

**Agenda Item
6**



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – Monday 16th January 2017

Report Title: Update on Dedicated Schools Budget Strategy 2017-18.

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Purpose:

To update Forum on the 2017/18 Schools Budget strategy following the publication of the indicative Dedicated Schools Grant 2017/18 and the 2017/18 pupil data.

Recommendations:

Section 1 – Funding for 2017/18

1. Schools Forum notes the available funding in the Schools Funding Settlement announced by the DfE in December 2016.

Section 2 – Carried Forward funding from 2016/17 into 2017/18

2. School Forum notes the likely available brought forward DSG

for 2017/18 of £1.970m

Section 3 – Schools Block 2017/18

3. Schools Forum notes the impact of the formula on the basis of the illustrated £191.044m through the Authority Proforma Tool.
4. Schools Forum decides whether the APT formula for 2017/18 should use IDACI deprivation weightings based on Option A or Option B.
5. Forum agrees to allocate £550k for ESG transferred to DSG in 2017/18.
6. Forum agrees to allocate £484k for Schools Standards in 2017/18.
7. Forum agrees to allocate £800k for LAC Residential Places in 2017/18.
8. Forum agrees to allocate £350k for Early Help (Family Support) in 2017/18.
9. That maintained primary school representatives agree to de-delegate funding for Support for Redundancy Costs
10. That maintained secondary school representatives agree to de-delegate funding for Support for Redundancy Costs
11. That maintained primary school representatives agree to de-delegate funding for Attendance and Welfare Service
12. That maintained secondary school representatives agree to de-delegate funding for Attendance and Welfare Service
13. That maintained primary school representatives agree to de-delegate funding for Support for Underperforming Ethnic Minority Group
14. That maintained secondary school representatives agree to de-delegate funding for Support for Underperforming Ethnic Minority Group

Section 4 – High Needs Block

15. That Schools Forum notes and comments on the proposed budget for the High Needs Block.

Section 5 – Early Years Block

16. To agree to the use of centrally retained funds for 2017/18:
 - i. Early Years Quality Team (£441k)
 - ii. Early Years Commissioning Team (£170k)
 - iii. Support Services – the EY component of central support overheads attributed to all blocks (£16k)
 - iv. Trade Union Representation – the EY component as for maintained schools (£18k)
 - v. Contingency (£404k) – A recognition that the expansion of 3 and 4 year old provision means that there will also be more vulnerable children with

additional needs and some provision is necessary until it is clear what needs these children will have.

17. To advise on the proposed formula for 3 and 4 year olds, which is the subject of consultation with settings, prior to final decision at Cabinet on 14th February 2017.
18. To advise on the proposed continued use of brought forward monies to pay providers £6 per hour for 2 year old children.
19. To agree to the use of up to £0.7m from brought forward DSG to meet the transitional needs of individual settings as they manage the loss of childcare subsidy.

Contents

This report deals with the following matters:

- Section 1. Funding Settlement for Schools Budget 2017/18
- Section 2. Current position for the Schools Budget in 2016/17
- Section 3. Schools Block – centrally retained items, de-delegation and the funding formula for primary and secondary schools for 2017/18
- Section 4. High Needs Block – High Needs places and top-ups and other central budgets for 2017/18
- Section 5. Early Years Block – centrally retained items and the funding formula for early years settings for 2017/18.
- Summary Summary of the proposals in this paper

List of appendices

- Appendix 1 DSG Block composition 2016/17 and 2017/18
- Appendix 2 Rationale of Formula Working Group for proposing different IDACI weightings (ie Option B)
- Appendix 3 Illustration of school-by-school formula allocations after MFG for Option A and Option B
- Appendix 4 Summary schools formula factor allocations 2017/18 (Options A and B)
- Appendix 5 School Standards and Under-Performing Ethnic Groups Service
- Appendix 6 LAC Placements Service
- Appendix 7 Early Help Service
- Appendix 8 Attendance and Welfare Service
- Appendix 9 High Needs Budget analysis 2017/18
- Appendix 10 Early Years Single Funding Formula – Illustration with 30p per hour for deprivation
- Appendix 11 Early Years Single Funding Formula – Illustration with 35p per hour for deprivation
- Appendix 12 Early Years Single Funding Formula – Illustration with 40p per hour for deprivation

Section 1 – Funding Settlement for Schools Budget 2017/18

Recap from 20th October and 1st December Schools Forum

- 1.1 Schools Forum on 20th October and 1st December received initial reports on the Dedicated Schools Budget for 2017/18. This report provides an update to those two reports following the release of Haringey Council's Schools Funding Settlement by the Education Funding Agency on 20th December 2016 of the indicative Dedicated Schools Grant (DSG) and pupil data for 2017/18 based on the October 2016 schools census.
- 1.2 The Department for Education is planning substantial changes to the Dedicated Schools Budget, school organisation and Local Authority (LA) responsibilities. These were set out in its stage one consultations on a national schools funding formula, funding high needs and an early years national funding formula. Plans for changes in school organisation and LA responsibilities were set out in the White Paper 'Education Excellence Everywhere'.
- 1.3 In preparation for a National Schools Funding Formula (NSFF) the Education Funding Agency (EFA) carried out a 'rebasings' exercise to reset the three existing blocks of the Dedicated Schools Grant (DSG) and to create a new fourth block, the Central Block that would separate out the centrally retained items currently in the Schools Block.
- 1.4 The original intention was to introduce a NSFF from April 2017 but the introduction has been postponed for a year until April 2018. Similarly the plan to begin moving to a formula led High Needs block has been postponed but the rebasing of the block will be reflected in the 2017/18 DSG.
- 1.5 The DfE have provided further details of the NSFF and high needs funding in their second stage of consultations will be the main focus of the Schools Forum meeting on 23rd February 2017, with the Formula Working Group and the High Needs Working Group considering the details beforehand.
- 1.6 A change that will begin in April 2017 is the move to an early years national funding formula.
- 1.7 One of the main proposals of the White Paper, enforced academisation, has been modified but other proposals in the White Paper, such as the removal of local authority responsibility for school improvement, are likely to remain.
- 1.8 The 2017/18 Indicative Dedicated Schools Grant (DSG) comprises of three parts:

A. Schools Block (SB)

This is based on the schools block units of funding (SBUF) as published in July 2016 available in schools funding arrangements 2017 to 2018. There is also a continuation of a minimum funding guarantee of minus 1.5% per pupil.

B. Early Years Block (EYB)

This was announced on 1 December 2016. It includes:

- funding for the universal 15 hour entitlement for all 3 and 4 year olds
- funding for the additional 15 hours for 3 and 4 year old children of eligible working parents
- funding for the 15 hour entitlement for disadvantaged 2 year olds
- funding for the year years pupil premium (EYPP), set at the 2016/17 per pupil rate
- funding for the disability access fund (DAF)
- supplementary funding for maintained nursery schools

C. High Needs Block (HNB)

This includes:

- the high needs block baseline based on local authority 2016/17 spend published in July 2016 in schools funding arrangements 2017/18 guidance
- £125 million post-16 budget transferred for high needs places in further education (FE) colleges and charitable and commercial providers
- an additional uplift of £130 million, of which 95.3 million is allocated on the basis of the estimated 2-18 aged population in each authority
- £34.7 million is allocated on the basis of the estimated growth in the 2-18 aged population

1.9 **Table 1** below compares the 2017/18 DSG against the 2016/17 DSG and the estimated rebased 2017/18 DSG as reported to Schools Forum on 20th October 2016. The EFA required all local authorities to carry out a rebasing exercise in July 2016 in preparation for the National Schools Funding Formula. The rebased figures were then incorporated in the Schools Block Unit of Funding (SBUF) for the indicative 2017-18 DSG funding settlement. The EFA then funded all local authorities using this SBUF figure using the October 2016 census.

Table 1 - DSG allocations prior to deductions for academies recoupment and direct funding of high needs places by EFA

	2016/17 DSG	Estimated 2017-18 per SF Report 20/10/16 after DSG Rebasing in July 2016	2017/18 DSG
Pupil Numbers	33,059	33,671	33,467
Schools Block Unit Funding	£5,913	£5,835	£5,835
Schools Block DSG	£195,491,752	£196,478,248	£195,287,860
	£M	£M	£M
Schools Block	195.49	196.48	195.29
Provisional Early Years Block	15.45	18.43	18.45
High Needs Block	31.64	35.34	35.85
Total additions for non block funding	0.05	-	-
Total DSG allocation	242.63	250.25	249.59

1.10 The rebasing exercise means that there is no longer a need to transfer funding from the Schools Block to the High Needs Block and Early Years Block as in previous years as this has been done as part of the rebasing exercise. Each block is expected to set its budget within the allocated funding envelope.

1.11 **Appendix 1** gives details of the the total indicative 2017/18 DSG allocation for each of the blocks. The £15 per pupil statutory and regulatory element of the ESG has now transferred into DSG Schools Block and is included in the SBUF.

1.12 Table 2 explains the move from the 2016/17 DSG to 2017/18 DSG.

Table 2 – Explanation of DSG Movement from 2016/17 to 2017/18

DSG allocations prior to deductions for academies recoupment and direct funding of high needs places by EFA	Schools block	Provisional Early Years Block	High Needs Block allocation	Total additions for non block funding	Total DSG allocation
	£M	£M	£M	£M	£M
2016/17 DSG	195.492	15.453	31.638	0.048	242.631
Rebasing (October 2016)	-2.755		2.842		0.087
Add ESG core funding	0.550				0.550
Add Post 16 funding for High Needs			0.860		0.860
Less funding for Haringey Sixth Form	-0.380				-0.380
Additional Pupil numbers 2017/18	2.381				2.381
Additional HN funding			0.514		0.514
Removal of non-block elements				-0.048	-0.048
Early Years Block increase in 2 Year Old Rate to £5.66		0.180			0.180
Early Years Block ncreased funding for 3 and 4 year olds, including expansion by 15 hours.		2.123			2.123
EY Block: Disability Fund		0.060			0.060
EY Block: Support for Maintained Nursery Schools		0.630			0.630
2017/18 DSG	195.288	18.446	35.854	0.000	249.588

1,13 The EFA also announced a school improvement monitoring and brokering grant from September 2017 on 30th November 2016. It is envisaged each local authority will get a minimum of £50,000 a year, but details will not be known until the summer 2017.

- 1,14 The EFA have published the pupil premium conditions of grant for 2017/18. The rates per pupil for pupil premium in 2017/18 will be maintained at their current rates.
- 1,15 The grant for universal infant free school meals (UIFSM) continues at a meal rate of £2.30 for the 2017/18 academic year. EFA will make further details available in 2017.
- 1.16 The year 7 catch-up premium continues in 2017/18. EFA will confirm the arrangements in early 2017.
- 1.17 The primary PE and sport premium continues in 2017/18. EFA will continue to advise schools on sustainable and effective ways to use the premium. EFA will announce further details in 2017.
- 1.18 Edward Timpson, Minister for vulnerable children and families, wrote to local authorities on 20 December confirming special educational needs and disability (SEND) implementation grant (new burdens) funding of £40m for 2017/18, an increase of £4.2m on 2016/17. The funding is to continue to support transition to the new system for SEND and to support local authorities to make effective plans for this important final year of the transition. Early in 2017, the Department for Education (DfE) will also announce money for wider support, including independent supporters and parent carer forums.
- 1.19 The grant for extended rights to home to school transport grant will continue in 2017-18. EFA will confirm allocations in early 2017.
- 1.20 As in previous years, the EFA will deduct from Haringey's DSG payments Haringey's charges for national copyright licences for 2017/2018.
- 1.21 **RECOMMENDATION 1: Schools Forum notes the available funding in the Schools Funding Settlement announced by the DfE in December 2016.**

Section 2 – Current position on Schools Budget 2016/17

- 2.1 With brought forward balances being depleted and plans for 2017/18 and beyond being dependent on the use of brought forward monies, it is necessary to be clear about how much is available. In June 2016, Schools Forum were advised that the brought forward for 2016/17 was £3.252m, with the vast majority of that in the Early Years Block, accruing from the period when 2 year old funding was paid on a place basis, not a participation basis.
- 2.2 During 2016/17, there are two known pressures which will change the level of carry-forward at year-end. The first is the budget

pressure of £0.915m in the High Needs budget, which was reported to Schools Forum in December 2016. The second is the known, but unquantified impact of continuing to fund 2 year participation at a rate of £6 per hour, rather than the £5.28 which is received through the DSG for 2016/17.

2.3 Table 3 below sets out that the brought forward of more than £3m will be less than £2m by the end of 2016/17.

Table 3: Calculation of DSG b/f and c/f figures 2016/17 (excluding recoupment by EFA)

Block (all figures in £'000)	Brought forward 2016/17	In-year budget 2016/17	Forecast spend 2016/17	Forecast carry-forward 2016/17
Schools Block	255	141,300	141,300	-255
High Needs Block	-46	32,623	33,538	961
Early Years Block	3,043	15,454	15,821	-2,676
Total Schools Budget	3,252	189,377	190,659	-1,970

2.4 A tension in this position is that the High Needs budget is overspending by nearly £1m and this is offsetting the funding that is earmarked for, principally, the Early Years Block. At present, there does not seem to be a realistic prospect of the High Needs Budget recovering that level of overspend in a single year. This may not be a problem if plans for the Early Years Block are not dependent on spending all of the earmarked brought forward attributable to them: the principal reason for maintaining the underspend has been to maintain funding for 2 year olds at the £6 per hour level as long as possible, which inevitably spreads the cost over a number of years.

2.5 While the DfE provides separate blocks of funding and will make them more discrete in future years with the introduction of various national funding mechanisms, the Authority is still able to and is required to manage the Dedicated Schools Grant as a whole.

2.5 Schools Forum should note the need for the Authority to set a balanced budget with the DSG and that the overall funding plans must be covered by a combination of brought forward monies and available DSG in 2017/18.

2.6 **RECOMMENDATION 2: School Forum notes the likely available brought forward DSG for 2017/18 of £1.970m**

Section 3 – Schools Block 2017/18

3.1 Primary and Secondary Funding Formula 2017/18

3.1.1 The Authority is required to complete the Authority Proforma Tool for the 2017/18 formula budgets for primary and secondary schools by

21st January 2017. Final decisions are subject to confirmation by Cabinet on 14th February 2017, but their decision will be informed by those Schools Forum takes on the authority's proposals for de-delegated services (applicable to maintained schools only) and for centrally retained items (applicable to all primary and secondary schools).

- 3.1.2 Final funding for schools will be distributed on the basis of the current funding formula, which includes a Minimum Funding Guarantee (where schools may not lose more than 1.5% of their funding per pupil from 2016/17) and a cap (where schools may only retain 40% of gains beyond 2.5% per pupil). This is subject to one outstanding issue.
- 3.1.3 At Schools Forum on 1st December 2016, two alternative proposals for the formula were considered regarding the weightings to be applied to the deprivation factor, specifically those relating to the IDACI data. Schools Forum did not wish to agree to a change to the formula without some further details about the impact that this would have in 2017/18.
- 3.1.4 At the previous meeting, the paper described how there were two options that were put forward to consider, instead of the unchanged formula. This had been the subject of consultation with all schools. In reality, there was very little difference between the two options; the more important differences were between keeping the formula as it was and changing it.
- 3.1.5 To simplify matters for this paper, the previous "Option 1" has been dropped, meaning that there are illustrations for 2017/18, based on the following:
- **Option A:** This is the formula as it currently stands, unadjusted.
 - **Option B:** This is the adjusted formula, the previous "Option 2". This was proposed by the Formula Working Group and was the subject of consultation.
- 3.1.6 It is worth restating why the Formula Working Group believed that it was appropriate to propose a change to the IDACI deprivation factor. A detailed explanation is in **Appendix 2**, with illustrations of the values in the formula in recent years and the comparison with the proposed values in the National Funding Formula from 2018/19.
- 3.1.7 Changes in the IDACI methodology for the October 2015 census would have adversely affected the formula values for schools with high levels of deprivation in 2016/17, had Schools Forum not agreed to increase the weightings to the IDACI deprivation factors for that year. The DfE recognised that the changed methodology had caused problems for schools (in authorities where weightings had not been changed), so they compensated for this in the IDACI figures for 2016 (ie this had the effect of increasing the amount of deprivation counted). So, Option B

recognises that the DfE has already resolved the problem and if we did not adjust the formula weightings, the formula would have channelled more of the available funding into deprivation factors than previously planned; the problem would have been resolved twice.

3.1.8 The formula illustrations are based on a total of **£191.044m** to be distributed, before consideration of any de-delegated items for maintained schools. This is calculated as follows:

Table 4: Basis of calculation of APT formula funding for 2017/18

Schools Block total 2017/18	£195.288m
Less centrally retained items agreed by Schools Forum in December 2016	-£2.060m
Less outstanding decisions for centrally retained items for this meeting	-£2.184m
Available for distribution to schools BEFORE de-delegation	£191.044m

3.1.9 Table 4 summarises the amount of funding going through each factor and in total for Options A and B, compared to the final APT for 2016/17, with all formula factors summarised in **Appendix 3**. **Appendix 4** gives detailed school-by-school illustrations of the funding allocation after the application of the Minimum Funding Guarantee, but before de-delegation.

Table 5: Comparison of overall formula factor amounts, 2016/17 final and illustrative 2017/18 for Option A and Option B.

	Option A		Option B		Option B v	Option A	Option B	
	Actual	%age of	16-17	%age of	17-18	Option B v	Option A	
	APT for	pre-	IDACI for	pre-	IDACI for	Option A	v	
	2016/17	MFG	17/18	MFG	17/18	Difference	2016/17	
			APT		APT		2016/17	
Age-Weighted pupil units	140,404	75.7%	138,157	73.6%	140,113	74.7%	-2,247	-291
Deprivation factors (including IDACI)	21,828	11.8%	26,878	14.3%	24,869	13.3%	5,050	3,041
Other formula funding	23,258	12.5%	22,572	12.0%	22,700	12.1%	-685	-558
Total before MFG	185,489	100.0%	187,607	100.0%	187,681	100.0%	2,118	2,192
MFG capping	-2		-90		-90		-89	-88
MFG support	3,958		3,528		3,453		-430	-505
Total after MFG	189,445		191,044		191,044		1,600	1,600
Number of schools needing MFG support	42		59		58			

- 3.1.8 There are some clear conclusions to reach from the illustrations, both in the summary in **Table 5** and in the detailed, school-by-school illustration in **Appendix 4**.
- 3.1.9 There is very little headroom in the settlement for schools. The per pupil Schools Block DSG is based on exactly the same rate as 2016/17. Although there is £1.6m more in the APT, there are 400 more pupils on roll. So, the vast majority of schools have budgets which are driven by the Minimum Funding Guarantee (ie -1.5% per pupil less than 2016/17).
- 3.1.10 Option A distributes £5m more of the formula through deprivation than in 2016/17. This is because of two things: the DfE has adjusted the IDACI data up during 2016 to acknowledge the reduction in IDACI 2015 outcomes; and there is more deprivation registered in the borough as per the October 2016 census.
- 3.1.11 Option B would represent an increase in deprivation from the 2016/17 position because of more deprivation in the October 2016 census, but the DfE adjustment to the IDACI data in 2016 (which Haringey had already adjusted for in January 2016) would be neutralised (ie £2m less through deprivation than Option A).
- 3.1.12 The impact of these formula changes are only being experienced by a small number of schools. Option A has only 13 schools that are not somehow affected by the MFG and Option B has only 14 schools that are not somehow affected by the MFG. When you compare the impact of Option B v Option A, 4 schools would gain more than £10k and 5 schools would lose more than £10k.
- 3.1.13 The National Funding Formula for primary and secondary schools will be a major item for consideration at the Schools Forum meeting on 23rd February 2017.
- 3.1.14 **RECOMMENDATION 3:** Schools Forum notes the impact of the formula on the basis of the illustrated £191.044m through the Authority Proforma Tool.
- 3.1.15 **RECOMMENDATION 4:** Schools Forum decides whether the APT formula for 2017/18 should use IDACI deprivation weightings based on Option A or Option B.

3.2 Centrally Retained Schools Block Budgets.

- 3.2.1 Local authorities may request Forum's permission to top-slice funding from the Schools Block of the DSG. In general, these budgets are capped at the level funded in previous years. The top-slicing occurs before the funding formula is calculated and impacts on maintained

schools, free schools and academies. All state financed schools are therefore eligible to receive the services so funded.

3.2.2 Schools Forum at its last meeting on 1st December 2016 agreed to retain budgets for the following areas:

- a) Growth Fund (£1.1m).
- b) Servicing of Schools Forum (£10k)
- c) Admissions Service (£299.8k)
- d) Governor Support (£130k)
- e) Music and Performing Arts Service (£168k).
- f) Support Costs (£192k).

3.2.3 Schools Forum also noted the deduction of National Copyright Licences from the DSG by the EFA. The indicative charge notified by the EFA is £159,796.28 excluding VAT.

3.2.4 The report to Schools Forum on 20th October also informed members of the removal of the ESG, the transfer of part of it into the Dedicated Schools Grant (DSG) and the extension of de-delegation from maintained schools to cover services previously funded from the ESG.

3.2.5 With the withdrawal of ESG, the Council previously relied on £2.9M of funding which has been used to fund various areas of Children Services across Haringey's Schools and Academies. The vast majority of this lost funding will impact on the General Fund (Council) budget. The Council is requesting back from Schools Forum this 19% of the £2.9M i.e. £550k to help continue delivering some of the basic statutory and regulatory duties. This £550k was transferred into the DSG Schools Block and was rebased as part of the SBUF.

3.2.6 **Statutory and regulatory duties** cover a variety of responsibilities including the duty to appoint a Director of Children's Services, prepare and monitor budgets and financial regulations, provide internal audit, provide elements of human resource support, certain health and safety responsibilities and maintain the Standing Advisory Council on Religious Education. Although some of these duties would diminish as schools convert to academies but others, such as the appointment of a Director of Children Services will remain. Whilst the LA continues to have maintained schools, responsibilities will remain, as will the duty to appoint a Director of Children's Services. The Council proposes to use £378k of this £550k with Schools Forum approval in discharging these statutory and regulatory duties.

3.2.7 The Council also propose to use £172k of this £550k to discharge its statutory duties for the LA Education Welfare Service which are:

- a) to make arrangements to identify children not receiving education (section 436A, Education Act 1996);

- b) send a written notice to a parent whose child of compulsory school age is not receiving suitable education, followed by a school attendance order if they do not comply with the notice (section 437, Education Act 1996); if exercising its power to prosecute a parent for a child's non-attendance (section 446) the local authority must consider whether to apply for an education supervision order (section 447);
- c) publish a code for penalty notices to address poor attendance and administer the penalty notice regime according to the Education (Penalty Notices) (England) Regulations 2007 and subsequent amendments;
- d) improve attendance where schools report absence to them according to the Education (Pupil Registration) (England) Regulations 2006;
- e) investigate the whereabouts of pupils who have poor attendance and are at risk of being deleted from the schools' admission register (Education (Pupil Registration) (England) Regulations 2006); and
- f) comply with all its statutory obligations under the Education (Pupil Registration) (England) Regulations 2006.

3.2.8 The cost of discharging the above duties at £172k is effectively the cost of 3 full time posts with on-costs (two professional EWOs and one administrative support officer) plus a pro-rata allocation of expenses and overhead costs.

3.2.9 RECOMMENDATION 5: That Forum notes and agree to allocate the full £550k of the transferred ESG funds for the discharge of statutory and regulatory duties of which £172k will be earmarked for statutory Education Welfare Service.

3.2.10 The Council is also seeking to retain funding for the services set out in the following paragraphs.

3.2.11 School Standards (£484k). This budget has supported the evolving agenda for education services, including pump priming the development of school to school support. Continuation of the budget for 2017-18 will support embedding school to school support across all schools and academies. A fuller explanation of this service can be found in **Appendix 5**, which also covers support to under-achieving pupils.

3.2.12 RECOMMENDATION 6: That Forum agree to allocate £484k for School Standards in 2017-18.

3.2.13 **LAC Residential Places (£800k).** As agreed by Forum, support of £1m for the educational costs of residential placements for Looked After Children (LAC) was provided in 2012-13, 2013-14 and 2014-15. In 2015-16 and 2016-17 a reduction in the number of placements reduced the support to £0.8m and this sum is again sought for 2017-18. Supporting information for this bid is set out in **Appendix 6.**

3.2.14 **RECOMMENDATION 7: That Forum agrees to allocate £800k for LAC Residential Places in 2017-18.**

3.2.11 **Early Help (Integrated Working and Family Support) (£350k).** Supporting information for this bid is set out in **Appendix 7.**

3.2.15 **RECOMMENDATION 8: That Forum agrees to allocate £350k for Early Help (Family Support) in 2017-18.**

3.3 De-delegation.

3.3.1 Schools Forum on 1st December 2016 agreed de-delegation of funding for Trade Union Facilities time and the Contingency for Schools in Financial Difficulty. The Council further requests that the following budgets are de-delegated from maintained schools. The values for 2017-18 assume that transitional arrangements will cover the cost of these services for April to August.

3.3.2 **Redundancy Costs (£177.6k for 2017/18).** These are a Local Authority (LA) responsibility but can be passed on to a school where any of the following apply:

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy.

- 3.3.3 The Council wishes to retain this budget so it can continue to discharge its statutory responsibility and aid those schools most affected by the financial pressures faced by schools. The de-delegation value based on 2017/18 pupil numbers would be £7.10 per pupil in 2017-18
- 3.3.4 **RECOMMENDATIONS 9 & 10: That maintained school members agree de-delegation for redundancy costs.**
- 3.3.5 **Attendance and Welfare Service (£122k for 2017/18).**
- 3.3.6 The three future roles for LAs envisaged in the White Paper 'Education Excellence Everywhere' are:
- a. Ensuring every child has a school place.
 - b. Ensuring the needs of vulnerable pupils are met.
 - c. Acting as champions for all parents and families.
- 3.3.7 The Attendance and Welfare Service plays an important role in ensuring the needs of vulnerable children are met and the Council wishes to secure the continuation of this service through de-delegation. A description of the service can be found in **Appendix 8**.
- 3.3.8 Based on 2017/18 pupil numbers, the cost of de-delegation would be £4.87 per pupil in 2017/18.
- 3.3.9 **RECOMMENDATIONS 11 &12: That maintained school members agree de-delegation for the Attendance and Welfare Service.**
- 3.3.8 **Appendix 5** sets out details on Underperforming Ethnic Minority Groups cost and it is recommended that the de-delegation of £0.612m is agreed. This would be done, as in previous years, on the basis of prior attainment data. The de-delegation would be on the same basis as previous years: using low prior attainment units, with a higher weighting for primary than secondary. This would mean that the cost for each maintained primary school would be £137.39 per prior attainment unit and for each maintained secondary school would be £85.86 per prior attainment unit.
- 3.3.10 **RECOMMENDATIONS 13 & 14: That maintained school members agree de-delegation for Support to Underperforming Ethnic Minority Groups.**

Section 4 High Needs Block

- 4.1 A detailed report on the High Needs Budget was presented to Schools Forum in December 2016 which forecasted an in-year overspend for 2016/17 of £0.915m. After taking account the deficit brought forward

of £46k, this pointed to a cumulative overspend of £0.960m at the end of 2016/17.

- 4.2 In previous years, the High Needs Budget has needed support from the Schools Block to balance. The rebasing of the DSG in July 2016, as reported to Schools Forum in October 2016, meant that historic patterns of transfer were confirmed. So, the High Needs Block of £35.854m reflects past transfers. Moreover, this includes £0.521m of additional funding distributed to all authorities for High Needs. The only outstanding issue on the level of High Needs Block for 2017/18 is whether the Authority's proposals to change the number of (£10k) places at the Octagon (-4) and at Heartlands (+36) is agreed by the DfE.
- 4.3 The forecast presented to Schools Forum in December 2016 is the basis for the initial High Needs Budget for 2017/18. An updated version of this, explaining the components of the proposed High Needs Budget for 2017/18 are set out in **Appendix 9**.
- 4.4 Budgets have been taken at their 2016/17 level, except for the main top-up and independent special school budgets where the 2016/17 forecast has been used. Also, the Bring in Fund for 2016/17 was used to meet the High Needs Place costs at the provision at Heartlands, so this cost has been transferred to the places budget. The SEN Contingency has been adjusted down by £47k to ensure that the overall budget matches the HN Block.
- 4.5 There are risks associated with this budget as it stands.
 - Much more detailed analysis is needed of the top-up budgets and independent special school budgets to assess the current commitments, future rates, future placements and any leavers.
 - Further consideration of the measures necessary to contain expenditure, including spending to save, is needed to reduce commitments in the medium-long term. Although a comprehensive plan of action has been drawn up to address this forecast overspend implementation has been slow and budget pressures continue to escalate on the High Needs Block.
- 4.6 The impact of these risks is that there is a real danger that the High Needs Budget will again need to call on under-spent DSG. This is not a sustainable situation and may come into practical conflict with the policy aspirations for the Early Years Block. Nonetheless, the underlying principle continues to be that the High Needs Block would aim to repay its overspending from previous years and reach a more sustainable budget position with 2017/18 being the 2nd of 3 years. The plans of the Early Years Service (explained in Section 5) are to use up to £0.9m of brought forward DSG. Section 2 indicated there was £1.970m net carry forward expected to be available in 2017/18. This

leaves a buffer of around £1m if the High Needs Budget were to take until Year 3 to get to a sustainable position with all overspends repaid. The aim, however, would be for the High Needs Budget to operate within the indicated amount for 2017/18.

4.7 RECOMENDATION 15: That Schools Forum notes and comments on the proposed budget for the High Needs Block.

Section 5 Early Years Block

5.1 Introduction.

5.1.1 The government has introduced a new national funding formula for early years which will require Haringey Council, along with all other local authorities, to make changes to the way it funds the free early education entitlement from April 2017. There are a number of elements to the new arrangements including the introduction of a high pass through measure, a universal hourly base rate, new designations of supplements and a separate stream of funding for nursery schools for the next two years.

5.1.2 The changes constitute a fundamental reshaping of early years funding and are being introduced at pace by central government to ensure that the 30 hours free entitlement for 3 and 4 year olds can be delivered from September 2017. There are implications for all early years settings in the borough whether maintained or in the private, voluntary and independent sector. The Council's Early Help Commissioning Team is continuing to work closely with all early years providers to support them to develop plans for the long term sustainability of all provision in the borough. The Team is working particularly closely with the maintained sector, recognising the particular challenges faced by settings.

5.1.3 In December 2016, the Department for Education (DfE) confirmed the 2017-18 early years block allocation for Haringey as £18.450m

5.2 Pass through measure

5.2.1 A significant feature of the new arrangements for early years funding is the introduction of a high pass through measure, which means that Local Authorities will be required to pass through 93% of all funding received in the Early Years Block of our Dedicated Schools Grant (DSG) directly to settings from April 2017, rising to 95% from April 2018. This means that the amount of DSG the Council can retain centrally of the 2017/18 funding for 3 and 4 year olds has been capped and will stand at £1.049m in 2017/2018 and £0.823m in 2018/2019.

5.2.2 The DfE has indicated that the non passed through funding should be used to support the additional burdens on local authorities arising from

the introduction of the 30 hours funded entitlement for 3 and 4 year olds with working parents and to meet any other statutory requirements.

5.2.3 As a consequence, the Council will no longer have enough funding available to provide a childcare subsidy to the borough's eight maintained childcare settings, which include three nursery schools, as previously and have had to reprofile proposals for use of the non passed through funding. The Council's proposals for use of the centrally retained funding for early years identify some funding for child care subsidy available from 2017/2018 and work is being done with each of the maintained settings to identify where it needs to be deployed. The details are set out in the table below:

5.2.4 Tables 6 and 7 below show the profile of Haringey's centrally retained funding for 2016-17, 2017-18 and 2018-19 and the year-on-year variations

Table 6. Comparing Centrally held funding allocation for 2016-17 and 2017-18

Item	Centrally Held 2016-17 (£)	Centrally Held 2017-18 (£)	Year-on-year variation (£)	Year-on-year % change
Childcare Subsidy	1,427,000	0	-1,427,000	-100.0%
Early Years Quality Team ⁹	334,300	441,373	107,073	32.0%
EH Commissioning ¹⁰	55,700	170,357	114,657	205.8%
Overheads	15,900	15,900	0	0.0%
TU Representation	18,000	18,000	0	0.0%
Head of Standards ¹¹	73,000	0	-73,000	-100.0%
Contingency	400	403,527	403,127	
	1,924,300	1,049,157	-875,143	

Table 7. Comparing Centrally held funding allocation for 2018-19 with 2017-18

Item	Centrally Held 2018-19 (£)	Year-on-year variation from 2017-18 (£)	Year-on-year % change
Childcare Subsidy	0	0	
Early Years Quality Team ⁹	445,787	4,414	1.0%
EH Commissioning ¹⁰	172,061	1,704	1.0%
Overheads	15,900	0	
TU Representation	18,000	0	0.0%
Head of Standards ¹¹	0	0	
Contingency	171,101	-232,426	
	822,848	-226,309	

5.2.4 RECOMMENDATION 16: To agree to the use of centrally retained funds for 2017/18:

- a. Early Years Quality Team (£441k)
- b. Early Years Commissioning Team (£170k)
- c. Support Services – the EY component of central support overheads attributed to all blocks (£16k)
- d. Trade Union Representation – the EY component as for maintained schools (£18k)
- e. Contingency (£404k) – A recognition that the expansion of 3 and 4 year old provision means that there will also be more vulnerable children with additional needs and some provision is necessary until it is clear what needs these children will have.

5.3 Universal Hourly base rate

5.3.1 One effect of the government’s proposals will be the introduction of a higher hourly base rate for all providers of the free entitlement and the 30-hour extended entitlement for 3 and 4 year olds, including nursery schools. The hourly base rate is calculated using the total amount of funding to be passed through, less funding for supplements which has been limited in two ways, as set out in Section 5.4 below. As the amount of funding agreed for supplements will be subject to consultation currently underway, the Council has modelled the impact on the universal hourly base rate of adopting three different options for allocating supplements (deprivation and quality). In effect, the higher the amount allocated for supplements, the lower the increase to the hourly base rate is, in a range from an additional 4p per hour to an additional 14p per hour. This is illustrated in Table 8 below, with more details in Appendices 10-12.

Table 8. The impact of different options for allocating supplements on Universal Base Rate payable to providers

Proposed Options	Option 1.1	Option 1.2	Option 1.3
Proposed Deprivation funding rate (£/hr)	0.30	0.35	0.40
Distribution of supplement funding			
	£	£	£
Total Funding available for all supplements	1,393,880	1,393,880	1,393,880
Less: Funding pot for Quality supplement (System Leadership)	(75,900)	(75,900)	(75,900)
Funding available for other supplements	1,317,980	1,317,980	1,317,980
Funding allocated for Deprivation	(891,765)	(1,040,393)	(1,189,020)
Funding available for proposed Base rate top up	426,215	277,588	128,960
Total funded hours	2,972,550	2,972,550	2,972,550
Proposed Base rate top up (£/hr)	0.14	0.09	0.04

5.3.2 There will also be a higher hourly rate for the Local Authority for the delivery of the 2 year old free entitlement which will be set at £5.66 per hour from April 2017. Schools' Forum has previously agreed with the Council's proposal to top up the hourly rate for providers of the 2 year old programme to £6 per hour using money held over from the introduction of the 2 year old programme when funding was based on the places available for children rather than the participation of children in the programme. As this pot of funding will be available only for a short time, it is proposed to taper and withdraw the top up over the next two years so that by 2019/2020 there is no additional top up available to providers of the free 2 year old entitlement and funding will be based on the nationally set hourly rate of £5.66 per hour.

5.4 Supplements

5.4.1 A further change being introduced is a limit on the amount of the DSG Early Years allocation that the council can pay out to providers as supplements from the £5.66 per hour funding. The council will be able to pay providers, on top of the base rate as noted above. Supplements are limited to three areas – deprivation, quality, flexibility and English as an additional language (EAL) – and cannot exceed the DfE cap of 52p per hour of child care funding. Locally, it has been proposed that supplements are limited to deprivation and quality on the basis that flexibility will be a feature of all child care provision in the new arrangements.

5.4.2 For deprivation, the proposal is that the deprivation supplement follows the child and whilst being paid to the setting, is not driven by the characteristics or location of the setting. The criteria for deprivation supplement are formed of two elements. First, where the child lives in designated postcodes a deprivation supplement will be attracted based on IDACI metric. Second, where the child is eligible for Free School Meals, a deprivation supplement will be attracted. This means that some children in a setting may attract supplement whilst others may not. The supplement for 2017/2018 will be calculated based on the profile of children in settings in 2016/2017 and an amount allocated to the funding available for supplements which will then be distributed based on the actual profile of children in settings during 2017/2018. Tables 4, 5 and 6 below provides more detail on how the pot of deprivation funding created from the £0.30, £0.35, £0.40 out of the £0.52 available for supplements will be allocated using the IDACI or FSM metrics and weighted banding within the borough. The weighting implies that any child whose postcode is located in a highly deprived area as defined by the IDACI statistic will be placed in Quartile 1 (Q1)

and attract the highest weighting and highest amount of funding. A child who receives FSM will all attract funding.

5.4.3 For quality, the proposal is to build sector led quality improvement through the establishment of a fixed, separate pot to be allocated amongst high quality providers to support system leadership.

5.4.4 The Schools' Forum is asked to agree the recommendations with regard to the availability and level of funding for supplements, within the limits set by the DfE.

5.4.5 **RECOMMENDATION 17: To advise on the proposed formula for 3 and 4 year olds, which is the subject of consultation with settings, prior to final decision at Cabinet on 14th February 2017.**

5.5 Funding for nursery schools

5.5.1 The government has recognised the unique challenges for nursery schools across the country and has allocated Haringey a separate stream of funding of £628k, to be shared across Pembury, Rowland Hill and Woodlands Park nursery schools, as part of the funding allocation for 2017/18. The level of funding has been calculated by the DfE and is intended to support the sustainability of the three nursery schools. It is noted that it is a reduction from the £712k of additional funding currently being shared between the three nursery schools as part of current funding arrangements.

5.5.2 The Government has also set out its commitment to undertake further consultation on the future of nursery schools sometime in early 2017 and we believe this will provide us with a greater sense of the national view on support and funding for nursery schools in the longer term.

5.6 Use of Carry forward Early Years funding

Two year olds funding per hour.

5.6.1 As noted above, the hourly rate for the two year old funded entitlement is currently £6 per hour, a rate agreed by Schools' Forum on the basis that funding was available to cover the top up from the £5.28 per hour available from DfE.

5.6.2 It is proposed that the held over funding is used to fund the top up for 2017/2018 for 2 year olds, to ameliorate any issues in making the transition to the new arrangements and to provide a breathing space for the pressures on the High Needs Block. The DfE rate has increased to £5.66 per hour for 2 year olds, so the cost of funding this difference has narrowed to £0.188m, which would be the call on the carried forward DSG.

5.6.3 RECOMMENDATION 18: To advise on the proposed continued use of brought forward monies to pay providers £6 per hour for 2 year old children.

Childcare Subsidy

5.6.3 Officers are working with settings which currently receive support for childcare subsidy. Clearly, the pass-through requirements for 2017/18 and subsequent years create difficulties in providing sustainable funding through the DSG for childcare. In principle, settings are being asked for business cases to establish a transition plan to phase out the subsidy by the start of the autumn term 2017. There are still many business cases to receive and consider, so it is difficult to identify yet what the final total cost of this will be.

5.6.4 This matter will be discussed further with the Early Years Working Group, and no more than necessary will be allocated to meet the principles agreed. It is likely that up to £0.7m may be required to manage the transition and some call on the brought forward DSG earmarked for Early Years would have to be made.

5.6.7 Schools' Forum's endorsement of the use of these brought forward monies (up to £0.9m) is sought.

5.6.8 RECOMMENDATION 19: To agree to the use of up to £0.7m from brought forward DSG to meet the transitional needs of individual settings as they manage the loss of childcare subsidy.

5.7 Summary of Early Years proposals and decisions sought for 2017/18.

5.7.1 The summary proposals for the Early Years budget for 2017/18 are as set out in Table 9.

Table 9: Summary of proposed Early Years Budget for 2017/18 and funding source

Funding Element	Funding Amount 2017-18 (£)	Spending proposal	Proposed Budget 2017-18 (£)
3 & 4 YO 15 hours Free Entitlement	12,931	3 & 4 Year olds base rates	12,545
3 & 4YO additional 15 hours funding	2,057	3 & 4Year olds supplements	1,394
		Centrally Retained budgets	1,049
2 Year Old Programme ⁵	2,599	2 Year Olds Programme	2,787

Funding Element	Funding Amount 2017-18	Spending proposal	Proposed Budget 2017-18
EYPP ⁶	175	EYPP ⁶	175
Supplementary funding for Maintained Nursery Schools (MNS)	628	Supplementary funding for Maintained Nursery Schools (MNS)	628
		Provision for transitional withdrawal of Childcare Subsidy	700
Planned use of b/f DSG	888		
Total EY Funding 2017/18	19,278	Total EY Funding 2017/18	19,278

Overall Conclusion

The proposals in this paper, if agreed as necessary, would result in the following budgets for 2017/18.

Block	Estimated brought forward DSG 2017/18	DSG funding 2017/18	Proposed budgets 2017/18	Estimated carry forward DSG 2017/18
Schools Block	255	195,288	195,288	-255
High Needs	-961	35,854	35,854	961
Early Years	2,676	18,446	19,278	-1,844
Total	1,970	249,588	250,420	-1,138