
4	Birch Hill Pre-School	£3.71	£0.11	£0.00	£3.82	£4.08	£0.20	£4.28	£0.37	£0.09	£0.00	£0.46	11.97%	4
5	Birch Hill Primary School	£3.17	£0.11	£0.27	£3.55	£4.08	£0.00	£4.08	£0.91	-£0.11	-£0.27	£0.53	14.79%	5
6	Bramley Wood Day Nursery	£3.71	£0.21	£0.21	£4.13	£4.08	£0.40	£4.48	£0.37	£0.19	-£0.21	£0.35	8.45%	6
7	Busy Bees Montessori School	£3.71	£0.00	£0.21	£3.92	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.21	£0.16	3.96%	7
8	Chavey Down Pre-School	£3.71	£0.00	£0.21	£3.92	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.21	£0.16	3.96%	8
9	Cherry Town Nursery	£3.71	£0.11	£0.00	£3.82	£4.08	£0.00	£4.08	£0.37	-£0.11	£0.00	£0.26	6.68%	9
10	Children's House Day Nursery	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	10
11	College Town Infant and Nursery School	£3.17	£0.00	£0.27	£3.44	£4.08	£0.00	£4.08	£0.91	£0.00	-£0.27	£0.64	18.46%	11
12	College Town Montessori Nursery School	£3.71	£0.11	£0.27	£4.09	£4.08	£0.20	£4.28	£0.37	£0.09	-£0.27	£0.19	4.57%	12
13	Crown Wood Primary School	£3.17	£0.11	£0.27	£3.55	£4.08	£0.20	£4.28	£0.91	£0.09	-£0.27	£0.73	20.48%	13
14	Crowthorne Village Pre-School	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	14
15	Dolphin Nursery and Preschool, Bracknell	£3.71	£0.11	£0.00	£3.82	£4.08	£0.20	£4.28	£0.37	£0.09	£0.00	£0.46	11.97%	15
16	Eagle House School	£3.71	£0.00	£0.21	£3.92	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.21	£0.16	3.96%	16
17	Footsteps at St Josephs	£3.71	£0.21	£0.00	£3.92	£4.08	£0.40	£4.48	£0.37	£0.19	£0.00	£0.56	14.26%	17
18	Fox Hill Primary School	£3.17	£0.21	£0.27	£3.65	£4.08	£0.40	£4.48	£0.91	£0.19	-£0.27	£0.83	22.71%	18
19	Garth Under Fives Nursery	£3.71	£0.21	£0.21	£4.13	£4.08	£0.40	£4.48	£0.37	£0.19	-£0.21	£0.35	8.45%	19
20	Great Hollands Primary School	£3.17	£0.32	£0.27	£3.76	£4.08	£0.61	£4.68	£0.91	£0.29	-£0.27	£0.92	24.50%	20

Ref	Provider	Current Funding Formula				Proposed Funding Formula			Change in hourly rate					Ref
		Base rate	Depr-ivation	Quality	Total hourly rate	Base rate	Depr-ivation	Total hourly rate	Base rate	Depr-ivation	Quality	Total hourly rate	% Change in hourly rate	
21	Greengables Day Nursery	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	21
22	Harmans Water Primary School	£3.17	£0.21	£0.27	£3.65	£4.08	£0.40	£4.48	£0.91	£0.19	-£0.27	£0.83	22.71%	22
23	Holly Spring Infant and Nursery School	£3.17	£0.11	£0.27	£3.55	£4.08	£0.20	£4.28	£0.91	£0.09	-£0.27	£0.73	20.48%	23
24	Jennetts Park Primary School	£3.17	£0.32	£0.48	£3.97	£4.08	£0.61	£4.68	£0.91	£0.29	-£0.48	£0.71	17.91%	24
25	Kids Inc Day Nursery	£3.71	£0.00	£0.00	£3.71	£4.08	£0.00	£4.08	£0.37	£0.00	£0.00	£0.37	9.84%	25
26	Little Acorns Montessori Ltd (Priestwood)	£3.71	£0.32	£0.27	£4.30	£4.08	£0.40	£4.48	£0.37	£0.08	-£0.27	£0.18	4.16%	26
27	Little Acorns Montessori Ltd (Winkfield)	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	27
28	Little Blossoms Childcare Harmanswater	£3.71	£0.21	£0.00	£3.92	£4.08	£0.40	£4.48	£0.37	£0.19	£0.00	£0.56	14.26%	28
29	Little Blossoms Childcare Holly Spring	£3.71	£0.21	£0.21	£4.13	£4.08	£0.40	£4.48	£0.37	£0.19	-£0.21	£0.35	8.45%	29
30	Little Blossoms Childcare Jennett's Park	£3.71	£0.32	£0.00	£4.03	£4.08	£0.61	£4.68	£0.37	£0.29	£0.00	£0.65	16.16%	30
31	Little Sandhurst Nursery Group	£3.71	£0.00	£0.00	£3.71	£4.08	£0.00	£4.08	£0.37	£0.00	£0.00	£0.37	9.84%	31
32	Meadow Vale Primary School	£3.17	£0.32	£0.27	£3.76	£4.08	£0.40	£4.48	£0.91	£0.08	-£0.27	£0.72	19.12%	32
33	Meadowbrook Montessori School	£3.71	£0.00	£0.21	£3.92	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.21	£0.16	3.96%	33
34	New Scotland Hill Primary School	£3.17	£0.00	£0.27	£3.44	£4.08	£0.00	£4.08	£0.91	£0.00	-£0.27	£0.64	18.46%	34
35	Newbold School	£3.71	£0.21	£0.27	£4.19	£4.08	£0.40	£4.48	£0.37	£0.19	-£0.27	£0.29	6.90%	35
36	Owlsmoor Pre-School	£3.71	£0.11	£0.27	£4.09	£4.08	£0.20	£4.28	£0.37	£0.09	-£0.27	£0.19	4.57%	36
37	Owlsmoor Primary School	£3.17	£0.11	£0.27	£3.55	£4.08	£0.20	£4.28	£0.91	£0.09	-£0.27	£0.73	20.48%	37
38	Paws Nursery School	£3.71	£0.00	£0.21	£3.92	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.21	£0.16	3.96%	38
39	Plus Three Nurseries at Farley Wood	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	39
40	Plus Three Nurseries at Martin's Heron	£3.71	£0.21	£0.00	£3.92	£4.08	£0.40	£4.48	£0.37	£0.19	£0.00	£0.56	14.26%	40
41	Plus Three Nurseries at Newell Green	£3.71	£0.00	£0.00	£3.71	£4.08	£0.00	£4.08	£0.37	£0.00	£0.00	£0.37	9.84%	41
42	Rectory Lane Nursery	£3.71	£0.21	£0.27	£4.19	£4.08	£0.40	£4.48	£0.37	£0.19	-£0.27	£0.29	6.90%	42
43	Sandhurst Nursery School	£3.71	£0.11	£0.27	£4.09	£4.08	£0.20	£4.28	£0.37	£0.09	-£0.27	£0.19	4.57%	43
44	Sandhurst Station Nursery RMA	£3.71	£0.00	£0.21	£3.92	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.21	£0.16	3.96%	44

Ref	Provider	Current Funding Formula				Proposed Funding Formula			Change in hourly rate					Ref
		Base rate	Depr-ivation	Quality	Total hourly rate	Base rate	Depr-ivation	Total hourly rate	Base rate	Depr-ivation	Quality	Total hourly rate	% Change in hourly rate	
45	Sandy Lane Primary School	£3.17	£0.11	£0.27	£3.55	£4.08	£0.20	£4.28	£0.91	£0.09	-£0.27	£0.73	20.48%	45
46	South Hill Park Pre-School	£3.71	£0.11	£0.27	£4.09	£4.08	£0.20	£4.28	£0.37	£0.09	-£0.27	£0.19	4.57%	46
47	Sports Centre Pre-School	£3.71	£0.21	£0.00	£3.92	£4.08	£0.40	£4.48	£0.37	£0.19	£0.00	£0.56	14.26%	47
48	St.Michael's School House Nursery	£3.71	£0.21	£0.00	£3.92	£4.08	£0.40	£4.48	£0.37	£0.19	£0.00	£0.56	14.26%	48
49	Teddies Nurseries	£3.71	£0.11	£0.27	£4.09	£4.08	£0.20	£4.28	£0.37	£0.09	-£0.27	£0.19	4.57%	49
50	The Teepee Day Nursery	£3.71	£0.11	£0.21	£4.03	£4.08	£0.40	£4.48	£0.37	£0.29	-£0.21	£0.45	11.14%	50
51	The Ark Pre-School	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	51
52	The College Nursery	£3.71	£0.21	£0.27	£4.19	£4.08	£0.40	£4.48	£0.37	£0.19	-£0.27	£0.29	6.90%	52
53	The Oaks Creche and Pre-School MMC Ltd	£3.71	£0.32	£0.21	£4.24	£4.08	£0.61	£4.68	£0.37	£0.29	-£0.21	£0.44	10.40%	53
54	The Old School Day Nursery	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	54
55	The Pines Community Pre-School	£3.71	£0.11	£0.00	£3.82	£4.08	£0.40	£4.48	£0.37	£0.29	£0.00	£0.66	17.25%	55
56	The Pines Primary and Nursery School	£3.17	£0.21	£0.27	£3.65	£4.08	£0.40	£4.48	£0.91	£0.19	-£0.27	£0.83	22.71%	56
57	The Rowans Pre-School	£3.71	£0.11	£0.27	£4.09	£4.08	£0.20	£4.28	£0.37	£0.09	-£0.27	£0.19	4.57%	57
58	Uplands Primary School	£3.17	£0.00	£0.27	£3.44	£4.08	£0.00	£4.08	£0.91	£0.00	-£0.27	£0.64	18.46%	58
59	Warfield CE Primary School	£3.17	£0.00	£0.27	£3.44	£4.08	£0.00	£4.08	£0.91	£0.00	-£0.27	£0.64	18.46%	59
60	Whitegrove Pre-School	£3.71	£0.00	£0.21	£3.92	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.21	£0.16	3.96%	60
61	Wildridings Primary School	£3.17	£0.21	£0.27	£3.65	£4.08	£0.40	£4.48	£0.91	£0.19	-£0.27	£0.83	22.71%	61
62	Winkfield Montessori	£3.71	£0.00	£0.27	£3.98	£4.08	£0.00	£4.08	£0.37	£0.00	-£0.27	£0.10	2.39%	62
63	Wooden Hill Primary and Nursery School	£3.17	£0.21	£0.27	£3.65	£4.08	£0.40	£4.48	£0.91	£0.19	-£0.27	£0.83	22.71%	63
64	Child Minders 3 & 4 year olds	£3.85	£0.00	£0.00	£3.85	£4.08	£0.00	£4.08	£0.23	£0.00	£0.00	£0.23	5.85%	64

**Note: excludes impact of any flexibility or additional hours supplement what individual providers will be delivering is not known.**

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Children, Young People  
and Learning  
Department

# **RESPONDING TO DfE REFORM OF EARLY YEARS FUNDING**

## **A CONSULTATION WITH EARLY YEARS PROVIDERS IN BRACKNELL FOREST**

### **LIST OF ANNEXES**

**9 DECEMBER 2016  
TO 20 JANUARY 2017**

## List of Appendices

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## **Introduction**

1. The purpose of this document is to support the BF consultation with EY providers and other interested parties on the council's funding proposals for April 2017. It presents the detailed supporting information behind the proposals being made in respect of funding arrangements for EY providers and support services.
2. A range of other supporting information is also available with this consultation. The following additional materials have been produced:
  1. A list of Annexes. This expands on the information contained in this, the main consultation document.
  2. An illustration of the expected financial impact of the changes on each provider, should all of the recommendations from this consultation be supported and ultimately implemented.
  3. A spreadsheet to illustrate the potential funding rates for providers to help understand the anticipated financial impact on them from the options and proposals being presented.
3. The consultation documents and supporting information from both the DfE and BF council can be found at the following BF website address:  
<http://schools.bracknell-forest.gov.uk/finance/early-years-funding-reform>
4. Due to the size of the BF consultation documents, paper copies of the key materials have been provided to EY providers.

## **Information sessions**

5. This consultation will be supported by two evening briefings; on 10 January at 7.00 pm and 12 January at 6.00 pm. Both sessions will be held in the Forest Suite at Bracknell Sports and Leisure Centre, RG12 9SE and will explain the key issues raised and the potential implications. The sessions will address each question on the consultation and provide an opportunity for attendees to raise their own questions. The intended audience is those involved in the delivery of the free entitlement, including all providers in the private, voluntary and independent (PVI) sectors and head teachers, and school governors. School bursars will be provided with a briefing at the 12th January 2017 Bursar Support session.
6. If you plan to attend the 10 January or the 12 January 2017 briefings, please can you confirm to:  
[early.years@bracknell-forest.gov.uk](mailto:early.years@bracknell-forest.gov.uk)

## **Responses**

7. A separate response form accompanies this consultation, and you are asked to return your signed, scanned reply **by Friday 20 January 2017** to:

[education.finance@bracknell-forest.gov.uk](mailto:education.finance@bracknell-forest.gov.uk)

or by post to:

Education Finance, Bracknell Forest Council  
Time Square, Bracknell, RG12 1JD

## **Who should respond to this consultation?**

8. Providers of the free entitlement. For maintained schools, the response should be completed by the chair of governors, in consultation with the headteacher and other governors. Other interested parties are also welcome to make a response.

## **Queries**

9. If you have any queries on this consultation, please contact:

Private, voluntary and independent (PVI) <sup>1</sup> sector providers:

EY Finance Team

Tel: 01344 354027 or 01344 352187

Email: [eyfinance@bracknell-forest.gov.uk](mailto:eyfinance@bracknell-forest.gov.uk)

School <sup>2</sup> providers and other interested parties:

Education Finance.

Tel 01344 354053.

Email: [education.finance@bracknell-forest.gov.uk](mailto:education.finance@bracknell-forest.gov.uk)

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<sup>1</sup> "PVI" is the term used in this document to mean all providers of the free entitlement other than council maintained schools or academies, this includes pre-schools, day nurseries, private nurseries, independent schools and childminders.

<sup>2</sup> In this document "school" means a council maintained school or academy school providing the free entitlement.

## Annex 1

### Timetable for implementation

Ref	Task	Due date
1	DfE launches consultation <i>An Early Years National Funding Formula and change to the way 3 and 4 year olds entitlements to childcare are funded</i>	11/8/16
2	BFC circulates details of DfE consultation document to providers	11/8/16
3	BFC circulates an overview of the local position relating the EY funding and what the proposed changes may look like	13/9/16
4	Update report to BF Schools Forum on DfE proposals for EY funding	15/9/16
5	Deadline to submit response to DfE consultation	22/9/16
6	BF Schools Forum considers BFC EY funding proposals	8/12/16
7	Issue consultation to providers (initially via email, followed up with paper copies)	9/12/16
8	Provider briefing session 1 (7.00 pm)	10/1/17
9	Provider briefing session 2 (6.00 pm)	12/1/17
10	Briefing to School Bursars	12/1/17
11	Deadline for consultation responses from providers	20/1/17
12	Responses analysed and final proposals formulated by BFC	23/1/17 to 20/2/17
13	Proposals posted on public access website	1/3/17 (approx.)
14	Schools Forum agrees Early Years funding arrangements for 2017-18	9/3/17
15	Providers receive indicative 2017-18 funding statement with actual hourly funding rate and estimated funded hours, including expansion to 30 hours a week from September 2017	31/3/17

## Annex 2

### Current elements of the BF EY Funding Formula with eligibility criteria and funding rates

Funding rates - breakdown of hourly rate	Schools	PVI providers
<b>Hourly base rate: minimum amount, no eligibility criteria</b>	£3.17	£3.71
<b>Deprivation Supplement:</b>		
Band 3      Deprivation ranking within the 10% most deprived settings. Top up at 3 times the basic rate.	£0.32	£0.32
Band 2      Deprivation ranking below the 10% most deprived settings but still within the 35% of most deprived settings. Top up at 2 times the basic rate.	£0.21	£0.21
Band 1      Deprivation ranking below the 35% most deprived settings but still within the 60% of most deprived settings. Top up at basic rate.	£0.11	£0.11
Band 0      Deprivation ranking outside the 60% most deprived settings. No top up.	£0.00	£0.00
<b>Quality Supplement - as measured by workforce qualifications:</b>		
Band D      Qualified Teachers on Upper Pay Scale 2 or higher cost with 75% of staff at level 3 or above.	£0.48	£0.48
Band C      Graduate (level 5 or 6) leading the EYFS Practice and 60% of staff at level 3 or above.	£0.27	£0.27
Band B      Level 4 or above leading the Early Years Foundation Stage (EYFS) and 35% of staff with a level 3 or above	£0.21	£0.21
Band A      Other, lower qualification levels. No top up.	£0.00	£0.00
<b>Flexibility Incentive - as measured by weekly hours at a setting (where eligibility criteria met, as detailed below)</b>		
Band 5      Setting open for 50 or more hours a week	£0.35	£0.35
Band 4      Setting open for 40 or more hours a week	£0.25	£0.25
Band 3      Setting open for 30 or more hours a week	£0.15	£0.15
Band 2      Setting open for 20 or more hours a week	£0.10	£0.10
Band 1      Setting open for 15 or more hours a week	£0.05	£0.05

A Pupil Premium supplement will be paid at £0.53 per hour to eligible children.

Note DfE has updated the core data in the deprivation measure (IDACI) resulting in changes in supplement payments to providers.

### **Flexibility Qualifying Criteria**

1. The setting offers 15 hours of Early Education Funding (EEF) per week over 38 weeks (pro rata if EEF is stretched across more than 38 weeks)
2. The Setting is open for more than 15 hours a week
3. Parents have a choice of the number of days per week across which their child accesses their EEF place (minimum of 2 days)
4. Subject to availability, the setting seeks to meet any requests to change EEF attendance patterns within six weeks of receiving the request
5. Subject to availability and within the maximum and minimum limits, the setting tries to provide EEF session lengths to meet parents requests
6. Parents are able to buy additional hours over and above the 15 hours of EEF per week, but are not required to do so
7. The setting allows parents some leeway with regard to drop off and pick up times, including EEF only attendance.

## Deprivation measures considered for use in the Formula

### INCOME DEPRIVATION AFFECTING CHILDREN INDEX (IDACI)

#### Description

The index measures the proportion of children under the age of 16 in an area living in low income households (defined as families in receipt of income support, income based jobseekers allowance or pension credit, or child tax credit with an equivalised income (excluding housing benefits) below 60% of the national median before housing costs). It is an area-based measure. The data relates to 2015.

#### Advantages and disadvantages in relation to use in early years funding

Advantages	Disadvantages
<p>Index has been calculated specifically to identify income deprivation whether claimants are in or out of work amongst households with children.</p> <p>Nationally available standard measure, available across LA boundaries, can be linked to pupil postcodes at ward or LSOA level.</p> <p>Has been used in national work on pupil progress and CVA as one of the predictors of pupil performance (see section 6 of main report).</p>	<p>Data currently relates to 2015 and will not be updated for 4 years.</p> <p>Only relates to income, and to those at lowest income levels (households on ISA/IBJSA/PC benefits and those in receipt of CTC whose equivalised income is below 60% of median.)</p> <p>Area-based, lowest level LSOA. May not pick up smaller pockets of deprivation.</p>

#### Data source and further information

The index is based on data from the DWP on benefits entitlement 011 census data.

Further information on the index and the scores and ranks for the IDACI for every SOA in England is available free for download from the DCLG website [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/467766/File\\_3\\_ID\\_2015\\_Supplementary\\_Indices\\_-\\_Income\\_Deprivation\\_Affecting\\_Children\\_Index\\_and\\_Income\\_Deprivation\\_Affecting\\_Older\\_People\\_Index.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467766/File_3_ID_2015_Supplementary_Indices_-_Income_Deprivation_Affecting_Children_Index_and_Income_Deprivation_Affecting_Older_People_Index.xls).

## THE INDEX OF MULTIPLE DEPRIVATION 2015

The Index of Multiple Deprivation 2015 is the official measure of relative deprivation for small areas<sup>1</sup> (or neighbourhoods) in England it ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area).

The IMD 2015 has seven domains - Income, Employment, Health and Disability, Education, Housing, Living Environment and Crime. Following the 2011 Census, the geography of Lower-layer Super Output Areas was revised and the number of areas has increased from 32,482 (as used for the Indices of Deprivation 2010, 2007 and 2004) to 32,844 (used for the Indices of Deprivation 2015). The boundaries of the vast majority (96 per cent) of these 32,844 areas are unchanged since the 2010, 2007 and 2004 Indices. For each domain, each of the 32,844 Super Output Areas in England has a score and a rank (with 1 as the most deprived). Results for each domain for each area are then combined together (with different weightings for each domain) to produce an overall IMD score and rank.

The IMD 2015 is a combined indicator calculated by researchers at the request of the DCLG and intended to measure the relative deprivation of small areas. It assumes that there are distinct dimensions of deprivation which can be recognised and measured separately. People may be counted in one or more domains, depending on the number of types of deprivation they experience.

Most of the data used in the Indices of Deprivation 2015 relates to the tax year 2012/13.

### Advantages and disadvantages in relation to use in early years funding

Advantages	Disadvantages
<p>Based on considerable amount of research and extensive consultation in development of the index as a measure of multiple deprivation at small area level,</p> <p>Wide range of deprivation measures included within the index - takes account of deprivation across a range of different factors, not just poverty.</p> <p>Widely known and recognised; available nationally for all SOAs in England, standard across LA boundaries.</p> <p>Used in other national and local government contexts including some resourcing, e.g. used to inform allocations of the Neighbourhood Renewal Fund.</p> <p>Available at LSOA level, so better than ward level information (previous Index of Deprivation).</p>	<p>Some deprivation measures across the seven domains are not very relevant to education. The focus is on adults/households so some deprivation may reflect e.g. pensioner poverty and may not be relevant to children.</p> <p>Overall index includes some education measures (average points scores at KS2, KS3, KS4; proportions entering HE; secondary school absence rate). Risk of double counting if used alongside direct prior attainment measures.</p> <p>Not updated annually.</p> <p>Index is either a value or a rank for each area from which pupils are drawn; needs to be converted or weighted in some way for use in funding formula.</p> <p>LSOA level may still not be fine enough to identify small pockets of discrimination e.g. in rural areas or authorities where there is significant variation at street/postcode level.</p>

### Data source and further information

Information on the IMD and the scores and ranks of every SOA in England are for download from the DCLG [www.gov.uk/government/statistics/english-indices-of-deprivation-2015](http://www.gov.uk/government/statistics/english-indices-of-deprivation-2015)

## COMMERCIAL GEODEMOGRAPHIC CLASSIFICATIONS (ACORN AND MOSAIC)

### Description

Classification of postcodes into types based on census and other information using cluster analysis and other statistical methods:

- **ACORN (CACI)** classifies at postcode level into 62 types, which in turn are grouped into 18 groups and six categories.
- **Mosaic (Experian)** classifies all households into one of 67 types and 15 groups - available for households and postcodes.

Designed to identify groupings of households based on consumer behaviour. Postcodes are allocated to groups according to the characteristics/behaviour of residents, based on a wide range of source data. (Commercial products so precise data inputs and statistical methods are not made public; data available for use on payment of a licence fee).

### Advantages and disadvantages in relation to use in early years funding

Advantages	Disadvantages
<p>Available at postcode level.</p> <p>Commercial product so external to LAs and standard across authorities.</p> <p>Based on a wider range of data, including census and commercial information, which enables discrimination below LSOA level based on allocating postcodes to one of the 62/67 types.</p> <p>Types/groupings labelled to help understanding (e.g. most deprived ACORN category is “hard pressed” which includes groups “Struggling Families”, “High Rise Hardship” and “Inner City Adversity”).</p> <p>Classify across the full spectrum, from the most advantaged to the most deprived. Likely to provide better discrimination for less severely deprived groups which may be missed by the indices which are based on identifying the most severe deprivation.</p> <p>Increasingly being used by and products tailored to needs of public sector as well as private sector.</p>	<p>Classification of areas rather than a direct index.</p> <p>Although given for each postcode, most input data is based on larger areas.</p> <p>Developed primarily for business (sales and marketing) purposes - includes data from consumer surveys as well as census and other data from public bodies.</p> <p>Commercial product rather than statistics in the public domain - only limited information is published about how the index is made up because of commercial confidentiality; plus additional cost involved in using the data.</p> <p>Hierarchy of advantage/disadvantage developed for more general purposes and for adults may not match that for education/children; Fischer Family Trust found it needed to reorder the ACORN types to provide a better match to the impact of the types on pupils' performance.</p>

### Data source and further information

For information on the ACORN types and other details see - <http://www.caci.co.uk/acorn>  
 Further information on Mosaic on the Experian website (<http://www.business-strategies.co.uk>).



### Flexibility Incentive

The Outcome below has been copied from the draft statutory guidance.

**Outcome:** Children are able to take up their full entitlement to a funded place at times that best support their learning, and at times which fit with the needs of parents to enable them to work if they wish to do so

1. Encourage providers to offer flexible packages of funded hours, subject to the following standards which will enable children to access regular, quality provision in keeping with the evidence of the benefits of doing so whilst maximising flexibility for parents and ensuring a degree of stability for providers
  - No session to be longer than 10 hours
  - No session to be shorter than 3 hours between 9.00am and 3.30pm
  - Not before 6.00am or after 8.00pm
  - A maximum of 3 providers
2. Ensure that parents and providers are aware that there is no minimum session length for funded places taken before 9.00am and after 3.30pm
3. Ensure that parents and providers are aware that, subject to the standards set out in point 1, there is no requirement that funded places must be taken on or delivered on particular days of the week, or at particular times of the day
4. As a minimum, ensure that parents are able to access their child's funded place in the following patterns:
  - 5 hours per day over 3 days of the week
  - 3 hours per day over 5 days of the week
5. Ensure that parents and providers are aware that funded places can be delivered :
  - Over more than 38 weeks of the year
  - Outside of school terms
  - At weekends
6. Enable parents to take up their child's funded place in a pattern of hours that "stretch" their child's entitlement by taking fewer hours a week over more weeks of the year, where there is provider capacity and parental demand.

*(Various models for a stretched offer are provided)*

7. Provision of the models above should not restrict greater flexibility and local authorities should ensure parental demand drives local planning of flexibility.

## Considerations

8. Supplements should “incentivise good practice, or reflect an additional cost, or promote national or local policy objectives”
9. Supplements should not encourage undesirable behaviour
10. Measurement must not be an administrative burden for providers or the LA
11. The statutory guidance sets out the minimum and maximum limits and the expected standards for the provision of the free entitlement – a supplement should be paid for adhering to these.
12. BFC do not have hard data on parental demand in relation to the flexibility of the childcare offer in BF.
13. The governments guidance of flexibility can be summed up as ‘The removal of barriers and limits on the provision of the free entitlement’
14. Flexibility and the extension to 30 hours must not be confused, they are separate issues

## Flexibility Supplement Eligibility Criteria

The following eligibility criteria have been identified which meet the draft guidance and the considerations listed above.

1. No restrictions are placed on the hours or days when the free entitlement can be accessed and subject to availability, the setting seeks to meet any parental requests to change attendance patterns within six weeks of the request. **Top up at £0.15 per hour**
2. Parents are able to access the free entitlement across the year including at least 10 weeks of school holidays. **Top up at £0.10 per hour**
3. Parents are able to access the free entitlement across the year including at least 30 week ends. **Top up at £0.05 per hour**
4. Any other innovative methodology approved by the Director of Children, Young People and Learning. **Top up at £0.05 per hour**

The supplement will be paid as an addition to the base rate for all funded hours. Eligibility will be checked through reference to a settings terms and conditions and a declaration signed by the setting. Depending on the outcome of the consultation with providers, eligibility will be checked annually as part of the January Census or termly when applying for funding

**Early Years  
Special Educational Needs  
and Disability Living  
Allowance Inclusion Fund  
Policy**

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Appendix 1- Criteria to apply for inclusion fund

Appendix 2- Application form

Appendix 3- Provision Map

## 1 Introduction

This policy establishes the framework for the Local Authority (LA), private, voluntary, independent (PVI) and maintained early education settings to work together to meet the needs of children aged 0-5 years with special educational needs and disabilities (SEND).

The policy sits within the LA SEND policy and has been developed specifically to set out expectations of the LA and all early education settings.

The policy provides the framework within which all children aged 0-5 years regardless of ability, gender, language, ethnic or cultural origin can be valued in whatever setting they are educated.

## 2 Definitions of Special Educational Needs and Disability

### Special Educational Needs

1. A child or young person has SEN if they have a learning difficulty or disability which calls for special educational provision to be made for him or her.
2. A child of compulsory school age or a young person has a learning difficulty or disability if he or she:
  - has a significantly greater difficulty in learning than the majority of others of the same age, or
  - has a disability which prevents or hinders him or her from making use of facilities of a kind generally provided for others of the same age in mainstream schools
3. For children aged two or more, special educational provision is educational or training provision that is additional to or different from that made generally for other children or young people of the same age by mainstream schools, maintained nursery schools, mainstream post-16 institutions or by relevant early years providers. For a child under two years of age, special educational provision means educational provision of any kind.
4. A child under compulsory school age has special educational needs if he or she is likely to fall within the definition in paragraph 2 above when they reach compulsory school age or would do so if special educational provision was not made for them (Section 20 Children and Families Act 2014).

### Disabled Children

Many children and young people who have SEN may have a disability under the Equality Act 2010 – that is ‘...a physical or mental impairment which has a long-term and substantial adverse effect on their ability to carry out normal day-to-day activities’. This definition provides a relatively low threshold and includes more

children than many realise: 'long-term' is defined as 'a year or more' and 'substantial' is defined as 'more than minor or trivial'. This definition includes sensory impairments such as those affecting sight or hearing, and long-term health conditions such as asthma, diabetes, epilepsy, and cancer. Children and young people with such conditions do not necessarily have SEN, but there is a significant overlap between disabled children and young people and those with SEN. Where a disabled child or young person requires special educational provision they will also be covered by the SEN definition.

The Equality Act 2010 sets out the legal obligations that schools, early years providers, post-16 institutions, local authorities and others have towards disabled children and young people:

- They **must not** directly or indirectly discriminate against, harass or victimise disabled children and young people
- They **must not** discriminate for a reason arising in consequence of a child or young person's disability
- They **must** make reasonable adjustments, including the provision of auxiliary aids and services, to ensure that disabled children and young people are not at a substantial disadvantage compared with their peers. This duty is anticipatory – it requires thought to be given in advance to what disabled children and young people might require and what adjustments might need to be made to prevent that disadvantage
- Public bodies, including further education institutions, local authorities, maintained schools, maintained nursery schools, academies and free schools are covered by the public sector equality duty and, when carrying out their functions, **must** have regard to the need to eliminate discrimination, promote equality of opportunity and foster good relations between disabled and non-disabled children and young people. Public bodies also have specific duties under the public sector equality duty and **must** publish information to demonstrate their compliance with this general duty and **must** prepare and publish objectives to achieve the core aims of the general duty. Objectives **must** be specific and measurable. The general duty also applies to bodies that are not public bodies but that carry out public functions. Such bodies include providers of relevant early years education, non-maintained special schools, independent specialist providers and others making provision that is funded from the public purse.
- The duties cover discrimination in the provision of services and the provision of education, including admissions and exclusions. All providers **must** make reasonable adjustments to procedures, criteria and practices and by the provision of auxiliary aids and services. Most providers **must** also make reasonable adjustments by making physical alterations. Schools and local authority education functions are not covered by this last duty, but they **must** publish accessibility plans (and local authorities, accessibility strategies) setting out how they plan to increase access for disabled pupils to the curriculum, the physical environment and to information.

### 3 Local Authority: Early Education Provision

#### **Private, voluntary and Independent (PVI) Early Education Providers**

PVI providers within Bracknell Forest consist of pre-schools, day nurseries, private nurseries, independent schools and childminders. Most group providers and 10% of childminders are registered to deliver early education funding.

#### **Maintained Nursery Classes**

All schools with nursery classes (currently 17) are registered to deliver early education.

#### **Specialist Early Education**

There are 3 specialist Early Education provisions within Bracknell Forest.

**Kennel Lane School:** offers specialist placements for children aged 2- 19 years.

**Rainbow Resource:** based at Great Hollands Primary School the resource offers placements for children aged 3-5 years with social and communication difficulties and autism spectrum disorder.

**Meadowvale Language Unit:** based within Meadowvale Primary School, the unit offers placements for children aged 3-11 years with specific speech and language difficulties.

**Child Development Centre:** Local authority run centre to support children under 5 who have developmental delay, disability or complex medical needs.

### 4 Support for Children aged 0-5 years.

#### **Child Development Centre (CDC)**

The CDC offers a variety of interventions to support children with additional needs. Each child is an individual so interventions will be specific to the child and family. Children born with complex needs are often referred at a young age by a health professional and will usually be allocated a keyworker who will support the child and family. Interventions at a very young age will often place in the home and at the centre.

Transition into early education is supported by the keyworker who will continue to support the child. Home visits may still take place but the keyworker will also work in partnership with the early education setting to ensure the child is included successfully and needs are being met.

If there is evidence that with the provision of identified interventions and collaborative working with other relevant professionals e.g. Children and Young People's Integrated Therapies (CYPIT) the child has made little or no progress over at least 2 terms and is delayed in at least 2 areas of learning they may meet the threshold to apply for a statutory assessment for and Education, Health and Care Plan (EHCP).

It is recognised that some children may need an EHCP however it is also recognised that with specific interventions during the early years some children will be able to access a mainstream education setting without the need for a plan.

## 5 Early Education and 30 hours Free Entitlement

**Universal entitlement:** all children from the term after their 3<sup>rd</sup> birthday are eligible to receive 570 hours of free early education per annum (this is mostly accessed as 15 hours per week, 38 weeks per year)

**2 year old entitlement:** children from the 40% most disadvantaged families are eligible to 570 hours per annum of free early education, this is also available to Looked after Children, adopted children and children in receipt of Disability Living Allowance (DLA)

**+ 15 hours free entitlement:** from September 2017 the entitlement is extending for 3 and 4 year olds where 1 parent (single families) or both parents are working.

**SEN and DLA elements of funding:** the LA will receive 2 funding elements from the education funding agency to meet the needs of children with SEND.

**DLA:** these payments will be ring-fenced for eligible children in receipt of DLA. This fund will then be passported to the early education setting the child attends. The fund should be used to enable the child to be successfully included within the setting.

**SEN:** there will be an inclusion fund centrally retained to meet the needs of children with SEN.

## 6 Early Years Disability Access Fund

Providers will receive a payment for each eligible child attending their setting. Once allocated the provider will be responsible for making decisions about how the funding should be deployed, for example:

- To target one child's specific needs
- To improve the setting for a cohort of children
- To increase the settings capacity to take more disabled children.

The payment is not intended to cover the total costs of providing childcare for a disabled child in receipt of DLA. Providers are still expected to support all children within their setting and meet their statutory duties as per the Early Years Foundation Stage (EYFS) and the Equality Act 2010. Providers can apply to the Local Authority for additional funding from the Inclusion fund as appropriate.



## 7 SEN Inclusion Fund

All Early Education providers are required to have regard to:

- **The Statutory Framework for the Early Years Foundation Stage (2014)**  
*3.67. Providers must have arrangements in place to support children with SEN or disabilities. Maintained nursery schools and other providers who are funded by the local authority to deliver early education places must have regard to the Special Educational Needs (SEN) Code of Practice<sup>32</sup>. Maintained nursery schools must identify a member of staff to act as Special Educational Needs Co-ordinator<sup>33</sup> and other providers (in group provision) are expected to identify a SENCO.*
- **The Special educational needs and disability code of practice: 0-25 years (2015)** including the principles set out in chapter 1. Chapter 5 of the code sets out the specific actions that early years providers should take to meet their duties in relation to identifying and supporting all children with SEN whether or not they have an EHCP.
- **The Equality Act (2014)**

Where early education provisions are meeting all the requirements of the EFYS statutory guidance and the SEN code of practice and the child is not making adequate progress the provision can apply to the LA Inclusion fund for additional support.

### Process for Inclusion Support

A panel comprising of the following representatives:

- LA Special Educational Needs Officer
- LA Early Years Officer/CDC Officer
- Maintained nursery class rep
- PVI provision rep
- Rainbow Resource
- Meadowvale Language Unit
- Kennel Lane
- Paediatrician
- CYPIT

Will meet at least monthly (and virtually in between) to consider inclusion fund requests, the panel will also consider whether the child would benefit from a specialist early years placement.

Any early education provider registered to deliver the free entitlement for 2, 3 and 4 year olds may apply to the Inclusion fund.

The early education provider will need to provide evidence including:

- Child is known to CDC
- Child's current developmental levels

- 3 prime areas for under 3's
- 7 areas of EYFS for 3-5 years
- Provision map detailing interventions to date (over and above those offered to all children)
- Diagnosis/including medical needs
- Evidence of implementing recommendations from other professionals, e.g. CDC Officers, speech and language therapists
- If a DLA payment has been received for the child how this has been used to include the child successfully and/or improve outcomes
- Details of how the inclusion fund will be used to improve outcomes for the child
- Parental consent to apply for the fund

Requests for additional support will be reassessed by the panel on a termly basis to ensure that funds are being used effectively to improve outcomes or whether different interventions/provisions are required. This information will also be useful in deciding whether a child may need an EHCP as they move through the education system.

When a child is transferring from an early years provision to a reception class consideration will be given whether to award the receiving school a transitional fund for a maximum of 2 terms (this will be funded from the High needs block.) The provider will be responsible for organising a Team around the Child (TAC) meeting with the receiving school to discuss support needs and pass on all relevant transfer information. This allocation would give the school an opportunity to support the child during the transition period and assess budget needs for the following financial year.

## 8 Appeals/Complaints procedure

The Local Authority is required to publicise a complaints procedure so that providers know how to complain if necessary. Wherever we can the Prevention and Early Help team aims to resolve issues as soon as possible and before a formal complaint is made.

Providers wishing to complain about matters related to the SEN and Inclusion Fund should firstly:

**Telephone:** Cherry Hall. Strategy and Development Manager (0-5) 01344 352811

**Email:** [Early.Education@bracknell-forest.gov.uk](mailto:Early.Education@bracknell-forest.gov.uk)

**Write to:**

Bracknell Forest Council  
Prevention and Early Help  
Time Square  
Market Street  
Bracknell  
RG12 1JD

If we are unable to satisfactorily resolve the concern then please follow the link below, procedures for complaints about council services:

<http://www.bracknell-forest.gov.uk/assets/comments-compliments-and-complaints-booklet.pdf>

## Criteria required when applying to the Inclusion Fund

- **Child is known to the Child Development Centre (CDC)**

### **High Need-**

- *Child has an allocated named keyworker from CDC.*
- *Child receives a mixture of home learning, setting support and groups at CDC according to need.*
- *Most have a life-long diagnosis.*
- *Most have a paediatrician and at least 1 CYPIT therapy involved.*

### **Moderate Need-**

- *Allocated a named keyworker from CDC who visits child at setting only (usually half-termly.)*
- *No individual teaching but teaching strategies may be modelled for staff to watch.*
- *Likely to have one CYPIT therapy involved (probably SALT).*
- *May have been stepped-down from high need as child has made good progress and is established in an effective setting.*

### **Low Need-**

- *CDC aware but no current involvement.*
- *No allocated keyworker.*
- *CDC relies on setting approaching CDC team if they need advice or support. This can be done via phone/email or through "surgery" appointments at the end of each SENCo forum.*
- *Likely to be 4 year-olds in F/S2; children with a medical/physical need that does not affect ability to learn; children with a need that can be mainly met through therapist input (eg SALT or Physio) in conjunction with setting staff.*

### **Developmental assessment**

- *Childs tracker evidencing progress/lack of progress*

### **Provision Map**

- *Settings must provide a provision map detailing interventions to date and any progress*

### **Other evidence**

- *Childs primary area of SEN*
- *Recent relevant professional advice/reports (dated within last year)*
- *Statement on how funding will be utilised to improve outcomes for the child*

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## Appendix 2

### Application form for Inclusion Fund

Setting making request		New request	Y/N
		Extension request	Y/N

Pupil Name		D.O.B	
Year Group			

Does the child meet the criteria for a Disability Access fund payment?	YES	NO
If yes please evidence how this fund has been used to support the child		

Area of SEN (Evidence of need must be included)	Categories of SEN Please refer to SEN Code of Practice (2015)	Primary Need- tick only one	Additional needs
Cognition and Learning			
Communication and Interaction	Speech, Language and Communication		
	Autism Spectrum Disorder		
Social, Emotional and Mental Health	Social, Emotional and Mental Health		
Sensory and Physical	Hearing Impairment		
	Visual Impairment		
	Multi-sensory Impairment (i.e. vision and hearing)		
	Physical Disability		
Please list supporting evidence attached			
Report/plan	By Whom (role and name)	Dated	
Is a CAF in place Y/N if Yes who is the lead professional			

### Individual Provision Map

<b>Name of child</b>	
<b>Setting</b>	
<b>Date of Birth</b>	

<b>Date</b>	<b>Need Identified (agency involved)</b>	<b>Provision made</b>	<b>Impact/outcomes for child</b>	<b>Next Steps</b>

<b>What provision/intervention are you planning to make with monies from the Inclusion Fund?</b>		
<b>Provision/Intervention</b>	<b>Cost</b>	<b>Impact/outcomes for child</b>
<i>Example: Staffing ratio increased</i>	<i>£7.50 ph</i>	<i>Child accesses small group work and 1 to 1 support each session to work on specific targets</i>

<b>Completed by (name and role)</b>	
<b>Signed</b>	
<b>Date</b>	
<b>Approved by Parent (signature)</b>	
<b>Date</b>	

**TO:           SCHOOLS FORUM**  
**DATE:       8 DECEMBER 2016**

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**START-UP AND DISECONOMY  
FUNDING POLICY FOR NEW AND EXPANDING SCHOOLS  
Director Children, Young People and Learning**

**1       PURPOSE OF REPORT**

- 1.1     The purpose of this report is for the Forum to agree that the *Start-up and Diseconomy Funding Policy for New and Expanding Schools* approved for 2016-17 is extended into 2017-18, subject to minor changes. The policy sets out the same detailed funding model and illustrates how it is intended to work including funding allocations to the new / expanded schools currently being planned.
- 1.2     The policy document also contains cost forecasts. Due to their long term nature and reliance on external factors, such as the pace of housing developments, the total cost and the actual timing it arises should be viewed as provisional and subject to change. Short term forecast are considered to be a reliable aid to budget planning.

**2       RECOMMENDATIONS**

- 2.1     To AGREE that the updated new / expanding schools funding policy should be applied in the 2017-18 financial year.**

**3       REASONS FOR RECOMMENDATIONS**

- 3.1     To ensure that an affordable, clear, fair and transparent funding policy is in place that can be consistently applied to all new schools without placing an undue financial burden on existing schools.

**4       ALTERNATIVE OPTIONS CONSIDERED**

- 4.1     These are set out in the supporting information.

**5       SUPPORTING INFORMATION**

- 5.1     The size of the new / expanding school building programme presents a significant revenue funding pressure at a time of tight financial settlements and rising costs. This arises from the expectation of needing to open up to six schools in the next six years, all initially with relatively low pupil numbers and needing additional financial support that will need to be financed from within the Dedicated Schools Grant which is expected to continue to be frozen at current per pupil funding rates, with no additional funds added for developing new schools.
- 5.2     In March 2016, the Forum agreed a funding policy for 2016-17 only. This was based on the assessed cost of delivering the national curriculum, as modelled on existing costs in BF schools, with a mainly class based approach to funding during the initial years after opening, rather than actual pupil numbers on roll. During these early years, new / expanding schools are expected to require one-off start-up funding to help prepare for a

## Unrestricted

successful opening which is expected to follow with a period of relatively low numbers of pupils that will require additional funding to compensate for the diseconomies being experienced and which are not recognised through the normal operation of the Funding Formula for Schools.

- 5.3 The policy is intended to be fair, simple, transparent and applied equally to all schools with the same characteristics, including academies. The model has been designed to deliver resources in line with the policy and available funds. It represents a “best fit” with key component parts reflecting the general cost base and features that schools will face. In reality, each school will have a different cost base to the model as it will reflect the decisions taken by individual governing bodies.
- 5.4 There are 2 changes proposed to the policy from that agreed for 2016-17:
- 1) to increase the start-up funding allocation for a head teacher to an all through school from 0.4 fte 0.6 fte to reflect the additional requirements;
  - 2) to cease diseconomy top-up funding when the school has admitted up to 80% of final planned capacity, rather than 75%. This is considered a more realistic figure, especially for smaller schools.
- 5.5 Due to the large number of schools expected to open around the same time, there will be a significant cost pressure. This cost would ordinarily be met from within the ring-fenced DSG. However, the DSG funds LAs for their Schools Budget based on a lagged head-count basis, using actual pupil numbers in schools, irrespective of which LA they reside in, at the October prior to the commencement of the financial year i.e. October 2016 pupil numbers will be used to fund the 2017-18 Schools Budget. Any new pupils entering schools after that date are not therefore funded by the DfE but where significant, as in the case of new schools opening in-year, adequate resources will need to be provided.
- 5.6 Taking account of the forecast pupil numbers from the anticipated housing developments, the provisional opening dates for the new schools, and the lagged delivery of a funding increase from the DSG, the cost pressure from new schools in the next 10 years is expected to amount to around £10m, with the additional annual cost peaking at around £2m in 2020-21.
- 5.7 Forecast costs for key elements of the funding model are:
- 1) Start-up costs of £0.3m
  - 2) Allocations through the normal operation of the BF Funding Formula of £40.9m
  - 3) Diseconomy top-up funding of £10.2m
  - 4) Additional DSG income of -£41.1m
- 5.8 These are provisional estimates, drawing on a number of critical variables, for example, if the progress on construction and sale of houses is slower than currently forecast, fewer children will be in the schools which will prolong the period requiring additional financial support and further increase costs. Therefore, there is a high margin for error in the cost forecasts.
- 5.9 This pressure arises at a time when cash flat funding settlements from the DfE can be expected with increasing cost pressures on schools, not least from rising pension and pay and general inflation meaning schools will need to continue making year on year savings and efficiency gains to balance their budgets. There is also the prospect of the Schools National Funding Formula being introduced with no information available on how new / expanded schools will then be funded.



## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The relevant legal issues are addressed within the main body of the report.

### Borough Treasurer

- 6.2 Significant revenue cost pressures arise from the new school building programme. In the short term, the additional cost pressure is being met from the funding gain being experienced through the increase in pupil numbers and use of accumulated balances. This approach will need to be kept under review as it is unlikely to be sustainable over the medium term.

### Equalities Impact Assessment

- 6.3 None identified.

### Strategic Risk Management Issues

- 6.4 The risk to providing insufficient school places is considered low in the short to medium term as funds and agreements are in place to deliver new schools towards the beginning of major house building programmes, thereby creating the required places.
- 6.5 There will be a significant revenue pressure on the Schools Budget arising from the need to simultaneously adequately fund a number of new schools that are below their full capacity and therefore encountering diseconomies of scale. This will need to be funded from within the overall cash limited Dedicated Schools Grant which will inevitably place pressure on the funds available for all schools and services that support them.

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 CYPL Departmental Management Team, heateachers.

### Method of Consultation

- 7.2 Written report and presentations.

### Representations Received

- 7.3 From CYPL Departmental Management Team, included in this report. From Headteachers, to be presented at the meeting.

### Background Papers

None.

Unrestricted

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Children, Young People  
and Learning  
Department

# **START-UP AND DISECONOMY FUNDING POLICY FOR NEW AND EXPANDING SCHOOLS IN 2017-18**

**DECEMBER 2016**

### Background

- 1) Significant growth in pupil numbers that has been experienced in recent years and the latest pupil forecasting information contained in the School Places Plan indicates the trend of increasing pupil numbers at the intake year in primary schools continuing and beginning to impact on secondary schools. One of the strategies in place to ensure sufficient places are available for all children who need them is to deliver new or significantly expand existing schools and plans are in place for 6 such schools, of which the expansion of Warfield Primary School onto the Woodhurst site which opened in September 2016.
- 2) New or significantly expanded schools are generally being delivered to meet forecast demand for pupil places from new housing developments and will open at the start of an academic year with relatively low pupil numbers and generally take a number of years to reach the point where the normal operation of the BF Funding Formula delivers sufficient funds. Therefore, during this period, they will need to be funded at a higher rate than would ordinarily be provided creating a budget pressure.
- 3) To effectively manage the resultant financial impact, a relevant funding policy needs to be agreed that can be applied consistently, fairly and transparently to all new / expanding schools whilst at the same time minimising the financial burden on existing schools. In accordance with DfE Funding Regulations, the funding policy will need to apply equally to both academy and community schools.
- 4) It is important to remember that like the Funding Formula for Schools, the model to be used to fund new / expanding schools will be designed to deliver resources in line with the policy and available funds, with compromises needing to be made. It is therefore designed to be a "best fit". It will need to be based on a number of key component parts which reflect the general cost base and features that schools will face. In reality, each school will have a different cost base to the model as it will reflect the decisions taken by individual governing bodies. The funding model aims to meet the overall policy objectives and not every single eventuality that could occur.

### Funding options

- 5) School funding is closely regulated by the DfE and any arrangements to be put in place to provide additional financial support to new / expanding schools will need to be in accordance with current guidance. When growth funding is required over the long term the DfE supports funding schools through a variation to actual pupil numbers. Here, the LA requests to fund relevant schools with the number of pupils required for the normal operation of the Funding Formula to deliver the assessed level of funds needed for the school to operate and not the actual or expected number on roll.

Funding on a variation to pupil numbers is therefore considered the appropriate methodology to adopt due to the long term nature that additional financial support will need to be in place.

### Determination of assessed level of funds

- 6) As set out above, the new / expanded schools will need to be funded at a higher rate than would ordinarily be provided through the Funding Formula and this will create a budget pressure. To determine how the appropriate amount of additional funding should be calculated, the following elements will be used:
  - a) Sufficient resources are allocated to deliver the national curriculum, up to the level of available resources, with an expectation of mixed aged teaching being required in the initial years.

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- b) Costings to be based on readily available and robust data. This would ordinarily include benchmarked actual cost data from other BF schools, using the Consistent Financial Reporting (CFR) cost structure developed by the DfE, and for staffing structures and grades etc., advice from BCF HR, taking account of current patterns in existing BF schools.
- c) Additional funding ends once the number on roll reaches a specified proportion of capacity, provisionally set at 80%. The rate is set at a level to incentivise schools to fill up as soon as possible. Once above the 80% level, should relevant schools experience significant in-year increases in pupil numbers, they will still be eligible growth allowance funding.
- d) Academic year funding for day to day costs to be based on the BF forecast pupil numbers from the preceding May, e.g. 2017-18 academic year funding will be based on May 2017 forecast pupil numbers, uplifted to take account of in-year admissions, as housing developments proceed and more pupils require a place as follows:
  - i. In the year of opening (which will be the start of an academic year), BF forecast pupil numbers for the preceding May, uplifted to allow for in-year admissions as housing developments proceed. The calculation of funding will cover the 7 month period September - March;
  - ii. When open for a full financial year, April to August on BF forecast pupil numbers for the preceding May with September to March on the next year's May forecasts. Both forecasts to be uplifted to allow for in-year admissions as housing developments proceed.

The standard uplift in numbers to allow for in-year admissions has been set at 40% which based on current forecast pupil numbers is considered the appropriate amount. Where relevant, the uplift is capped to the Planned Admission Number or the average forecast number of pupils for the current and next academic year. Annex 4 illustrates how the proposed class funding model works in practice.

Annex 1 sets out the proposed number on roll calculation to be used for funding purposes.

- e) As initial budgets will be based on forecast pupil numbers, where a school is found to be over funded for day to day costs in one year, there is the option to make a corresponding reduction to the budget allocation due in the next year.
- f) To reflect the different cost bases, different funding rates will need to be applied to different types of schools i.e. primary, secondary or all through, and also whether it is a new or expanding school.

### Components of the proposed additional funding allocations

- 7) The key elements of the policy are:
  - 1) An allocation for pre-opening / start-up costs. New schools will incur start-up costs associated with planning and preparation, including staff recruitment. These apply to the period between the capital work being completed and the school opening, and will characteristically cover salary costs of headteacher, caretaker and administration prior to opening and the purchase of any resources not covered by the capital element of the project.
  - 2) An allocation for day to day operational expenses. DfE Funding Regulations require school budgets to be calculated on actual pupil numbers at the October prior to the commencement of the financial year. The new /

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expanded schools will all be opening after the census point used for funding purposes and will therefore need an alternative funding methodology.

- 3) An allocation for diseconomies of scale. This relates to the need to incur a disproportionate amount of fixed management and premises costs as new schools build up their numbers that the normal operation of the Funding Formula for Schools does not adequately fund when pupil numbers are relatively low.
- 4) An allocation for rates. To operate in the same way as the BF Funding Formula. A full budget allocation at the estimated cost of rates. Note, due to their charitable status, academy schools receive 80% reduction on business rates and funding will therefore be allocated on 20% of the full cost.
- 5) Discretion for the relevant Director to consider making adjustments to the funds allocated to new / expanding schools in exceptional circumstances. Any changes would be subject to subsequent agreement of the Schools Forum.

In addition to the above, the policy has been constructed to be fair, simple, transparent and equally applicable to all schools with the same characteristics. It also takes account of affordability.

### Units of resource

- 8) To reflect the different elements of funding to be provided and the need to vary these by school type, there are a wide range of factors to include in the funding model, the details of which are set out in Annexes 2 to 5. The following paragraphs summarise the key points and display the illustrative amounts used at this stage. Final amounts will need to be agreed by the Schools Forum and Executive Member as part of the normal budget setting process, with affordability likely to be a key issue.

#### *Pre-opening / start-up costs – one-off*

- 9) Funding to be made available for the 2 terms before opening, with staffing costs funded at 0.6 fte from January to August for an all through school and 0.4 fte for other new / expanding schools for January to March and 0.6 fte from April to August, together with an allowance for other costs such as recruitment and general resources. Expanded schools to receive lower funding levels than new schools due to the availability of an existing school infrastructure that can support this part of the process in a similar way that other expanded schools have.

School type	Provisional start-up costs		
	Jan - March	Apr - Aug	Total
New Academy Primary School	£20,100	£26,100	£46,200
New Academy All Through School	£36,000	£51,600	£87,600
Expanded Community Primary School	£10,700	£36,000	£46,700

See Annex 2 for full details.

#### *Day to Day expenses – on-going*

- 10) Funding to be made available for classroom teacher at M6, 10% allowance for PPA, general classroom support, midday controller and a contribution to all curriculum, premises and other school related costs and income. The model assumes classes fill up to 30 pupils with mixed aged teaching at Key Stage 1, lower Key Stage 2 and Upper Key Stage 2. For Key Stage 3, again classes fill up to 30 pupils, with 27 at Key Stage 4.

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New and expanded schools to receive the same per class funding levels as the cost base is the same.

School type	Provisional amount of per class funding		
	Sept - March	Apr - Aug	Total
New Academy Primary School	£46,000	£32,900	£78,900
New Academy All Through School	£52,200	£37,200	£89,400
Expanded Community Primary School	£46,000	£32,900	£78,900

See Annex 3 for full details, with Annex 4 illustrating how the number of required classes to be funded is determined for a primary and all through school.

### *Diseconomies of scale – on-going*

- 11) Funding to be made available to support the senior management, general organisational structure and other costs that generally vary depending on the overall size of a school – forms of entry (FE) – and not the number of classes, and whether expanding or new. Funding will be based on the number of new FE that will be in place at the start of the academic year. All of the primary schools are expected to be opening with an additional 1 FE. For funding purposes, those that go on to expand to a 2 FE and 3 FE school will move to the relevant funding allocation once the actual number on roll is 25% above full, i.e. at 263 for 2 FE funding rather than the 210 capacity of a 1 FE school.

School type	Provisional diseconomies funding		
	1 FE	2 FE	3 FE
New Academy Primary School	£161,900	£227,700	£257,500
Expanded Community Primary School	£92,600	£155,800	£204,000

School type	Provisional diseconomies	
	Opening as secondary only	When all through
New Academy All Through School	£312,400	£464,100

See Annex 5 for full details.

- 12) Day to day and diseconomies of scale funding will be paid as a supplement to the budget that would be delivered through the normal operation of the BF Funding Formula. Once the school reaches 80% of capacity, funding reverts wholly back to the BF Funding Formula.
- 13) Annex 6 shows a summary of the costs and income over a 10 year period.

**Pupil Numbers to be used for funding new / expanded schools**

	Financial Year		Academic year
	April - August	September - March	September - August
2016-17	Not open	7 months funded at May 2016	12 months funded at May 2016 forecast
2017-18	5 months funded at May 2016 forecast	7 months funded at May 2017	12 months funded at May 2017 forecast
2018-19	5 months funded at May 2017 forecast	7 months funded at May 2018	12 months funded at May 2018 forecast
2019-20	5 months funded at May 2018 forecast	7 months funded at May 2019	12 months funded at May 2019 forecast
2020-21	5 months funded at May 2019 forecast	7 months funded at May 2020	12 months funded at May 2020 forecast
2021-22	5 months funded at May 2020 forecast	7 months funded at May 2021	12 months funded at May 2021 forecast
2022-23	5 months funded at May 2021 forecast	7 months funded at May 2022	12 months funded at May 2022 forecast
2023-24	5 months funded at May 2022 forecast	7 months funded at May 2023	12 months funded at May 2023 forecast

Notes:

1. Forecast numbers uplifted by 40% to fund in-year admissions, or when lower, capped to; Planned Admission Number; or the average forecast for the current and next academic years.
2. Where schools are found to be over-funded, this will be subject to claw-back in the following financial year.
3. See also Annex 4 for illustration.



**One-off pre-opening /start-up costs****New Primary School**

Expense / Income	Pay point	Basic Pay / cost	On-costs	Full Year Total	FTE Jan - Mar	Cost Jan - Mar	FTE Apr - Aug	Cost Apr - Aug
Headteacher	L11	£50,542	£13,394	£63,936	0.4	£6,394	0.6	£15,984
Caretaker - Caretaker grade	BG - I17	£18,781	£3,756	£22,537	0.0	£0	0.5	£2,817
School Business Manager	BG - I32	£27,924	£5,585	£33,509	0.4	£3,351	0.6	£8,377
Governing body		£4,000		£4,000		£1,000		£1,667
Professional costs (legal / finance)		£25,000		£25,000		£9,375		£15,625
Recruitment / hospitality		£5,000		£5,000		£0		£2,083
Equipment / Resources (Revenue)		£8,000		£8,000		£0		£3,333
Office Services		£3,000		£3,000		£0		£1,250
<b>Sub - Total</b>						<b>£20,100</b>		<b>£51,100</b>
Less DfE grant		<b>-£25,000</b>		<b>-£25,000</b>				<b>-£25,000</b>
<b>Total</b>						<b>£20,100</b>		<b>£26,100</b>

**New All through school**

Headteacher	L24	£69,034	£18,294	£87,328	0.6	£13,099	0.6	£21,832
Site Controller - Caretaker grade	BG - I17	£18,781	£3,756	£22,537	0.6	£3,212	1.0	£5,634
School Business Manager	BG - H25	£24,013	£4,803	£28,816	0.6	£4,322	0.6	£7,204
Administration	BG - I32	£27,924	£5,585	£33,509	0.6	£5,026	0.6	£8,377
Governing body		£4,000		£4,000		£1,000		£1,667
Professional costs (legal / finance)		£25,000		£25,000		£9,375		£15,625
Recruitment / hospitality		£15,000		£15,000		£0		£6,250
Equipment / Resources (Revenue)		£18,000		£18,000		£0		£7,500
Office Services		£6,000		£6,000		£0		£2,500
<b>Sub - Total</b>						<b>£36,000</b>		<b>£76,600</b>
Less DfE Grant		<b>-£25,000</b>		<b>-£25,000</b>				<b>-£25,000</b>
<b>Total</b>						<b>£36,000</b>		<b>£51,600</b>

**Community Primary school - expanding**

Headteacher	L11	£50,542	£13,394	£63,936	0.4	£6,394	0.6	£15,984
Caretaker - Caretaker grade	BG - I17	£18,781	£3,756	£22,537	0.0	£0	0.5	£4,695
School Business Manager	BG - I32	£27,924	£5,585	£33,509	0.4	£3,351	0.6	£8,377
Governing body		£4,000		£4,000		£1,000		£1,667
Recruitment / hospitality		£5,000		£5,000		£0		£2,083
Equipment / Resources (Revenue)		£8,000		£5,000		£0		£2,083
Office Services		£3,000		£2,600		£0		£1,083
<b>Total</b>						<b>£10,700</b>		<b>£36,000</b>

## Day to day expenses – per class funding

	Data source	Basic Pay / cost	On-costs	Full Year Total	FTE	Cost Sept - Mar	Cost Apr - Aug
<b>Primary class costs model for both new and expanding schools</b>							
Teacher M6	Pay point	£33,575	£8,897	£42,472	1.0	£24,776	£17,696
Teacher PPA - 10% M6	Pay point	£3,358	£890	£4,247	1.0	£2,478	£1,769
Classroom Support BG-K10	HR Advice	£14,571	£2,914	£17,485	1.0	£10,200	£7,285
Midday- controller BG- K10	HR Advice	£14,571	£1,865	£1,315	0.1	£767	£548
Curriculum Equipment / Resources	CFR	£153		£4,582		£2,673	£1,909
Educational visits / extended services	CFR	£41		£1,229		£717	£512
Catering - net expd/ income	CFR	£119		£3,569		£2,082	£1,487
Cleaning, including materials	CFR	£49		£1,482		£865	£617
Computing & Communications - Curriculum	CFR	£16		£484		£283	£201
Cost of Leases	CFR	£4		£120		£70	£50
External Professional Services	CFR	£19		£578		£337	£241
Insurance	CFR	£38		£1,134		£662	£472
Licenses	CFR	£1		£35		£20	£15
Postage telephony	CFR	£10		£312		£182	£130
SLAs / BFBC Services	CFR	£3		£90		£53	£37
Staff expenses /Interview expenses/ fares, Transport, other	CFR	£42		£1,265		£738	£527
Printing, Stationery & General Office	CFR	£69		£2,066		£1,205	£861
Utilities All,& Refuse	CFR	£76		£2,284		£1,332	£952
Income school based - Excluding Grants	CFR	-£187		-£5,614		-£3,275	-£2,339
Income PPG - LA average 17.05% of NOR	DFE	-£1,320		-£225		-£131	-£94
<b>Total classroom costs</b>				<b>£78,900</b>		<b>£46,000</b>	<b>£32,900</b>
<b>Secondary class costs model for both new and expanding schools</b>							
Teacher M6	Pay point	£33,575	£8,897	£42,472	1.0	£24,776	£17,696
Teacher PPA - 10% M6	Pay point	£3,358	£890	£4,247	1.0	£2,478	£1,769
Classroom Support BG-K10	HR Advice	£14,571	£2,914	£17,485	1.0	£10,200	£7,285
Midday- controller BG- K10	HR Advice	£14,571	£1,865	£1,315	0.1	£767	£548
Curriculum Equipment / Resources	CFR	£174		£5,230		£3,051	£2,179
Educational visits / extended services	CFR	£53		£1,604		£936	£668
Catering - net expd/ income	CFR	£192		£5,765		£3,363	£2,402
Cleaning, including materials	CFR	£84		£2,527		£1,474	£1,053
Computing & Communications - Curriculum	CFR	£22		£654		£382	£272
Cost of Leases	CFR	£6		£180		£105	£75
External Professional Services	CFR	£61		£1,829		£1,067	£762
Insurance	CFR	£49		£1,457		£850	£607
Licenses	CFR	£2		£58		£34	£24
Postage telephony	CFR	£13		£390		£228	£162
SLAs / BFBC Services	CFR	£5		£150		£88	£62
Staff expenses /Interview expenses/ fares, Transport, other	CFR	£50		£1,507		£879	£628
Printing, Stationery & General Office	CFR	£85		£2,538		£1,480	£1,058
Utilities All,& Refuse	CFR	£100		£3,014		£1,758	£1,256
Income school based - Excluding Grants	CFR	-£94		-£2,819		-£1,644	-£1,175
Income PPG - LA average 16.85% of NOR	DFE	-£935		-£158		-£92	-£66
<b>Total classroom costs</b>				<b>£89,400</b>		<b>£52,200</b>	<b>£37,300</b>

**Illustration of class model funding – Primary School**

		2016/17 academic year						2017/18 academic year						2018/19 academic year			2019/20 AY				
New 2 Form Entry Primary School opening September 2016		Age	Forecast NOR at Start of academic year	PAN for year		Forecast NOR Based on NOR at start X 40% uplift	Average pupil numbers for this and next academic year	Proposed class structure: Minimum of A, B and C	Forecast NOR at Start of academic year	PAN for year		Forecast NOR Based on NOR at start X 40% uplift	Average pupil numbers for this and next academic year	Proposed class structure: Minimum of A, B and C	Forecast NOR at Start of academic year	PAN for year		Forecast NOR Based on NOR at start X 40% uplift	Average pupil numbers for this and next academic year	Proposed class structure: Minimum of A, B and C	Forecast NOR at Start of academic year
				A	B					C	A					B	C				
Reception	Reception	4	15	30	21	16	1	16	30	22	23	1	29	30	41	37	1	45			
Year 1	KS1	5	10	30	14	11	1	11	30	15	17	1	22	30	31	31	1	40			
Year 2		6	7	30	10	8	8	30	11	15	1	22	30	31	31	1	40				
Year 3	KS2	7	7	30	10	8	1	9	30	13	16	1	22	30	31	31	1	40			
Year 4		8	7	30	10	9	10	30	14	16	1	22	30	31	31	1	40				
Year 5		9	7	30	10	9	1	10	30	14	16	1	22	30	31	31	1	40			
Year 6		10	7	30	10	9	1	10	30	14	16	1	22	30	31	31	1	40			
TOTAL			60	210	84	67	4	74	210	104	118	5	161	210	225	223	7	285			
Proposed number of classes to be funded April to August							0					4					5				
Proposed number of classes to be funded September to March							4					5					7				
Class funding @			£78,900				£184,100				£361,625				£486,550						

Shaded cells indicate basis of number of pupils to be taken into account in determining class funding.

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Illustration of class model funding – All Through School

		2016/17 academic year						2017/18 academic year						2018/19 academic year			2019/20 AY									
New All Through Secondary School opening September 2016	Age	Forecast NOR at Start of academic year	PAN for year	Forecast NOR Based on NOR at start X 40% uplift	Average pupil numbers for this and next academic year	Proposed class structure: Minimum of A, B and C	Forecast NOR at Start of academic year	PAN for year	Forecast NOR Based on NOR at start X 40% uplift	Average pupil numbers for this and next academic year	Proposed class structure: Minimum of A, B and C	Forecast NOR at Start of academic year	PAN for year	Forecast NOR Based on NOR at start X 40% uplift	Average pupil numbers for this and next academic year	Proposed class structure: Minimum of A, B and C	Forecast NOR at Start of academic year									
																		A	B	C	A	B	C	A	B	C
																		Reception	Reception	4	15	30	21	16	1	16
Year 1	KS1	5	10	30	14	11	1	11	30	15	17	1	22	30	31	31	1	40								
Year 2		6	7	30	10	8	8	8	30	11	15	1	22	30	31	31	1	40								
Year 3	KS2	7	7	30	10	8	1	9	30	13	16	1	22	30	31	31	1	40								
Year 4		8	7	30	10	9	1	10	30	14	16	1	22	30	31	31	1	40								
Year 5		9	7	30	10	9	1	10	30	14	16	1	22	30	31	31	1	40								
Year 6		10	7	30	10	9	1	10	30	14	16	1	22	30	31	31	1	40								
Year 7	KS3	11	45	210	63	60	6	75	210	105	139	11	202	210	283	211	21	220								
Year 8		12	45	210	63	60	6	75	210	105	139	11	202	210	283	211	21	220								
Year 9		13	45	210	63	60	6	75	210	105	139	11	202	210	283	211	21	220								
Year 10	KS4	14	30	210	42	35	4	40	210	56	121	5	202	210	283	211	16	220								
Year 11		15	30	210	42	35	4	40	210	56	121	5	202	210	283	211	16	220								
Primary phase NOR		60	210	84	67	4	74	210	104	118	5	161	210	225	223	7	285									
Secondary phase NOR		195	1,050	273	250	10	305	1,050	427	658	16	1,010	1,050	1,414	1,055	37	1,100									
Proposed number of classes to be funded April to August						0					14					21										
Proposed number of classes to be funded September to March						14					21					44										
Class funding @ £78,900						£184,100					£361,625					£486,550										
Class funding @ £89,400						£730,100					£1,206,900					£2,525,550										
Total Class Funding						£914,200					£1,568,525				£3,012,100											

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Shaded cells indicate basis of number of pupils to be taken into account in determining class funding.

## Diseconomy Funding – Primary Expanded

Primary - Expanded	Data Source	Pay point	Basic Pay	On-costs £'s	Full year total	FTE	Gross Pay	1 FE	2 FE	3 FE
								Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Senior Leadership - non teaching time	Pay &	L2	£40,628	£10,766	£51,394	0.2	£10,279	£10,279		
Senior Leadership - non teaching time	Conditions	L5	£43,666	£11,571	£55,237	0.4	£22,095		£22,095	
Senior Leadership - non teaching time	& HR	L8	£46,938	£12,439	£59,377	0.8	£47,501			£47,501
Assistant Headteacher - addition over mainscale	Pay &	N/A						£0		
Assistant Headteacher - addition over mainscale	Conditions	L3	£8,040	£2,131	£10,171	1.0	£10,171		£10,171	
Assistant Headteacher - addition over mainscale	& HR	L6	£11,158	£2,957	£14,115	1.0	£14,115			£14,115
Teaching, Learning, Responsibility Allowances	Pay &	TLR	£6,386	£1,692	£8,078	1.0	£8,078	£8,078		
Teaching, Learning, Responsibility Allowances	Conditions	TLR	£6,386	£1,692	£8,078	2.0	£16,157		£16,157	
Teaching, Learning, Responsibility Allowances	& HR	TLR	£7,546	£2,000	£9,546	2.0	£19,091			£19,091
SEN support from SEN Co - addition over mainscale	HR	L1	£6,085	£1,613	£7,698	0.5	£3,849	£3,849		
SEN support from SEN Co - addition over mainscale	HR	L2	£9,055	£2,400	£11,455	0.8	£9,164		£9,164	
SEN support from SEN Co - addition over mainscale	HR	L2	£9,055	£2,400	£11,455	1.0	£11,455			£11,455
Caretaker - Caretaker grade	HR	BG I - 17	£18,781	£3,756	£22,537	1.0	£22,537	£22,537	£22,537	
Site Controller	HR	BG - I22	£21,895	£4,379	£26,274	1.0	£26,274			£26,274
Midday Supervision	HR		£4,500	£900	£5,400	1.0	£5,400	£0	£0	£5,400
School Bursar/Business Manager	HR	BG - I32	£27,924	£5,585	£33,509	0.8	£26,807	£26,807		
School Bursar/Business Manager	HR	BG - F38	£32,778	£6,556	£39,334	1.0	£39,334		£39,334	
School Bursar/Business Manager	HR	BG - F42	£36,571	£7,314	£43,885	1.0	£43,885			£43,885
Office support reception, clerical	HR	BG - K10	£14,571	£2,914	£17,485	0.2	£3,497	£3,497		
Office support reception, clerical	HR	BG - K11	£14,571	£2,914	£17,485	0.5	£8,743		£8,743	
Office support reception, clerical	HR	BG - K12	£14,571	£2,914	£17,485	0.5	£8,743			£8,743
Administration	HR	BG - I22	£27,924	£5,585	£33,509	0.2	£6,702	£6,702		
Administration	HR	BG - I22	£27,924	£5,585	£33,509	0.5	£16,754		£16,754	
Administration	HR	BG - I22	£27,924	£5,585	£33,509	0.5	£16,754			£16,754
Governing body	Estimate		£2,000		£2,000		£2,000	£2,000	£2,000	£2,000
Fixed contribution to Grounds Maintenance	Estimate		£5,803		£5,803		£5,803	£5,803	£5,803	£5,803
Fixed contribution to Utilities	Estimate		£3,000		£3,000		3,000	£3,000	£3,000	£3,000
<b>Total Expanding Primary Diseconomy Funding</b>								<b>£92,600</b>	<b>£155,800</b>	<b>£204,000</b>

## Diseconomy Funding – Primary New

Primary - New	Data Source	Pay point	Basic Pay	On-costs £'s	Full year total	FTE	Gross Pay	1 FE	2 FE	3 FE
								Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Headteacher - Leadership	Pay &	L9	£48,087	£12,743	£60,830	1.0	£60,830	£60,830		
Headteacher - Leadership	Conditions	L12	£51,690	£13,698	£65,388	1.0	£65,388		£65,388	
Headteacher - Leadership	& HR	L15	£55,565	£14,725	£70,290	1.0	£70,290			£70,290
Senior Leadership - non teaching time	Pay &	L2	£7,053	£10,766	£17,819	1.0	£17,819	£17,819		
Senior Leadership - non teaching time	Conditions	L5	£43,666	£11,571	£55,237	0.5	£27,619		£27,619	
Senior Leadership - non teaching time	& HR	L8	£46,938	£12,439	£59,377	0.5	£29,688			£29,688
Assistant Headteacher - addition over mainscale	Pay &	N/A		£0	£0		£0	£0		
Assistant Headteacher - addition over mainscale	Conditions	L3	£8,040	£2,131	£10,171	1.0	£10,171		£10,171	
Assistant Headteacher - addition over mainscale	& HR	L6	£11,158	£2,957	£14,115	1.0	£14,115			£14,115
Teaching, Learning, Responsibility Allowances	Pay &	TLR	£6,386	£1,692	£8,078	1.0	£8,078	£8,078		
Teaching, Learning, Responsibility Allowances	Conditions	TLR	£6,386	£1,692	£8,078	2.0	£16,157		£16,157	
Teaching, Learning, Responsibility Allowances	& HR	TLR	£7,546	£2,000	£9,546	2.0	£19,091			£19,091
SEN support from SEN Co - addition over mainscale	HR	L1	£6,085	£1,613	£7,698	0.5	£3,849	£3,849		
SEN support from SEN Co - addition over mainscale	HR	L2	£9,055	£2,400	£11,455	0.8	£9,164		£9,164	
SEN support from SEN Co - addition over mainscale	HR	L2	£9,055	£2,400	£11,455	1.0	£11,455			£11,455
Caretaker - Caretaker grade	HR	BG I - 17	£18,781	£3,756	£22,537	1.0	£22,537	£22,537	£22,537	
Site Controller	HR	BG - I22	£21,895	£4,379	£26,274	1.0	£26,274			£26,274
Midday Supervision	HR		£4,500	£900	£5,400	1.0	£5,400	£0	£0	£5,400
School Bursar/Business Manager	HR	BG - I32	£27,924	£5,585	£33,509	0.8	£26,807	£26,807		
School Bursar/Business Manager	HR	BG - F38	£32,778	£6,556	£39,334	1.0	£39,334		£39,334	
School Bursar/Business Manager	HR	BG - F42	£36,571	£7,314	£43,885	1.0	£43,885			£43,885
Office support reception, clerical	HR	BG - K10	£14,571	£2,914	£17,485	0.2	£3,497	£3,497		
Office support reception, clerical	HR	BG - K11	£14,571	£2,914	£17,485	0.5	£8,743		£8,743	
Office support reception, clerical	HR	BG - K12	£14,571	£2,914	£17,485	0.5	£8,743			£8,743
Administration	HR	BG - I22	£27,924	£5,585	£33,509	0.2	£6,702	£6,702		
Administration	HR	BG - I22	£27,924	£5,585	£33,509	0.5	£16,754		£16,754	
Administration	HR	BG - I22	£27,924	£5,585	£33,509	0.5	£16,754			£16,754
Governing body	Estimate		£3,000		£3,000		£3,000	£3,000	£3,000	£3,000
Fixed contribution to Grounds Maintenance	Estimate		£5,803		£5,803		£5,803	£5,803	£5,803	£5,803
Fixed contribution to Utilities	Estimate		£3,000		£3,000		£3,000	£3,000	£3,000	£3,000
<b>Total New Primary Diseconomy Funding</b>								<b>£161,900</b>	<b>£227,700</b>	<b>£257,500</b>

## Diseconomy Funding – All Through New

All Through - New	Data Source	Pay point	Basic Pay	On-costs £'s	Full year total	FTE	Gross Pay	5 FE	6 FE	7 FE
								Cost Apr - Mar	Cost Apr - Mar	Cost Apr - Mar
Headteacher - Leadership	Pay &	L19	£55,565	£14,725	£70,290	1.0	£70,290	£70,290		
Headteacher - Leadership		L24	£69,034	£18,294	£87,328	1.0	£87,328		£87,328	
Headteacher - Leadership		L26	£72,445	£19,198	£91,643	1.0	£91,643			£91,643
Senior Leadership - non teaching time	Pay &	L8	£46,938	£12,439	£59,377	1.0	£59,377	£59,377		
Senior Leadership - non teaching time	Conditions	L19	£61,198	£16,217	£77,415	1.0	£77,415		£77,415	
Senior Leadership - non teaching time	& HR	L24	£69,034	£18,294	£87,328	1.0	£87,328			£87,328
Assistant Headteacher - addition over mainscale	Pay &	L6	£11,158	£2,957	£14,115	1.0	£14,115	£14,115		
Assistant Headteacher - 0.7 FTE non-teaching	Conditions	L10	£49,294	£13,063	£62,357	0.7	£43,650		£43,650	
Assistant Headteacher - 0.7 FTE non-teaching X 2	& HR	L13	£54,246	£14,375	£68,621	1.4	£96,070			£96,070
Teaching, Learning, Responsibility Allowances	Pay &	TLR	£7,546	£2,000	£9,546	3.0	£28,637	£28,637		
Teaching, Learning, Responsibility Allowances	Conditions	TLR	£7,546	£2,000	£9,546	4.0	£38,183		£38,183	
Teaching, Learning, Responsibility Allowances	& HR	TLR	£7,546	£2,000	£9,546	5.0	£47,728			£47,728
SEN support from SEN Co - addition over mainscale	HR	L2	£9,055	£2,400	£11,455	1.0	£11,455	£11,455		
SEN support from SEN Co - addition over mainscale	HR	L7	£12,336	£3,269	£15,605	1.0	£15,605		£15,605	
SEN support from SEN Co - addition over mainscale	HR	L9	£14,512	£3,846	£18,358	1.0	£18,358			£18,358
Caretaker - Caretaker grade	HR	BG I - 17	£18,781	£3,756	£22,537	1.0	£22,537	£22,537		
Site Controller	HR	BG - I22	£21,895	£4,379	£26,274	1.0	£26,274		£26,274	
Midday Supervision	HR		£4,500	£900	£5,400	1.0	£5,400			£5,400
School Bursar/Business Manager	HR	BG - F38	£32,778	£6,556	£39,334	1.0	£39,334	£39,334		
School Bursar/Business Manager	HR	BG - F42	£36,571	£7,314	£43,885	1.0	£43,885		£43,885	
School Bursar/Business Manager	HR	BG - F44	£38,405	£7,681	£46,086	1.0	£46,086			£46,086
Office support reception, clerical	HR	BG - K11	£14,571	£2,914	£17,485	1.0	£17,485	£17,485		
Office support reception, clerical	HR	BG - K12	£14,571	£2,914	£17,485	1.0	£17,485		£17,485	
Office support reception, clerical	HR	BG - K15	£16,572	£3,314	£19,886	1.0	£19,886			£19,886
Administration	HR	BG - I22	£20,253	£4,051	£24,304	1.0	£24,304	£24,304		
Administration	HR	BG - I23	£21,895	£4,379	£26,274	1.0	£26,274		£26,274	
Administration	HR	BG - I25	£22,212	£4,442	£26,654	1.0	£26,654			£26,654
Governing body	Estimate				£3,000		£3,000	£3,000	£3,000	£3,000
Fixed contribution to Grounds Maintenance	Estimate				£6,900		£6,900	£6,900	£6,900	£6,900
Fixed contribution to Utilities	Estimate				£15,000		£15,000	£15,000	£15,000	£15,000
<b>Total New All Through Diseconomy Funding</b>								<b>£312,400</b>	<b>£401,000</b>	<b>£464,100</b>

**Forecast Revenue Impact from New / Expanding Schools**

School	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total	Estimate at 90% capacity
Forecast pupil numbers - start of academic year													
Warfield West	0	94	147	180	195	273	<b>420</b>	<b>420</b>	<b>420</b>	<b>420</b>	<b>420</b>		400
Warfield East	0	0	0	0	0	0	0	39	107	223	306		400
Amen Corner South	0	0	0	0	0	56	89	132	187	243	290		400
Amen Corner North	0	0	0	77	128	155	171	184	194	204	<b>210</b>		200
Crowthorne (TRL site)	0	0	0	0	23	75	136	204	279	344	393		400
Binfield Learning Village - Primary	0	0	0	0	0	56	89	125	160	181	193		400
Binfield Learning Village - Secondary	0	0	0	150	295	444	598	759	828	868	<b>1,050</b>		1,000
Total Forecast pupil numbers *	0	94	147	407	641	1,059	1,503	1,863	2,175	2,483	2,862		3,200
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
Total Start up costs - prior to opening	10.7	36.0	56.1	98.4	26.1	26.1	20.1	20.1	0.0	0.0	0.0	323.6	0.0
Total BF Funding Formula	0.0	0.0	285.5	465.1	1,903.2	2,857.2	4,367.4	5,958.1	7,351.5	8,366.9	9,370.9	40,925.9	11,971.4
Total Diseconomy Funding	0.0	250.9	315.6	1,458.9	1,127.3	1,649.3	1,341.8	1,039.9	1,009.7	1,006.9	973.4	10,173.7	0.0
<b>Total Gross cost</b>	<b>10.7</b>	<b>286.9</b>	<b>657.2</b>	<b>2,022.4</b>	<b>3,056.6</b>	<b>4,532.6</b>	<b>5,729.3</b>	<b>7,018.1</b>	<b>8,361.2</b>	<b>9,373.8</b>	<b>10,344.3</b>	<b>51,423.2</b>	
Total Lagged DSG Income	0.0	0.0	-371.7	-581.5	-1,611.6	-2,536.6	-4,189.8	-5,950.1	-7,375.1	-8,610.2	-9,829.6	-41,056.2	-13,708.8
<b>Total net cost</b>	<b>10.7</b>	<b>286.9</b>	<b>249.5</b>	<b>1,415.3</b>	<b>1,475.1</b>	<b>1,996.1</b>	<b>1,539.6</b>	<b>1,067.9</b>	<b>986.1</b>	<b>763.6</b>	<b>514.7</b>	<b>10,305.4</b>	<b>-1,737.4</b>
<b>Cumulative total</b>	<b>10.7</b>	<b>297.6</b>	<b>547.1</b>	<b>1,962.4</b>	<b>3,437.4</b>	<b>5,433.5</b>	<b>6,973.0</b>	<b>8,041.0</b>	<b>9,027.1</b>	<b>9,790.7</b>	<b>10,305.4</b>		

Note: Class funding for schools is based on forecast pupil numbers at opening plus 40% for in-year growth.

**= school full. Bold font and shading denotes school full to planned capacity**



**TO: SCHOOLS FORUM**  
**DATE: 8 DECEMBER 2016**

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**2017-18 SCHOOLS BLOCK ELEMENT OF THE SCHOOLS BUDGET –  
INITIAL MATTERS**

**Director of Children, Young People and Learning**

**1 PURPOSE OF REPORT**

- 1.1 To set the current scene on the Schools Block element of the Schools Budget and to update the Schools Forum on the initial matters that need to be dealt with now in order for the timely preparation of the 2017-18 budget. Further decisions will be required in January when all of the required information will be available.
- 1.2 There is a tight timetable to meet, with the Department for Education (DfE) setting the 20 January as the deadline for Local Authorities (LAs) to submit the Funding Formula for Schools they will use in 2017-18, together with associated units of resource and the total cost.

**2 EXECUTIVE SUMMARY**

- 2.1 The current financial climate continues to create difficulties in setting a balanced Schools Budget. This relates to the cash flat financial settlement from the DfE that does not include funding for £1.7m of known cost pressures – equivalent to 2.1% of current spending - and the emerging long term pressure arising from new / expanding schools. To finance the budget changes considered necessary, it seems likely that a one-off draw down of around £0.256m from the general balances of the Schools Budget will be required.
- 2.2 The Spending Review 2015, whilst indicating that per pupil funding for the Dedicated Schools Grant and Pupil Premium will be protected in real terms, also announced the introduction of a national funding formula for schools, which is expected to be implemented from 2018-19. Until the details of the proposed formula are confirmed, uncertainties will exist for medium term budget planning

**3 RECOMMENDATIONS**

**Items for all Members**

**To AGREE**

- 3.1 **That subject to relevant provisions being contained within DfE Funding Regulations, the funds being transferred from the Education Services Grant to the Dedicated Schools Grant for ‘retained’ education related statutory and regulatory duties can be held centrally by the Council within the Schools Budget (paragraph 6.22).**
- 3.2 **On going central retention by the Council of Schools Block funding for the services set out in Annex 4 (paragraph 6.32).**
- 3.3 **The provisional budget changes for 2017-18, as set out in Table 4, subject to sufficient resources being available (paragraph 6.47).**

**To NOTE:**

- 3.4 That schools are again likely to face significant unfunded cost pressures next year that are currently estimated at £1.7m an average of 2.1% (paragraph 6.49).**

**Item for Primary School representatives only:**

- 3.5 To AGREE the continued de-delegated of budgets for the services permitted by the DfE (paragraph 6.17).**

**Item for Secondary School representatives only:**

- 3.6 To AGREE the continued de-delegated of budgets for the services permitted by the DfE (paragraph 6.17).**

**Item for all School representatives only**

- 3.7 To AGREE that subject to relevant provisions being contained within DfE Funding Regulations, a £20 per pupil contribution is made by maintained schools towards the cost of delivering 'general' education related statutory and regulatory duties (paragraph 6.28).**

**4 REASONS FOR RECOMMENDATIONS**

- 4.1 To ensure that the 2017-18 Schools Budget is developed in accordance with the views of the Schools Form, the anticipated level of resources and the statutory funding framework, including the requirement to submit summary details of individual 2017-18 school budgets to the DfE by 20 January 2017.

**5 ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 These are set out in the supporting information.

**6 SUPPORTING INFORMATION**

**Background**

- 6.1 The Schools Budget is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG). The DSG comprises 3 funding Blocks, each with a separate calculation and funding allocation; the Schools Block (SB); the High Needs Block (HNB); and the Early Years Block (EYB).
- 6.2 The DSG can only be spent on the purposes prescribed by the DfE and funds delegated school budgets and a range of centrally managed pupil and school related budgets. Any under or overspending in a year must also be ring fenced and applied to a future Schools Budget. Whilst there is a general ring-fence in place on what the DSG can be spent on, there is no ring-fence on the individual funding Blocks meaning money can be freely moved between services in each Block.
- 6.3 LAs can add to the DSG from their own resources to increase the size of the Schools Budget but are not permitted to plan to spend at a lower amount. The policy of the Council is for the Schools Budget to be funded to the level of external funding, with the

Executive Member authorised to agree the budget allocation between schools and centrally managed budgets, which is scheduled to take place on 17 January 2017.

## **The Schools Block**

### Overview

- 6.4 This report concentrates on the Schools Block element of DSG which is intended to fund delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools. HNB and EYB funding matters will be subject to a later report.
- 6.5 In terms of the services where budgets can be managed centrally by LAs, these are defined in the DfE Funding Regulations and are currently divided into 4 parts as follows:
- Part 1 - Schools Block. Items where spending is limited to the amount agreed in the previous financial year
  - Part 2 - Schools Block. Items with no restrictions on annual increases.
  - Part 3 - Early Years Block. Items with no restrictions on annual increases.
  - Part 4 - High Needs Block. Items with no restrictions on annual increases.

More information on the services included in Parts 1 and 2 are set out in the following paragraphs, with the amount of any budgets that are to be centrally managed and the services they will deliver having to be agreed by the Schools Forum. Parts 3 and 4 will be subject to a later report.

### Funding reforms for 2017-18

- 6.6 In March 2016 the DfE announced proposals for significant changes in school and education funding most notably:
- the introduction of a Schools National Funding Formula (SNFF), to be operated by the Education Funding Agency (EFA), directly funding all schools with no involvement of LAs;
  - withdrawal of most of the funding currently paid through the Education Services Grant (ESG) to LAs for financing education related statutory and regulatory duties, which comprises two parts:
    - complete withdrawal of the 'general' statutory and regulatory duties element that is paid to LAs for the delivery of relevant support services to maintained schools, including services such as School Improvement and Asset Management, or direct to academies to make their own arrangements for these duties. LAs will receive transitional ESG funding from April to August 2017, at a reduced amount that has yet to be confirmed. The current funding rate for these duties is £77 per pupil and in a full year, this change will reduce BFC income by £1.23m.
    - a funding transfer from the ESG into DSG in respect of the 'retained' statutory and regulatory duties element, that is only paid to LAs for relevant school support services that are provided to both maintained and academy schools, and which is intended to fund services such as whole service planning, budget preparation and aspects of Education Welfare Services. LAs are funded at £15 per pupil for these duties and

this change will result in a £0.26m funding transfer from the ESG to the DSG.

- 6.7 At the end of July, the DfE announced a 1 year delay to April 2018 for the starting point for implementing the SNFF, although a number of changes will still proceed as originally planned, including withdrawal of ESG. The DfE has yet to publish the Regulations that will specify how all the required changes can operate. However, further delay in budget preparations would put in jeopardy a successful implementation of 2017-18 budget arrangements and therefore some decisions are being sought now.

#### DfE funding announcements

- 6.8 In terms of the overall quantum available next year, the DfE has incorporated a number of changes to DSG allocations to reflect the new arrangements that will be in place. These are:
- 'Re-basing' DSG funding Blocks to the amounts individual LAs are actually spending, rather than the amounts distributed by the DfE that are based on historic spending amounts. For BFC, this results in a £2.093m transfer out of the SB into the HNB. This transfer has been in place locally for 2 years, following agreement of the Schools Forum and therefore has no impact on the ability to continue to fund schools at current levels;
  - Adding the £15 per pupil 'retained duties' element of the ESG into DSG funding at £0.26m. This funding is intended to finance education related LA statutory and regulatory duties that apply to both maintained schools and academies. The expectation of the DfE is that this funding continues to be made available to LAs to finance these duties.

No financial implications are anticipated from these changes as the £2.093m transfer from the SB to the HNB is already in place locally, with individual school budgets calculated on available funds after this transfer, and the DfE has indicated that Funding Regulations will be updated to allow relevant LA spend to in future be charged to the SB budget for the 'retained' duties.

- 6.9 The key headline budget decisions from the DfE are:
- Core per pupil funding through the Schools Block DSG from the DfE to remain at 2016-17 prices, so no funding for inflation or other cost pressures. The actual per pupil funding amount will be £4,167, down from the £4,284 received in 2016-17 due to the cost neutral adjustments made in paragraph 6.8 above.
  - Pupil numbers to be funded will be those recorded on the October 2016 census, meaning changes from last year will be reflected in the DSG.
  - To provide a degree of funding protection to individual schools, the Minimum Funding Guarantee (MFG) at individual school level will remain unchanged at a maximum decrease in per pupil funding of 1.5%. The cost of the MFG is met from placing a cap on the amount that schools with funding increases can retain.
- 6.10 These changes are in line with the Spending Review 2015 which set out government budget plans up to 2019-20. In respect of education services, the key headlines are:
- Education budget to remain protected.

## Unrestricted

- The Government will protect the schools budget in real terms, enabling a per pupil protection for the Dedicated Schools Grant and the pupil premium.
  - The government will reduce the local authority role in running schools and remove a number of statutory duties. Note; whilst most of the funding for statutory responsibilities will be removed, all of the actual duties will remain in place.
  - Free childcare entitlement will double from 15 hours to 30 hours a week for working families with three and four year olds from September 2017.
  - From 2017-18 an investment of £300m will be made to increase the average hourly rate childcare providers receive, and at least £50m of capital funding to create additional places in nurseries. A separate agenda item considers this initiative in more detail.
  - Investment of £23 billion in school buildings, 500 new free schools, 600,000 new school places, rebuild and refurbishment of over 500 schools.
- 6.11 As no changes to the operation of the Funding Formula for Schools have been proposed by the DfE that impact on BF, at this stage the local Funding Formula for Schools is expected to continue unaltered into 2017-18.
- 6.12 The DfE closely monitors the progress of LAs in setting their individual school budgets and requires the completion and submission of a template that sets out the Funding Formula to be used, associated units of resource and total cost. The deadline for return has been set at 20 January 2017. This is the key deadline in setting the budget although the DfE do not release the data sets that must be used to calculate school budgets until the middle of December.
- 6.13 To ensure schools have the best available information for their initial financial planning, indicative budget statements are intended to be sent to schools based on the council's provisional data from the October 2016 school census. These notifications will reflect the proposals agreed today, and include an update letter which will set out the detail of what is again expected to present significant, unfunded, cost pressures for schools to manage. School Bursars have already received a briefing on 2017-18 budget prospects.

### Key issues to be aware of or requiring a decision

#### ***De-delegated budgets***

- 6.14 Forum members will be aware that national funding arrangements require all LAs to delegate funding for the same services and functions, with a general presumption of maximum delegation. However, where relevant representatives on a Schools Forum agree that the whole budget for their phase e.g. primary or secondary, should be returned to the Council for central management, this is allowed, but only in respect of a small number of services. This recognises that there are reasons of cost effectiveness, risk sharing or ease of organisation / management that a strategic approach can bring.
- 6.15 The DfE term this approach “de-delegation” and requires annual approval from the school representatives on the Schools Forum for it to be implemented for maintained schools. Academy schools are responsible for providing these services and therefore receive their share of “de-delegated” budgets direct, with some being available for purchase from the council. The relevant services affected are summarised below in Table 1, including the impact of schools that were academies as at 1 December 2016.

Table 1: Services subject to de-delegation again at April 2016

Ref	Item	£k
1	Contingencies; support to schools in financial difficulty and exceptional costs in primary schools (1)	290
2	Support to underperforming ethnic minority and bi-lingual pupils	127
3	SIMS (1) licence fees	89
4	CLEAPSS licence fees	1
5	Behaviour and Education Support Team	300
6	Anti-bullying co-ordinator	25
7	Staff supply cover for official absences (1, 2)	345
8	Premature retirement / dismissal costs (1)	52
9	Free school meals eligibility checking	20
	<b>Gross Total</b>	<b>1,249</b>
	Less estimated deduction for academy schools	-145
	<b>Net funding retained by BFC</b>	<b>1,104</b>

- 1 Not available for buy-back by academy schools  
2 Includes maternity leave, trades union and staff suspensions.

Annex 1 sets out a breakdown of the 2016-17 de-delegated budgets by individual school together with the basis of calculation. In respect of schools receiving financial support from the contingencies, these will be made in accordance with the relevant policies previously approved by the Schools Forum.

- 6.16 To gather views from schools on de-delegation, a formal financial consultation was undertaken in November. Primary schools responding to consultations in the last five years have supported “de-delegation” and the return of budgets to the council. For 2017-18, 18 (60%) primary schools responded to the consultation and all agreed that “de-delegation” should continue.
- 6.17 Similarly, secondary schools responding to consultations in the last five years have supported “de-delegation” and the return of budgets to the council. For 2017-18, all 4 secondary schools responded to the consultation and agreed that “de-delegation” should continue although there was concern from 1 school that where different services were wanted to those made available by the council, in this case the IT software used to manage most school administrative systems, schools were in effect being ‘double charged’ as they need to finance their own purchase of an alternative product and still contribute to the LA purchased service.

Restricted Annex 6 sets out the individual comments made by schools.

As set out above, the decision making power in respect of de-delegating budgets to LAs rests with relevant school representatives of the Forum, and based on responses to the consultation where all supported the proposal, this is recommended to be agreed.

- 6.18 Two schools also used the consultation to request that more information is provided on the services in terms of the outcomes they achieve for pupils and families and also an assessment of their value for money. It is proposed to deal with this through the annual budget report.

## **ESG**

### *Background*

- 6.19 The ESG was introduced in 2013 to replace the Local Authority Central Spend Equivalent Grant (LACSEG) which was paid to academies to cover the cost of the statutory and regulatory services that LAs provided centrally to maintained schools but that academies had to secure independently. As LACSEG allocations to schools were based on the spending decisions of their resident LA, the system created a large variation in allocations to academies across the country and uncertainty about allocations from one year to the next. To move to a uniform, more predictable and simplistic funding system, ESG was introduced whereby aggregate current LA spend was removed from general council funding and then paid back at a set amount for each 3-19 year old pupil, either to the LA for pupils in maintained schools or directly to academies for their pupils in respect of 'general' statutory and regulatory duties. A second per pupil amount is paid only to LAs for all pupils in their area to reflect the 'retained' statutory and regulatory duties they are responsible for all pupils, irrespective of the type of school they attend.
- 6.20 ESG therefore comprises two component parts; a 'general duties' element that falls directly on to schools to fulfil should they become an academy; and a 'retained duties' element for the obligations that LAs have to fulfil to both academies and maintained schools. Current rates of funding are £77 and £15 respectively.
- 6.21 As part of the priority government policy to reduce the national debt, the DfE confirmed that of the remaining ESG funding, the £600m paid for 'general' statutory and regulatory duties will be taken as a further saving on top of the £200m saving taken in 2015-16, with the £117m currently used to fund LA 'retained' statutory and regulatory duties to remain for this purpose, but to in future be paid to LAs through the DSG. This then removes the need for an ESG payment and streamlines the grant funding process.

Annex 2 sets out a summary of the current BFC ESG related budgets, grant income and an outline of the statutory and regulatory duties it is intended to finance.

### *'Retained' duties funding transfer to the DSG*

- 6.22 The 2017-18 funding transfer for BFC between the ESG and DSG for 'retained' duties has been confirmed at £15 per pupil, which is unchanged from the current rate. In order for the funds to be made available for the intended purpose, which is in accordance with line 1. of the agreed budget strategy at paragraph 6.35 below, and subject to appropriate provisions being included in the DfE Funding Regulations, the Schools Forum is recommended to agree that £15 per pupil is retained centrally within the SB by the LA and used to contribute to the cost of meeting the 'retained' statutory and regulatory duties. This is estimated at £0.26m.

### *Funding of LA 'general' duties*

- 6.23 With the withdrawal of all 'general' duties ESG funding, "we [the DfE] recognise that LAs will need to use other sources of funding to pay for education services once the general funding rate has been removed. We [the DfE] therefore propose amending

## Unrestricted

regulations to allow LAs to retain some of their maintained schools' DSG to cover statutory duties that they carry out for maintained schools." The precise duties this can cover, and any other limitations that may apply will be set out in the "forthcoming consultation" on the Funding Regulations, which has yet to be published.

- 6.24 The Council accepts that it is unreasonable to expect schools to pay the full £77 per pupil funding rate that will no longer be received from the DfE. Neither is the council in a position to fully fund school services, which Annex 2 shows are currently subsidised by the council to the value of £0.662m. Therefore, through the Council's Efficiency Plan that sets out the 4 year medium term budget position, the expectation is that school support services will need to move to an affordable cost base over that period. This work will be progressed through the Council's Transformation Programme which includes representation from 3 primary and 1 secondary head teacher. The expectation is that schools will need to make a contribution to these costs.
- 6.25 School Funding Regulations are expected to confirm that contributions will be determined through a single rate per pupil deduction from all maintained schools. A higher rate can be charged to special schools and PRUs, but the council proposes to charge all establishments the same rate. The amount to be retained by LAs will need to be agreed by the maintained schools members of the Schools Forum. The Secretary of State decides the amount of deduction where no agreement can be reached locally.
- 6.26 To gather views from schools on an amount of deduction, this matter was also included on the November financial consultation, with schools asked to indicate a suitable amount of per pupil contribution from:
1. Up to £20 (generates up to £0.31m)
  2. Between £20 to £30 (generates up to £0.47m)
  3. Between £30 and £40 (generates up to £0.62m)
  4. Above £40 (generates in excess of £0.62m)
- 6.27 Table 2 below sets out a summary of schools responses to the consultation.

Table 2: Summary school responses to financial contribution to LA statutory and regulatory duties

Amount of deduction:	Primary	Secondary	Special / PRU	Total	
Up to £20	11	3	1	15	65.2%
Between £20-£30	3	0	0	3	13.0%
Between £30-£40	1	0	0	1	4.3%
Above £40	1	0	0	1	4.3%
None of the above	2	1	0	3	13.0%
<b>Total Responses</b>	<b>18</b>	<b>4</b>	<b>1</b>	<b>23</b>	<b>100.0%</b>
Maximum Responses	30	4	2	36	
Response Rate	60.0%	100.0%	50.0%	63.9%	



- 6.28 Restricted Annex 7 sets out all the school specific responses made to this question. These mention the financial difficulties that schools are already facing before a new charge is levied, but also generally recognise the need for the services currently being provided and that they have to be financed from somewhere. On the basis of a 64% response rate, with 65% preferring a £20 per pupil contribution, the council proposes a £20 per pupil contribution is made by maintained schools, which school representatives on the Schools Forum are recommended to agree.

***Centrally Managed Schools Block budgets: Part 1 - Items where spending is limited to the amount agreed in the previous financial year***

- 6.29 As part of the funding reforms, the DfE are requiring more information to be presented to Schools Forums when considering some items that an LA requests to be centrally managed from within the Schools Budget. In particular this relates to historic commitments and that adequate evidence is presented to a Schools Forum when a decision is taken, specifically:
1. The commitment is appropriate under the regulations
  2. The commitment was made prior to April 2013
  3. There is an on-going commitment
  4. Commitments have not increased compared to the previous year (this will be checked by the EFA).
- 6.30 The main area where the Schools Forum has previously agreed to central retention of historic commitments relates to combined services. These services enable Schools Budget funding to join other sources of funding to contribute to services outside the Schools Budget where there is an educational benefit, and amount to £0.404m. The council proposes to continue with central retention of funding for these services, and Annex 3 sets out the required evidence which has also been provided to the EFA.
- 6.31 Agreement has also previously been received for central retention of funds for miscellaneous purposes, which funding regulations allow for, provided the expenditure does not amount to more than 0.1% of the LAs Schools Budget. The current budget amounts to £0.039m, with the maximum amount permitted for BFC capped at £0.088m. These funds are spent on a small number of initiatives that benefit the majority of schools, including the School Sport Active Office, boroughwide recruitment and retention initiatives, an out of hours key service, and the annual carol concert. Again, the council proposes to continue with central retention of funding for these services.
- 6.32 There are 2 other budget lines covered by Part 1 of the funding regulations that are not classified as historic commitments but nonetheless have budgets limited to the previous year's amount, and these relate to arrangements for School Admissions and servicing the Schools Forum. The Forum has previously agreed funding of £0.176m and £0.021m be retained centrally for these items, and the council proposes to continue with central retention of funding for these services.

Annex 4 provides a summary of the Part 1 budgets that the council proposes to be centrally retained, which are necessarily unchanged from the current year, that aggregate to £0.643m and which the Forum is recommended to agree.

Initial budget position for 2017-18

***Estimated Schools Block DSG income***

- 6.33 The DfE is expected to publish verified October school census and other data that must be used to calculate 2017-18 school budgets in the middle of December. Therefore, at this stage, DSG income can only be estimated. Using provisional October 2016 census data, this indicates that the number of pre-16 pupils in mainstream schools are estimated at 15,947 and with 8 deferred entries into reception classes (January 2017 compared to October 2016) needing to be added, and 35 pupils in SEN Resource Units to be deducted and funded through the High Needs Block place funding allocation, DSG funding is expected to be based on 15,920 pupils, an increase of 396 (2.6%) compared to the current year. This compares to a 1.9% increase in each of the last 2 years, circa 290 pupils.
- 6.34 With the confirmed BFC per pupil DSG funding rate of £4,167.13 this results in total estimated funding of £66.341m.

***Budget strategy***

- 6.35 The Schools Forum has previously agreed a funding strategy to be adopted when setting the Schools Budget, as follows , which in priority order is:
1. It has been included in the financial settlement from the DfE and it is consistent with local funding priorities;
  2. It relates to a new or amended statutory responsibility / DfE Regulation;
  3. There is sufficient income to fully fund changes in pupil characteristics, i.e: changes in pupil deprivation, low prior attainment, number of looked after children, English as an additional language and mobility;
  4. The pressure relates to a key local priority;
  5. Any remaining funds should be allocated using per pupil, high deprivation and low prior attainment data in the same proportion as the distribution of funds at the start of the financial year (around 93.5%/3.3%/3.2% in primary and 89.5%/5.9%/4.6% in secondary).

***Current budget and changes that are proposed to be made for 2017-18***

*Current base Schools Block Budget*

- 6.36 At its meeting of 16 January 2016, the Forum agreed a base budget for allocation to schools of £63.480m (includes de-delegated budgets of £1.249m) and £1.164m to be centrally managed by the council, making a total current budget commitment of £64.644m. As set out above, the centrally managed budgets are detailed in Annexes 4 and 5.

*Changes proposed to the current base budget*

- 6.37 Assuming the proposal in paragraph 6.22 above that the additional DSG income to be received next year for financing the 'retained' statutory and regulatory duties is allocated for the intended purpose, further budget of £0.26m needs to be added to centrally managed items, making a total of £1.424m.

- 6.38 There is also a change proposed to the budget held for allocation to schools. When a school converts to an academy, they become charitable organisations at which point they are eligible to 80% mandatory business rates relief. The current budget for Brakenhale Academy includes the full 100% provision which will now only need to be funded at 20% cost, thereby saving £0.096m, resulting a budget for allocation to schools of £63.382m.

The impact on schools from the national business rates revaluation exercise has yet to be established as details of transitional funding protections have not been confirmed by the government, meaning there is the possibility of a significant change to costs. This information is expected to be available for the 12 January Forum meeting, when final budget decisions on business rates will need to be taken.

Changes arising from the Funding Formula for Schools

- 6.39 The estimated impact from the pupil numbers contained on the provisional October 2016 census indicates there is £0.611m growth added to primary schools to reflect 201 additional pupils (+2.0%) and £0.913m for secondary schools where numbers have increased by 204 (+3.6%). Overall, estimated pupil numbers included in the Funding Formula have increased by 405, (2.6%) at a cost of £1.524m.
- 6.40 The different financial effect arising from funding pupil numbers in primary and secondary schools is clearly evident from above with similar increases in numbers in each phase, but a far greater cost in secondaries. This is a known outcome from the funding framework and reflects the different cost bases in each phase with the average per pupil funding allocation paid to primary schools calculated at £3,037 with £4,476 paid to secondaries.
- 6.41 With the DSG allocation to BF at £4,167 per pupil, irrespective of pupil age, this results in a funding gain of around £1,130 per primary aged pupil but a funding loss of around £309 per secondary aged pupil. The use of a uniform DSG rate to fund LAs for school pupils when there are necessarily differential funding rates paid to primary and secondary schools will always produce this outcome. Therefore, increases in secondary aged pupil numbers creates a budget pressure even when the headcount is reflected in the DfE funding settlement.
- 6.42 Other data changes from the October census impact on funding allocations through measures of deprivation, low prior attainment and a small number of other pupil related characteristics will be recalculated once numbers have been confirmed by the DfE in December. At this stage of the budget setting process, it is assumed that this financial impact will be at the average current amount and cost provision, for which an appropriate allowance is included in paragraph 6.39.

Changes arising from new / expanding schools

- 6.43 Current pupil forecasts indicate that the medium to long term expectation is that six new schools will be required. This is estimated to create a significant revenue budget pressure of around £10m for start-up and diseconomy funding. However, due to the long term nature of the build programme, the reliance on external factors, such as the speed of house building that will be determined by a range of developers, complexities around formulating accurate pupil forecasts down to individual school level and the unknown impact from the national funding reforms, the cost forecast and overall impact is very provisional. A more detailed update on the current position is included on a separate agenda item.

- 6.44 Whilst medium to long term cost forecasts are potentially subject to considerable fluctuation, short term costs can be predicted with greater certainty. Using the provisional October 2016 census data and anticipated building programme, costs of £0.657m are forecast in 2017-18. In accordance with DfE funding Regulations, diseconomy funding is paid after schools open, directly into the delegated budget, with start-up costs held as centrally managed budgets, until such time as the need is confirmed. Table 3 below sets out the predicted costs for 2017-18 by school.

Table 3: Additional financial support for new / expanding schools

Item	Post opening cost	Start-up costs	
	Warfield West / Woodhurst (Opened Sept 2016)	Amen Corner North (To open Sept 2018)	Binfield Learning Village (To open Sept 2018)
Jan – March 2018	-	£20,100	£36,000
<b><u>Full year costs:</u></b>			
Fixed lump sum	£96,600	-	-
Business Rates	£17,900	-	-
Funding 5 classes from Apr –Aug	£164,375	-	-
Funding 7 Classes from Sept- Mar	£322,175		
<b>Total</b>	<b>£601,050</b>	<b>£20,100</b>	<b>£36,000</b>
		<b>£657,150</b>	
<b>Funding Formula allocation</b>	<b>£285,480</b>		
<b>Diseconomy funding</b>	<b>£315,580</b>		
<b>Cost to be centrally managed</b>	-	<b>£56,100</b>	

- 6.45 Diseconomy funding will need to be paid to the expanded Warfield Primary School for the Woodhurst site development. Based on current estimates, this will require funding of £0.601m. The provisional October 2016 census indicates 94 pupils on roll, which means the calculation for the Funding Formula for Schools that is set out above includes these 94 pupils at a cost of £0.285m. Therefore, the net cost of diseconomy funding is £0.316m and this is the amount that needs to be additionally funded.
- 6.46 Start-up costs are forecast at £0.056m. With the current approved centrally managed budget amounting to £0.106m, a saving of £0.05m is proposed on this Part 2 item.

Annex 5 sets out the current year Part 2 budgets that have previously been agreed for central retention by the Forum. These budgets can be changed each year, and apart from the £0.05m change proposed directly above for new / expanding schools, proposals will be presented to the Forum in January for these items, when relevant data will be available to confirm the appropriateness of current amounts or otherwise, for example in relation to the number of schools expected to be eligible to an in-year growth allowance.

Summary of proposed changes

6.47 Based on provisional budget data, a series of changes have been set out above that the council proposes are reflected in the 2017-18 Schools Block budget. The proposals draw from the national funding framework, the budget strategy previously agreed by the Forum, and the estimated level of resources. To aid budget planning, the Forum is recommended to agree this approach, with final figures for the 2017-18 budget to be presented to the Forum for consideration at the 12 January 2017 meeting. Table 4 below summarises the changes proposed at this stage.

Table 4: Summary initial budget proposals for 2017-18

Para Ref.	Strategy	Budget proposal	Delegated school budgets 1 £'000	De-delegated budgets 2 £'000	Centrally managed budgets 3 £'000	Total 4 £'000
6.36		<b>Original 2016-17 Schools Block budget</b>	<b>62,231</b>	<b>1,249</b>	<b>1,164</b>	<b>64,644</b>
6.37	A	Funding for 'retained' statutory duties	0	0	260	<b>260</b>
6.38	B	Reduced rates liability from academy schools	-96	0	0	<b>-96</b>
		<b>Re-stated base budget</b>	<b>62,135</b>	<b>1,249</b>	<b>1,424</b>	<b>64,808</b>
		<b><u>Changes for 2017-18:</u></b>				
6.39	A	Change in number of primary pupils	610	0	0	610
6.39	A	Change in number of secondary pupils	913	0	0	913
6.42	C	Effect of changes in pupil characteristics e.g. FSM numbers, test results, EAL etc.	included in above	0	0	0
6.44	A	Diseconomy funding; new / expanded schools	316	0	0	316
6.44	A	Start-up cost; new / expanded schools	0	0	-50	-50
		<b>Total requirement for 2017-18</b>	<b>63,974</b>	<b>1,249</b>	<b>1,374</b>	<b>66,5970</b>
		<b>Change</b>	<b>1,839</b>	<b>0</b>	<b>-50</b>	<b>1,789</b>
		<b><u>Financing:</u></b>				
6.34		Estimated Schools Block DSG				<b>66,341</b>
		Anticipated funding shortfall				<b>256</b>

Managing the forecast budget gap

6.48 Table 4 above indicates a funding shortfall of £0.256m. Funding available for the Schools Budget can be adjusted by applying unspent DSG from previous years or other resources held in earmarked reserves. The Borough Treasurer considers that the Schools Budget should hold a minimum surplus of £0.66m to help manage unforeseen cost increases such as those experienced in 2014-15. Taking account of this requirement and the £0.277m in-year surplus forecast for 2016-17 (based on October budget monitoring cycle), there is estimated to be £0.377m available to support unfunded 2017-18 expenditure on a one-off basis, which is sufficient to fund these proposals and the Forum is recommended to agree this approach for the initial setting of the 2017-18 budget.

***Budget pressures that are NOT proposed to be funded***

- 6.49 Schools will experience a range of cost pressures next year and whilst funding is proposed to cover increases in pupil numbers and diseconomy funding for new schools, others will remain unfunded and will require schools to make savings to balance their budgets. The main pressures, which total to around £1.7m, and represent 2.1% of current spending levels are:
1. A new Apprenticeship levy is expected to be introduced from April 2017. It will in effect be a 0.5% payroll tax and is estimated to cost around £0.320m. In addition to the levy, there is also expected to be an apprenticeship quota obligation, with the Department for Business, Innovation and Skills proposing a target of 2.3% 'apprenticeship starts' each year. There could well be financial implications from this also.
  2. The cost of pay and price inflation. With public sector pay increases limited at 1%, with a similar assumption on other costs, this will equate to around a £0.8m pressure. We are currently experiencing historically low inflationary pressures. This is expected to start to increase moving forward.
  3. The statutory increase in the Living Wage, paid locally as the Bracknell Forest Supplement. This is due to increase in April 2017 and is estimated to cost schools around £0.150m on top of the 1% included in 2. above.
  4. The potential new 'top slice' to maintained school budgets to contribute to the 'general duties' education support services currently funded through the ESG. Assuming a £20 per pupil deduction would cost around £0.322m.
  5. The underlying deficit on the Local Government Pension Scheme is being reduced by way of additional lump sum contributions. Payments due from schools in the BF Local Government Pension Scheme are forecast to increase by £0.1m.

Most of these cost pressures equally apply to centrally managed Schools Block budgets, meaning they too require real terms savings of around 2.1% to be managed, a reduction in services provided, or a combination of both.

- 6.50 In terms of the proposed funding increases to be paid to schools for new pupils, the increased budget allocation will exceed the expected cost as per pupil funding contributes to more costs than classroom staff, most of which would not change as numerous schools admit relatively small numbers of pupils that do not require the recruitment of a new teacher. Of the £1.524m included in school budgets for changes in pupils, it should be expected that at least 50% of the funding will not result in equivalent cost increases. Nevertheless, schools are still facing unfunded cost increases. This will increase the likelihood that more pressure will be placed on the budget to support schools in financial difficulty and more schools seeking loans to manage required cost reductions over a number of years.

Conclusion Next steps

- 6.51 Due to the cash flat funding settlement in a period of significant cost increases, making proposals to balance the 2017-18 budget has again presented significant challenges. Moving forward, it seems likely that further financial challenges will need to be addressed in the years ahead, although as a consequence of the school funding reforms, these are likely to fall on the EFA.

6.52 Further work is on-going relating to the High Needs and Early Years Block items where the level of funding to be received next year has yet to be finalised. Budget proposals on these areas of the Schools Budget will be presented to the Forum in March.

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

7.1 The relevant legal implications are addressed within the main body of the report.

### Borough Treasurer

7.2 Included within the supporting information.

### Equalities Impact Assessment

7.3 A decision on the need for an EIA will be taken when the final budget proposals are confirmed.

### Strategic Risk Management Issues

7.4 The funding reforms and tight financial settlement present a number of strategic risks, most significantly:

1. Insufficient funding to cover anticipated pay and price inflation and changes in contributions to the Pension Funds and the new Apprenticeship Levy.
2. The ability of schools with loans to manage their repayments. Two secondary schools have significant loan advances that need to be managed during a period of real terms reduction in funding.
3. Ensuring sufficient resources are allocated into general school budgets to meet their SEN responsibilities, up to the £10,000 limit.
4. Managing the additional revenue costs arising from the new / expanded schools programme.
5. The ability of schools to admit an increasing number of pupils.

7.5 These risks will be managed through support and assistance to schools in the budget setting process which is a well established programme. It has ensured that schools develop medium term solutions to budget shortfalls and draws on funding retained to support schools in financial difficulty or through the allocation of short to medium term loans. Subject to the outcomes from the consultation with schools, there remains a de-delegated budget of £0.244m (after academy deduction) to support schools in financial difficulties that meet qualifying criteria.

7.6 The increase in school academisation is also likely to increase budget and general resource pressures on the council. These will need to be managed as they emerge.

## 8 CONSULTATION

### Principal Groups Consulted

8.1 CYPL Departmental Management Team and schools.

### Method of Consultation

8.2 Written report. To CYPL Management Team formal consultation with schools

### Representations Received

8.3 Included in body of the report.

### Background Papers

None:

### Contact for further information

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### Doc. Ref

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## Outline of services subject to de-delegation and indicative funding allocations (2016-17 amounts)

		2016-2017 de-delegated budgets									
	Primary funding rate	£14.10	£131.41	£5.84	£15.03	£1.54	£21.57	£3.23	£15.41		
	Secondary funding rate	£26.50	£131.41	£5.74	£8.06	£1.73	£23.18	£3.52	£15.41		
	Reference	A	B	C	D	E	F	G	I		
Ref	School	School Contingencies (incl support to those in financial difficulties )	Underperforming ethnic minority and bi-lingual pupils	SIMS and other licence fees	Behaviour Support Services	Anti-bullying Co-ordinator	Staff supply cover for official absences	Premature retirement / dismissal costs	Free school meals eligibility checking	Total	Ref
1	Ascot Heath Infant	£2,848	£4,625	£1,179	£3,566	£310	£4,357	£653	£62	£17,601	1
2	Ascot Heath Junior	£3,384	£1,051	£4,256	£369	£5,177	£776	£108	£16,522	2	
3	Binfield Primary	£5,894	£4,425	£2,440	£7,943	£642	£9,016	£1,351	£216	£31,927	3
4	Birch Hill Primary	£5,725	£4,626	£2,370	£9,097	£624	£8,758	£1,312	£786	£33,297	4
5	College Town Infant	£3,130	£5,395	£1,296	£4,020	£341	£4,789	£718	£77	£19,766	5
6	College Town Junior	£3,511	£2,628	£1,454	£5,039	£383	£5,371	£805	£185	£19,376	6
7	Cranbourne Primary	£2,891	£924	£1,197	£3,795	£315	£4,422	£663	£77	£14,283	7
8	Crown Wood Primary	£6,980	£6,058	£2,890	£12,330	£760	£10,677	£1,600	£909	£42,205	8
9	Crowthorne Primary	£2,947	£1,526	£1,220	£4,189	£321	£4,508	£675	£123	£15,510	9
10	Fox Hill Primary	£2,891	£2,617	£1,197	£6,736	£315	£4,422	£663	£617	£19,456	10
11	Great Hollands Primary	£5,697	£4,385	£2,358	£13,832	£621	£8,714	£1,306	£1,397	£38,310	11
12	Harmans Water Primary	£8,869	£8,296	£3,672	£14,861	£966	£13,568	£2,033	£848	£53,113	12
13	Holly Spring Infant	£4,033	£4,602	£7,445	£439	£6,169	£924	£724	£26,006	13	
14	Holly Spring Junior	£4,428	£3,296	£1,833	£8,399	£482	£6,773	£1,015	£817	£27,043	14
15	Jennetts Park Primary	£4,526	£2,909	£1,874	£7,084	£493	£6,924	£1,037	£493	£25,341	15
16	Meadow Vale Primary	£8,023	£6,811	£3,322	£14,264	£874	£12,274	£1,839	£789	£48,196	16
17	New Scotland Hill Primary	£2,933	£2,150	£3,832	£320	£4,487	£672	£62	£15,669	17	
18	Owlsmoor Primary	£7,544	£1,628	£3,123	£11,050	£822	£11,540	£1,729	£601	£38,038	18
19	The Pines Primary	£3,440	£3,098	£1,424	£6,480	£375	£5,263	£789	£462	£21,331	19
20	Sandy Lane Primary	£8,770	£7,978	£3,631	£15,847	£956	£13,417	£2,010	£1,048	£53,657	20
21	St Joseph's Primary	£2,961	£7,666	£1,226	£4,289	£323	£4,530	£679	£46	£21,719	21
22	St Margaret Clitherow Primary	£2,848	£4,296	£1,179	£4,877	£310	£4,357	£653	£77	£18,598	22
23	St Michael's (East) Primary	£3,455	£1,226	£1,430	£5,755	£376	£5,285	£792	£231	£18,550	23
24	St Michael's (Sand) Primary	£2,693	£1,046	£1,115	£3,468	£293	£4,120	£617	£154	£13,507	24
25	Uplands Primary	£2,961	£1,686	£1,226	£3,655	£323	£4,530	£679	£231	£15,291	25
26	Warfield Primary	£4,129	£3,010	£1,709	£5,215	£450	£6,317	£946	£43	£21,819	26
27	Whitegrove Primary	£6,345	£5,596	£2,627	£8,619	£691	£9,707	£1,454	£231	£35,270	27
28	Wildmoor Heath Primary	£2,806	£1,077	£4,138	£306	£4,293	£643	£185	£14,608	28	
29	Wildridings Primary	£5,584	£5,832	£2,312	£12,000	£608	£8,542	£1,280	£925	£37,082	29
30	Winkfield St Mary's Primary	£2,947	£1,227	£1,220	£3,972	£321	£4,508	£675	£15	£14,887	30
31	Wooden Hill Primary	£4,808	£1,988	£1,991	£9,550	£524	£7,356	£1,102	£478	£27,797	31
32	The Brakenhale	£21,993	£6,045	£4,764	£12,207	£1,433	£19,244	£2,919	£1,464	£70,068	32
33	Easthampstead Park	£19,290	£2,365	£4,178	£11,644	£1,257	£16,879	£2,560	£1,757	£59,931	33
34	Edgbarrow	£27,901	£526	£6,044	£10,899	£1,818	£24,414	£3,703	£539	£75,845	34
35	Garth Hill College	£36,831	£3,138	£7,978	£17,579	£2,400	£32,227	£4,889	£1,854	£106,896	35
36	Ranelagh	£20,933	£130	£4,534	£8,101	£1,364	£18,316	£472	£56,629	36	
37	Sandhurst	£23,052	£1,183	£4,993	£9,752	£1,502	£20,171	£3,060	£894	£64,607	37
<b>Total Primary</b>		<b>£140,000</b>	<b>£113,679</b>	<b>£57,961</b>	<b>£229,604</b>	<b>£15,254</b>	<b>£214,170</b>	<b>£32,090</b>	<b>£13,019</b>	<b>£815,776</b>	
<b>Total Secondary</b>		<b>£150,000</b>	<b>£13,387</b>	<b>£32,491</b>	<b>£70,184</b>	<b>£9,773</b>	<b>£131,250</b>	<b>£19,910</b>	<b>£6,981</b>	<b>£433,976</b>	
<b>GRAND TOTAL</b>		<b>£290,000</b>	<b>£127,066</b>	<b>£90,452</b>	<b>£299,787</b>	<b>£25,027</b>	<b>£345,420</b>	<b>£52,000</b>	<b>£20,000</b>	<b>£1,249,752</b>	

**Services funded by the ESG**

<b>Service</b>	<b>Total 2016-17 £</b>
Statutory and Regulatory Duties	1,282,150
Education Welfare Service	213,270
Asset Management	132,800
School Improvement	510,050
Monitoring National Curriculum Assessment	15,000
<b>Total Costs*</b>	<b>2,153,270</b>
'Retained' duties amount	260,300
'General' duties amount	1,230,480
<b>Total ESG grant funding</b>	<b>1,490,780</b>
<b>Net cost to BFC</b>	<b>662,490</b>

Note All figures are taken from the 2016-17 Section 251 budget statement returned to the DfE and include an appropriate share of Departmental and Corporate recharges, so represent full costs.

\* Prior to the commencement of cuts in grant funding, the Council received £2.115m ESG from the DfE in 2014-15, close to the £2.153m 2016-17 estimated cost.

## **Outline of LA education related statutory and regulatory duties**

In the 2015 Spending Review, the DfE announced a saving of £600m through the complete withdrawal of the ESG which is the mechanism used to fund LAs for their statutory and regulatory education related duties as prescribed in various Education Acts and other relevant statutes. This follows cuts of £200m in 2015-16.

Despite withdrawal of the funding, nothing has changed in terms of the duties and responsibilities on the LA from Education Acts of which the main matters are:

- a) School Improvement, in particular expenditure incurred in connection with functions under the Education and Inspections Act 2008. The LA is required to use statutory powers where schools are under performing. This includes implementing interventions as defined in the Schools Causing Concern document 2016, including Schools that have been judged inadequate by Ofsted, Schools that are coasting, and Schools that have failed to comply with a warning notice. A range of statutory powers are available for the fulfilment of duties, including requiring the governing body to enter into arrangements of additional support, collaboration with other schools, appointing additional governors which includes paying a National Leader of Governance to be a temporary Chair of Governors and establishing an interim executive board which has the power to suspend the delegated budget.

Furthermore, LAs must exercise their education functions with a view to promoting high standards. They need to act as champions of education excellence across schools, to understand the performance of schools, using data to identify those schools that require improvement and intervention, work with the Regional Schools Commissioner to ensure swift and effective action is taken when underperformance occurs in a maintained school, including and using their intervention powers, where this will improve leadership and standards, encourage good and outstanding maintained schools to take responsibility for their own improvement and to support other schools, and enable other schools to access such support.

- b) Expenditure on monitoring National Curriculum assessment arrangements in the EYFS, KS1 and KS2 which includes identifying and training of moderators. Supply cover for schools is provided where moderators are employed. The Standards and Testing Agency also have an expectation that a thorough quality assurance process is in place for visits in schools.
- c) Finance, including preparation of budgets (including the Funding Formula for Schools), making grant claims, completion of statutory accounts, internal and external audit arrangements, managing a school's suspended delegated budget, developing and maintaining the financial framework that schools need to operate within, including the issuing of notice of financial concern and the action and monitoring required thereafter, and providing advice on procurement with a view to securing continuous improvement.
- d) Human Resources, including recruitment, training, continuing professional development, performance management and personnel management of staff, investigations of employees, or potential employees, functions in relation to local government superannuation, advice in relation to staff pay and the management of all such staff, the determination of conditions of service for non-teaching staff, the appointment or dismissal of employees, the investigation and resolution of complaints, liaison and negotiation with trade unions.
- e) Health and safety, including compliance with duties under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions that are defined and the LAs monitoring the performance role, including the provision of advice.
- f) Legal services relating to the statutory functions of the council.

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- g) Planning and reviewing education related services.
- h) Provision of information to, or at the request of the Crown and the provision of other information which the authority is under a duty to make available.
- i) Compliance with the Equality Act 2010, including the LAs monitoring and performance role, including the provision of advice.
- j) Expenditure on establishing and maintaining electronic computer systems, including data storage, which are intended primarily to maintain linkage between local authorities and schools.
- k) Functions in relation to the standing advisory council on religious education including reconsideration and preparation of an agreed syllabus of religious education.
- l) Expenditure on the appointment of governors, the making of instruments of government, and the provision of information to governors. Links to statutory functions set out above in paragraph a).
- m) Education welfare services, including making arrangements to identify children not receiving education, send a written notice to a parent whose child of compulsory school age is not receiving suitable education and subsequent school attendance and education supervision orders, investigate the whereabouts of pupils who have poor attendance and administering and enforcing requirements and protections for those below compulsory school leaving age taking part in employment or performances.
- n) Asset management, including management of the authority's capital programme, preparation and review of an asset management plan, negotiation and management of private finance transactions and contracts (including academies which have converted since the contracts were signed), landlord premises functions for relevant academy leases, health and safety and other landlord premises functions for community schools.
- o) Therapies and other health related services. The Children and Families Act 2014 places a statutory duty on local authorities and local health bodies to commission services jointly to support disabled children and young people and those with special educational needs, including those who need therapy support.

### Historic Spending Commitments – Supporting Information

Proposed 2017-18 Budget £m	Further information: explanation of historic commitments, confirm Schools Forum approval, description of any accompanying evidence provided
£0.100	Part funding for the Family Intervention Team that comprises 11.5 full time equivalent staff on permanent contracts that offers early intervention support to families and children to deliver a co-ordinated, cost effective and needs driven service. Areas of work include, parenting, housing issues, debt, anti - social behaviour, poor school attendance, mental health issues, physical health issues, poor attachment, substance misuse, domestic abuse, relationship problems etc. Supports around 150 families a year.
£0.134	Part funding for the Looked After Children's Education Service which falls within the remit of the Virtual School – a statutory requirement on all LA's as of April 2014. Covers approx. 2.1 full time equivalent Education Support Officers on permanent contracts and other specialist tutors and support workers as required to meet the specific, individual needs of the vulnerable children, to aid engagement and lead to pathways into education, employment or training. Around 170 LAC are supported each year and 100 care leavers, including support into higher education. Ensures targeted support to LAC, better outcomes, as evidenced in our narrow attainment gap to peers and low NEET percentage.
£0.043	Funds transport costs for Looked After Children to enable them to maintain their school placement after a change in their care needs. Costs are paid to external transport providers, via contract. Involves 13 young people.
£0.018	Funds the Young People in Sport programme that all 28 primary schools engage in at least 50% of the available sporting activities (Indoor Athletics, Cross Country, Tag Rugby, Kwik Cricket, Badminton, Hockey, Athletics, Sports Skills for Key Stage 1 and Ballroom Dance). Over the year, 900 coaching sessions are planned that are expected to be attended by 55,000 participants
£0.042	Part funding for the Common Assessment Framework (CAF) and review process that sets a standardised approach to conducting an assessment of a child's additional needs and deciding how those needs should be met. It answers enquiries from schools at any stage in the process, undertakes school visits to support reviews, share information and answer enquiries about thresholds and routes to support. Schools are provided with child view sheets and other resources that can support their work with families during the assessment process. The service processed 305 Family and individual CAFs and in addition supported 456 review referrals last year and triaged 121. In addition the CAF and Early Intervention Team Leader Chairs the Early Intervention Hub providing a multi-agency forum which schools are able to attend to ask for advice or additional support. Secondary schools frequently attend the Hub to discuss cases and the next steps for their students and families. Training on CAF and Assessment Skills for CAF is provided free of charge to school personnel and 105 practitioners were trained last year. In addition workshops have been provided for staff meetings and inset days. This funds 0.75 full time equivalent cost. This is a permanent contract.
£0.006	Part funds staff on permanent contracts working with domestic abuse in families, in particular co-ordination of multi agency risk assessments and supporting the Domestic Abuse Forum.

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Proposed 2017-18 Budget £m	Further information: explanation of historic commitments, confirm Schools Forum approval, description of any accompanying evidence provided
£0.030	Funds the Education Health Partnership which develops emotional health and well being in schools supporting teachers and young people. This is undertaken through teacher training and support materials, classroom teaching support, emotional health and well being showcase where young people were invited to share their school experiences plus the health school award. Covers 0.4 full time equivalent salary of staff member on permanent contract delivering courses, materials, tool kits and advice to schools. Supported by professional coaches.
£0.033	Part funding for the Placement Contracts Officer that ensures care and education establishments used for vulnerable children meet the required standards around quality and care as well as maximising value for money and performing an ongoing monitoring role. Secures around 140 contracts per annum and contributes to lower spend than would otherwise be the case on pupil placement costs. Funds 0.67 full time equivalent cost. This is a permanent contract.

**Notes:**

1. All budget proposals fall within paragraph 4 of Part 1 (Central Services) of Schedule 2 of the Schools and Early Years funding Regulations
2. Schools Forum agreement for central retention of these budgets prior to Aril 2013 was provided on 17 January 2013.
3. Schools Forum agreement for central retention of these budgets for 2016-17 was provided on 14 January 2016, on an on-going basis.

**Proposed 2017-18 Schools Block budgets to be centrally managed by the Council**

Budget item	Schools Block Centrally Managed		
	Budget 2016-17 £	Proposed Changes £	Draft Total 2017-18 £
<b><u>Part 1: Spending limited to amount agreed in the previous financial year</u></b>			
<u>Historic commitments (see Annex 4):</u>			
Combined Services Budgets*:			
Family Intervention Project	£100,000	£0	£100,000
Educational Attainment for Looked After Children	£133,590	£0	£133,590
School Transport for Looked After Children	£42,890	£0	£42,890
Young People in Sport	£18,050	£0	£18,050
Common Assessment Framework Co-ordinator	£42,470	£0	£42,470
Domestic Abuse	£6,000	£0	£6,000
Education Health Partnerships	£30,000	£0	£30,000
SEN Contract Monitoring	£32,680	£0	£32,680
Miscellaneous (up to 0.1% of Schools Budget):			
Forestcare out of hours support service	£4,850	£0	£4,850
Borough wide Initiatives	£27,270	£0	£27,270
Support to Schools Recruitment & Retention	£7,470	£0	£7,470
<u>Other expenditure</u>			
School Admissions	£175,970	£0	£175,970
Schools Forum	£21,440	£0	£21,440
<b>Total Part 1 items</b>	<b>£642,680</b>	<b>£0</b>	<b>£642,680</b>

\* Combined Service Budgets funded by the DSG generally support vulnerable children, have an educational benefit and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently.

**Proposed 2017-18 Schools Block budgets to be centrally managed by the Council**

Budget item	Schools Block Centrally Managed		
	Budget 2016-17 £	Proposed Changes £	Draft Total 2017-18 £
<b><u>Part 2: No restriction on annual increases</u></b>			
Schools Contingency:			
Significant in-year growth in pupil numbers	£182,648	£0	£182,648
Key Stage 1 class sizes	£86,392	£0	£86,392
Start up costs for new schools	£106,100	-£50,000	£56,100
Boarding Placements for Vulnerable Children	£75,880	£0	£75,880
Central copyright licensing	£70,000	£0	£70,000
<b>Sub total Part 2 items</b>	<b>£521,020</b>	<b>-£50,000</b>	<b>£471,020</b>
<b>Total Part 2 items</b>	<b>£521,020</b>	<b>-£50,000</b>	<b>£471,020</b>



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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