



HILLINGDON
LONDON

Education & Children's Services

Consultation Paper – November 2016

Schools, Early Years & High Needs Special Educational Needs (SEN) Funding Arrangements 2017/18

Target audience: Headteachers
Senior Managers
Teachers Professional Associations
14-19 Representatives
Governing Bodies
Finance Officers
Early years providers
Schools Forum

Deadline for responses: 21 December 2016

Queries on this consultation paper should be directed to:

Peter Malewicz Finance Manager – Children and Young People's Services Tel: 01895 250325 e-mail: pmalewicz@hillingdon.gov.uk	Graham Young Lead Finance Business Partner (Schools/DSG) Tel: 01895 277687 e-mail: gyoung@hillingdon.gov.uk
Dan Kennedy Head of Performance, Policy and Standards e-mail: dkennedy@hillingdon.gov.uk	Ruth Munro Assistant Finance Business Partner (Schools) Tel: 01895 250593 e-mail: rmunro@hillingdon.gov.uk

Formal responses on the attached feedback form should be sent to:

Graham Young
Children's and Young People's Services Finance Team
London Borough of Hillingdon
2S/05 Civic Centre, Uxbridge, UB8 1UW
E-mail: gyoung@hillingdon.gov.uk

By: midnight on 21 December 2016



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1. Introduction & Background

1.1 The schools funding settlement for 2017/18 will be announced by the Secretary of State for Education in December 2016 and will be updated by using the October 2016 census pupil data.

The main headlines in relation to revenue funding are:

- The funding that makes up the Dedicated Schools Grant (DSG) will continue to be provided in three distinct blocks; Early Years, Schools and High Needs.
- The DSG will continue to be ring-fenced, however, the funding received for each of the blocks will not be ring-fenced, though it is expected that this will change once the national Funding Formula is implemented.
- The determination of the Schools Block will be based on the October 2016 census data.
- Retained items within the Schools Block will be reviewed by Schools Forum and will change dependant on changing priorities.
- The Early Years block per pupil unit of funding will be confirmed after the spending review and will continue to be based on the number of children accessing a funded place.
- The High Needs Blocks will remain at the same level as 2016/17.
- Funding for Early Years will be amended throughout the year based on the following census dates; January 2016 (the baseline), January 2017 and January 2018.
- The DSG will include funding for the Free Entitlement offer for two year olds.
- The Minimum Funding Guarantee will continue to be set at -1.5% per pupil for 2017/18.

1.2 This consultation paper sets out the proposed funding arrangements for 2017/18 relating to Hillingdon's schools, early years and high needs SEN settings.

1.3 The local authority is required to consult with the Schools Forum annually on a set of matters prescribed in the Schools Forums (England) Regulations 2012, which are covered in this consultation paper. These are:

- amendments to the school funding formula
- arrangements for the education of pupils with special educational needs
- arrangements for early years provision
- arrangements for the use of pupil referral units and the education of children otherwise than at school
- administrative arrangements for the allocation of central government grants paid to schools via the authority

1.4 This consultation paper provides detail on the following which is being consulted on:

- A proposed change to the distribution of schools block deprivation funding;
- A proposed change to the Looked After Children (LAC) funding factor;
- A proposed change to the PFI funding factor;
- A proposed change to the Growth Contingency Policy;
- The proposed Early Years Funding Formula (EYFF), to be effective for 2017/18;

- The proposed arrangements for High Needs SEN Funding, including Alternative Education Provision, to be effective for 2017/18;
 - The proposed arrangements for the allocation of the Pupil Premium for Looked After Children (LAC).
- 1.5 This paper is being circulated widely to encourage engagement with schools and independent nursery providers, in order to assist Schools Forum in making a final decision on the use of the Dedicated Schools Grant (DSG) funding prior to submitting the required details to the DfE (which has been set as 20 January 2017), who will advise on the suitability of the proposed funding formulas.
- 1.6 The aims of the paper are to set out the main proposals for distributing and administering the available resources in the DSG, including Early Years Funding, Primary and Secondary Schools Funding and High Needs SEN Funding and to provide an overall perspective of Hillingdon's financial position.
- 1.7 The overall level of funding will be dependent upon the results of the October 2016 census, which will determine the overall DSG funding received by the local authority. At school level, the majority of funding will be determined by the pupil census data, with nursery funding being determined by participation (actual hours taken up on the free entitlement).
- 1.8 This paper sets out how the funding will be distributed to Private, Voluntary and Independent (PVI) childminders, day nurseries, independent schools and playgroups and school nurseries and will guide the funding principles to be adopted. Final allocations will not be finalised until February 2017, and should be viewed as a consequence of the proposals agreed in this consultation.
- 1.9 2017/18 should be seen as a one-year funding period only, as there is uncertainty as to whether the current government intends to introduce the National Funding Formula from 2018/19. It is likely that the Government will consult further on any funding formula proposals for 2018/19 which will be shared with the Schools Forum once known. Therefore, any decisions made around the 2017/18 settlement must be appropriately considered and balanced against issues of affordability and sustainability in the medium to longer term.
- 1.10 Stakeholders are welcome to comment on any aspect of the proposals, or may wish to contribute to a sector specific response co-ordinated by Primary Forum, Hillingdon Association of Secondary Heads and the Special Headteachers group or other representation group.
- 1.11 The release of this paper allows just a short period of time for consultation with stakeholders. Schools Forum will review the responses in early January 2017, and the signed off and completed funding pro-forma must be submitted to the DfE by 20 January 2017. This means that responses will be required to be returned by midnight on 21 December 2016.

2. Executive Summary (Summary of Consultation Issues)

- 2.1 Schools Forum is consulting individual schools, on the next steps in the review of the Schools' Funding Formula arrangements for 2017/18.
- 2.2 Schools Forum is also required to consult on proposals for distributing and administering the available resources which will come from the DSG.
- 2.3 The decisions taken will shape the allocation of funding for Primary and Secondary Schools and the funding for High Needs, and the Early Years Funding Formula.

Process leading to the proposals in the consultation

- 2.4 Following the decision by Central Government to delay the implementation of the Schools National Funding Formula (NFF) until at least 2018/19, the local authority, through the Schools Forum, is required to undertake a review of the allocation of the DSG relating to the Primary and Secondary Schools Funding Formula. The DfE paper; Schools Revenue Funding 2017 to 2018, released in July 2016, sets out how local authorities and schools forums should plan for the local implementation of the funding system for the 2017/18 financial year.
- 2.5 The Early Years National Funding Formula (EYNFF) will be implemented from April 2017. The DfE are yet to release the results of the consultation on the EYNFF, however it is expected that there will remain areas of the formula that schools forums will be required to make decisions on, particularly in relation to the use of funding supplements.
- 2.6 The recent DfE consultations on school funding have indicated that in future years the DSG funding blocks will be ring-fenced and Local Authorities will no longer be able to move funds between the funding blocks as has previously been allowed. This is a particular issue for High Needs funding in Hillingdon as we currently move a significant amount of funding from the Schools Block to the High Needs block.
- 2.7 Following the implementation of the new banded funding model in April 2015, the intention was always to carry out a review of High Needs funding after transition to the new system had taken place. Given the known High Needs funding issues it is considered that now is a good time to undertake such a review of the current High Needs banded funding model.

Primary and Secondary Schools Funding (Section 4)

- 2.8 The DfE have announced that the NFF will not be implemented until at least 2018/19. However there is still a clear commitment to continue with the move towards a fairer funding system.
- 2.9 Section 5 sets out the approach that Schools Forum wishes to take with regards to the 2017/18 funding formula for schools. Based on the review that was undertaken, Schools Forum proposes to make three amendments to the schools funding formula. Schools can object to the proposals but would need to identify what areas they would like to be addressed within the constraints of the current funding model and the timeframes that have been set by the DfE for the submission of the final proposal (20 January 2017).

- 2.10 All primary and secondary schools will be funded based on the approved and agreed funding model, this includes maintained, all academies, free schools, studio colleges and university technical colleges. For 2017/18 the funding will still be provided as is currently the case (i.e. maintained schools will receive funding from the local authority through the DSG and all other schools will receive funding directly from the Education Funding Agency (EFA)).
- 2.11 The DSG funding will be determined based on the October pupil census. For 2017/18, the relevant census date will be the 6 October 2016.
- 2.12 The determination of school budgets will be based on the data provided by the DfE to the local authority and is provided based on a percentage of pupil numbers on roll. Once the census data has been signed off by the DfE, there will be a short window of opportunity to analyse the data the check whether it is correct. Once the final formula is submitted on 20 January 2017, no amendments can be made. Any errors identified will be considered as part of the budget build for the following year.
- 2.13 The Council continues to see a significant increase in the number of primary school age children requiring a school place. The funding arrangements still allows the Council to hold a growth fund contingency to support expanding schools, provide resources for new schools and to provide resources for those schools proposing to amalgamate. As part of this consultation, Schools Forum is proposing a slight amendment to the Growth Contingency Policy to allow funding for schools that see significant in-year growth.

The arrangements for Early Years (Section 5)

- 2.14 The DfE are proposing to implement an Early Years National Funding Formula (EYNFF) from April 2017. Within the EYNFF consultation the DfE proposed that the base rate should be a universal rate for all providers. Schools Forum has previously agreed a flat base rate for all providers in Hillingdon and so this proposal will have no impact on providers.
- 2.15 The DfE consultation indicated that in 2017/18, only 7% of all Early Years block funding will be allowed to be retained centrally, reducing to 5% from 2018/19. Of the remaining 93% funding, the DfE proposal for the 3 and 4 year old free entitlement offer, is to limit the amount that can be paid through supplements to 10% (including the mandatory deprivation factor) and therefore 90% must be passed to providers through the base rate. As a result all providers will see an increase in their base rate for 3 and 4 year olds, from April 2017 with a further increase in 2018/19 as the allowable level of centrally retained reduces further.
- 2.16 The Free Entitlement offer for three and four year olds will increase to 30 hours per week from September 2017, for those children whose parents are both working and meet the criteria. At this stage it is not clear what uptake will be like or how these hours will be provided. We are currently awaiting further guidance from the DfE, along with results from the pilots currently taking place in parts of the country.
- 2.17 Funding for the Free Entitlement offer for two year olds will continue to offer a free place for those children that are in the 40% most deprived families across the country. Schools Forum is not proposing to make any changes to the current funding model.

The arrangements for Special Educational Needs (Section 6)

- 2.18 The DfE are not proposing to make any further changes to the funding of SEN pupils in 2017/18 and will retain the current arrangements which is based on a “place-plus” funding model, where all special schools and special resource provision settings will receive £10,000 per planned place and additional top up funding for each actual pupil.
- 2.19 Mainstream schools will continue to be expected to fund the first £6,000 of any SEN pupil placed in a mainstream school, and will receive only the top up funding from the commissioner.
- 2.20 April 2015 saw the start of the transition to a new banded funding model for the allocation of top-up funding rates for all children with a statement of Special Educational Need or Education, Health and Care Plan (EHCP). Following a review of this model it is proposed that some changes are made for 2017/18.

The arrangements for the use of Pupil Referral Units and the Education of Children Otherwise than at School

- 2.21 The DfE are proposing no changes to the planned place funding for Alternative Education Provision and Pupil Referral Units will continue to operate with a delegated budget, which will be funded through the “place-plus” funding model.

Specific Grants (Section 7)

- 2.22 The Government made a commitment that the Pupil Premium will continue in 2017/18. The Early Years Pupil Premium which provides £300 per year (£0.53 per child per hour) for each eligible child that takes up the full 570 hours of early years provision will also continue in 2017/18.

3. The Funding Framework

3.1 The framework for funding education services for 2017/18 continues to be reviewed by the DfE with the prospect of a NFF still high on the agenda.

3.2 In reviewing the Primary and Secondary schools funding formula, Schools Forum considered each formula factor in turn compared to where it sat within the overall council benchmarking data. The results of which are as follows:

- **Age Weighted Pupil Unit** - Hillingdon remains fairly consistent with the average for all AWPU unit values, though is slightly below average when looking at KS3 & KS4 AWPU rates.
- **Deprivation** – Hillingdon sits very close to the average for the proportion of funding allocated to deprivation.
- **Looked after Children (LAC)** - Hillingdon remains at the very top of the benchmarking, being the 2nd highest for unit values.
- **English as an additional Language (EAL)** - Hillingdon sits above average for both Primary and Secondary unit values.
- **Mobility** – Hillingdon sits above average for Primary and Secondary unit values.
- **Low attainment** – Hillingdon sits above the average for both Primary and Secondary unit values.
- **Lump sum** – Hillingdon is above average for the lump sum unit values, though looking at the outer London borough averages, Hillingdon is very close to the average.
- **Primary/Secondary Ratio** – In all instances, Hillingdon sits close to the average, being at 1 or 2 points below the average.

3.3 Schools Forum has previously agreed some funding principles as part of the funding formula review process, which it has applied to this review. The benchmarking data compares favourably with these principles which are set out below:

- To minimise the movement in funds between the Primary and Secondary sectors
- To ensure that the funding split per pupil between the Primary and Secondary sector is generally in line with the national average of 1 to 1.29
- To reduce the per pupil funding range in both the Primary and Secondary sector
- To ensure that the least funded (per pupil) school does not receive reduced funding
- To maintain the rate of funding per pupil allocated through the deprivation factor to approximately the national average
- To set the rate of funding for EAL at the national average
- To keep the loss of any group (e.g. small schools, infant schools etc) to a minimum

4. Primary and Secondary Schools Formula

- 4.1 The Schools Block DSG Fund provides funding for Primary and Secondary schools (including academies and free schools) and a limited range of retained budgets.
- 4.2 The final DSG will be determined based on the October 2016 census data. The DfE intends to provide a finalised DSG by December 2016.
- 4.3 The DfE's paper; Schools Revenue Funding for 2017 to 2018, sets out how local authorities and schools forums should plan for the local implementation of the funding system for the 2017/18 financial year. The DfE are not proposing any significant changes to the funding formula following the decision to delay the implementation of a National Funding Formula.

Deprivation Funding Factor

- 4.4 Currently Hillingdon distributes deprivation funding based 100% on pupil-led data, currently Free School Meal (FSM) eligibility. Research shows that area-level data can provide a broader measure of deprivation, by capturing the additional disadvantage experienced by pupils living in a deprived area and the DfE indicated in the recent NFF consultation that they favour a combination of pupil-level and area-level deprivation data. This would mean using FSM eligibility along with the Income Deprivation Affecting Children Index (IDACI) dataset. Currently 73% of local authorities use a combination of FSM and IDACI and given the indication that it is likely the deprivation funding in the NFF will be on this basis it seems appropriate that Schools Forum consider the implementation of a combination of FSM eligibility and IDACI.
- 4.5 IDACI is a measure of deprivation based on the home postcode of the child. Each postcode is given a rank from 0 to 1, with 0 being least deprived and 1 the most. If using IDACI in the funding formula, funding is only applicable for those pupils in a postcode above a rank of 0.2. The EFA have predetermined 6 bandings, and funding is distributed in these bandings. LA's are able to use some or all of these bands.
- 4.6 The IDACI dataset was updated in December 2015 with the new data showing a markedly different distribution to the previous dataset from 2010. This created a significant amount of turbulence for local authorities who use IDACI in determining the distribution of the deprivation factor and therefore the DfE have decided to update the IDACI banding methodology to return the bands to a similar proportion as in 2015/16
- 4.7 A Schools Forum working party have considered the impact on schools funding of a move to a combination of pupil and area led data and propose that this move is gradually introduced to the Hillingdon schools funding formula. The proposal is that for 2017/18 the distribution of deprivation funding is based on 75% FSM data and 25% IDACI data. This will then be reviewed again prior to 2018/19 subject to further stages of DfE consultation on the NFF.
- 4.8 There is no proposal to change the level of the deprivation funding pot, currently at 7.87% of total funding, just below the national average of 8.33%

4.9 Question 1 – Stakeholders are asked to give views on the proposal to introduce area level data to the distribution of deprivation funding through the use of the IDACI dataset. The proposal is to distribute funding based on 75% FSM data and 25% IDACI.

LAC Funding Factor

- 4.10 The Hillingdon schools funding formula currently uses the LAC factor to target funding to those schools that have a looked after pupil on roll based on the SSDA903 return. The recent National Funding Formula consultation included the DfE proposal that the LAC factor will no longer be included in the funding formula. Hillingdon has one of the highest rates for LAC funding in the country at £3k per pupil and in 2016/17 £353k was distributed using this factor. The amount of LAC funding to be distributed each financial year is calculated by mapping children on the SSDA903 return from March the previous year to the schools Spring census, with that proportion then applied to the October census NOR. The funding is therefore always allocated on a historic basis and given that LAC often move schools it is clearly not the most effective use of funding.
- 4.11 Schools Forum members have considered the impact on schools of removing the LAC funding factor and retaining the funding centrally. It is proposed that the Head of the Hillingdon Virtual School will manage the distribution of this funding to schools ensuring a more targeted up to date distribution of the resource. The amount of funding will remain at the rate of £3,000 per LAC, calculated on a pro rata basis to reflect the actual number of LAC in roll each term.
- 4.12 Question 2 - Stakeholders are asked to give views on the proposal to remove the LAC funding factor and retain the funding centrally with the distribution to schools managed by the Head of the Hillingdon Virtual School.**

PFI Funding Factor

- 4.13 The funding for any school Public Finance Initiative (PFI) costs is currently included both within the Schools Delegated Budget, through the PFI factor, and also as a centrally retained budget. This funding covers the costs of the PFI contract plus the contribution to the sinking fund for buildings and ICT which are required to maintain the school as new.
- 4.14 In order to simplify the PFI funding model it is proposed that the sum held centrally is included in the Schools Delegated Budget and that the PFI factor is increased by the same amount, thus reducing the sums held centrally.
- 4.15 Whilst the PFI factor is included in the calculation of MFG the DfE have previously approved disapplication requests in circumstances where schools which previously qualified for factors are no longer eligible. It is therefore safe to assume that the proposed change will not impact on the calculation of a schools MFG once a PFI contract ends.
- 4.16 Question 3 - Stakeholders are asked to give views on the proposal to fully delegate the PFI resources held within the centrally retained DSG budget by increasing the PFI factor.**

Growth Contingency

- 4.17 Local Authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by Schools Forum. The criteria should provide a transparent and consistent basis for the allocation of funding. Schools Forum has previously agreed to a centrally retained growth fund to support schools providing extra places in order to meet basic need
- 4.18 Schools Forum has been made aware of a number of schools experiencing funding issues in relation to in-year growth. As the majority of school funding is pupil led and relates to pupil numbers at a moment in time (October census date), currently there is no mechanism within the funding formula to address in-year growth.
- 4.19 The proposal is that Schools Forum set a contingency fund to cover funding issues as a result of in-year growth applicable to schools which meet the following criteria;
- Schools not currently in receipt of growth contingency funding (or if an expanding school have increased in pupil numbers by at least one form of entry more than the agreed expansion),
 - Schools not currently funded on estimated numbers (ie new schools),
 - Schools which experience an in-year increase of over 26 pupils in the lowest class of the school (ie Year R (Primary & Infant Schools)/Year 3 (Junior Schools)/Year 7 (Secondary Schools)).
- 4.20 An adjustment will be made for this in-year growth following the school census each term. The actual number of in-year admissions in the specific year group will be compared with the funded pupil numbers and the additional number of forms of entry will then be multiplied by the relevant AWPU rate and adjusted to reflect the proportion of the year.
- 4.21 Modelling has been carried out to determine the financial impact of introducing this new contingency fund. Using the census figures relating to 2016/17 funding, the schools that would attract payment from this fund were identified. The potential impact on this fund, based on known figures relating to the 2016/17 financial year were also calculated and indicated that four schools would have received a total of £351k in 2016/17.
- 4.22 It is worth noting that there are six schools that are in the final year of expansion and therefore the Growth Contingency spend will reduce by £366k in 2017/18. The diseconomies funding requirement is also expected to reduce as two of the basic need academies are projecting a balanced budget with no need for diseconomies funding. The proposed increase can therefore be absorbed within the current budget allocation.
- 4.23 Question 4 - Stakeholders are asked to give views on the proposal to create an in-year growth mechanism within the Growth Contingency policy.**

5. Early Years Block

- 5.1 The Early Years Block DSG Funding covers funding for children aged 3 and 4 in Primary schools, PVI Nursery settings and Childminders and a limited range of retained budgets.
- 5.2 The Early Years Block DSG Funding is based on actual participation and will be revised throughout the year based on the January 2016 pupil census data, the January 2017 pupil census data and again at the end of the year based on the January 2018 pupil census data.
- 5.3 The Early Years block will also include funding for the Free Entitlement offer for two year olds.
- 5.4 The DfE are proposing to implement an Early Years National Funding Formula (EYNFF) from April 2017. Within the EYNFF consultation the DfE proposed that the base rate should be a flat rate for all providers. Schools Forum has previously agreed a flat base rate for all providers in Hillingdon and so this proposal will have no impact on providers.
- 5.5 The DfE consultation indicated that in 2017/18 only 7% of all Early Years block funding will be allowed to be retained centrally, reducing to 5% from 2018/19. Of the remaining 93% funding, the DfE proposal for the 3 and 4 year old free entitlement offer, is to limit the amount that can be paid through supplements to 10% and therefore 90% must be passed to providers through the base rate. As a result, all providers will see an increase in their base rate from April 2017 with a further increase in 2018/19 as the allowable level of centrally retained reduces further.

Deprivation Supplement

- 5.6 The DfE proposals indicate that the deprivation factor will continue to be a mandatory factor within the set of possible supplements. The reason for this is that a considerable portion of funds is being channelled through the formula to LAs for additional needs and it is therefore considered appropriate that this is passed to providers.
- 5.7 Currently the deprivation factor within the Hillingdon EYSFF is 8% and Schools Forum Members have considered if they wish to retain this at the same proportion. Given the increase in Early Years block funding and the reduction in allowable Early Years centrally retained budgets if the percentage were to stay at 8% then providers would see an increase in deprivation funding.
- 5.8 If the deprivation supplement were reduced to 7% then the financial value would remain at approximately its current rate, meaning no providers should see a reduction and the funding for any other agreed supplements would increase. If the percentage were reduced any further then all providers would see a decrease in deprivation funding.
- 5.9 Schools Forum are proposing to reduce the supplement to 7%. It is not proposed that any change is made to the distribution method, currently IDACI, as this appears to be the best indicator of deprivation for 3 & 4 year olds.
- 5.10 Question 5 - Stakeholders are asked to give views on the proposal to reduce the Early Years deprivation factor to 7%.**

Supplements

- 5.11 The DfE recognises that funding supplements can play an important role in channelling additional funding to providers for particular purposes to reflect key objectives. However, the amount of funding that will be allowed through the use of supplements will be limited at 10% (including the mandatory deprivation factor). The DfE consultation suggested the following supplements could be created;
- Flexibility - an optional supplement to promote the provision of more flexible childcare (eg offering more than 38 weeks in the year),
 - Efficiency - an optional supplement that could be used to reward and recognise providers who make optimum use of their income to provide high quality childcare and to invest in their workforce,
 - Delivery of the additional 15 hours free childcare - an optional supplement payable to settings which participate in delivering 30 hours free childcare.
- 5.12 Members have considered what other supplements they wish to create to go alongside the base rate and deprivation factors and propose the following

Income Deprivation Affecting Children (IDACI) Threshold

- 5.13 IDACI is a measure of deprivation based on the home postcode of the child. Each postcode is given a rank from 0 to 1, with 0 being least deprived and 1 the most. Schools Forum has considered that IDACI could be used to focus more targeted resources to those children who are from the most deprived areas of the borough and are therefore more likely to have additional needs. The proposal is that the settings that would attract this supplement would be those with an average IDACI ranking of over 0.25 (the average IDACI rank for Early Years settings in Hillingdon is 0.2 and the highest ranking is 0.365). This would ensure that resources are targeted at the children that need the most additional support. It is proposed that this supplement will form 2% of the funding payable to providers.
- 5.14 Question 6 - Stakeholders are asked to give views on the proposal that 2% of the EYFF is allocated through an additional supplement payable to settings with an IDACI average rank over 0.25.**

Efficiency Factor

- 5.15 The DfE consultation proposed that the quality factor within the EYSFF will not be retained, as the DfE considers that good quality provision should be expected of all providers. However an Efficiency factor can be added to the formula to reward and recognise providers who make optimum use of their income to provide high quality childcare and to invest in their workforce. Schools Forum has considered that the Ofsted rating is the most effective way to identify those settings that make best use of income to provide high quality childcare. The proposal is therefore to include a supplement payable to settings that are Outstanding according to their most recent Ofsted inspection. It is proposed that this supplement will form 1% of the funding payable to providers.

5.16 Question 7 - Stakeholders are asked to give views on the proposal that 1% of the EYFF is allocated through an additional supplement payable to settings with an Outstanding Ofsted.

SEN Inclusion Funding

5.17 The 2016 Early Years census shows that nationally 6% of three & four year olds taking up funded early education had a special educational need (0.7% have an EHCP, 5.3% are in receipt of SEN support). The DfE believes there is an inconsistent funding approach for those children with SEN support and proposes that Local Authorities are given the ability to use funding from the Early Years block to create an SEN Inclusion fund.

5.18 This funding would be passed to providers in the form of 'top-up' and would be determined on a case by case basis. The targeting of this funding should be considered in consultation with Early Years providers, SEN specialists and parents and should be directly linked to the 'Local Offer'.

5.19 Question 8 - Stakeholders are asked to give views on the proposal to establish an Inclusion fund to support children with SEN accessing funded early education.

6. High Needs Block

- 6.1 The High Needs Block DSG Funding covers funding for Special Schools, Special Resource Provisions, SEN pupils in Mainstream schools, Placements in Independent Schools and Other Local Authority schools, Pupil Referral Units, Support Services, Education Other than at School (Alternative Education Provision), Post 16 SEN expenditure and the cost of high needs students aged 16-25 in further education and independent specialist providers.
- 6.2 Following the recent DfE consultations on school funding, the indication is that DSG funding blocks will be ring-fenced and Local Authorities will no longer be able to move funds between the funding blocks as has previously been allowed. This is a particular issue for High Needs funding in Hillingdon as we currently move a significant amount of funding from the Schools Block to the High Needs block. The growth in the population of High Needs pupils is also an issue, as funding has not increased at the same rate of growth, impacting significantly on the High Needs funding available.
- 6.3 Following the implementation of the new banded funding model the intention was always to carry out a review once the system had had a chance to bed in. Given the High Needs funding issues it is considered that now is a good time to undertake such a review of the current High Needs banded funding model.
- 6.4 The SEN team is currently undergoing a pilot using a Resource Allocation System (RAS) in order to determine bandings. The proposal is that the RAS will be used to determine the band following each assessment giving a more robust and consistent system for allocating the correct band and therefore top-up resource.

Bands 1-4

- 6.5 The banded funding model was introduced in April 2015 and created nine top-up bands based on levels of need. The lower bands (Bands 1-4) are generally for pupils with an Education, Health & Care Plan (EHCP) in mainstream schools and are calculated based on the number of hours of LSA support. The original calculation for these bands was made in 2014/15 prior to the introduction of the new model and it is therefore considered appropriate that the rates be reviewed. The proposal is that the rates are increased in line with pay inflation with the proposed new rates detailed in the table below;

Band	2016/17 (£)	2017/18 (£)
1	2,200	2,600
2	3,700	4,100
3	6,100	6,600
4	8,500	9,100

- 6.6 **Question 9 - Stakeholders are asked to give views on the proposal to increase the rates for Bands 1-4 in line with pay inflation**

Bands 5-9

- 6.7 It has been considered that a more detailed review of the Bands 5-9 needs to be carried out in order to determine the values required to adequately meet the needs of pupils. The proposal is therefore to leave the bands 5-9 at the current rates for 2017/18 and work will be undertaken in conjunction with all Special schools and SRPs to review the rates for 2018/19. The review will also consider whether band mid-points are needed in order to reduce the gap between each banding and ensure the resource accurately reflects the need.

SRP Weighting

- 6.8 Modelling has indicated that the funding rates for Specialist Resource Provisions (SRPs) needs to be slightly higher to reflect the size of the settings and to also recognise the additional cost that an SRP incurs through the integration of pupils back into the mainstream. The proposal is therefore to apply a percentage weighting to the banded funding for SRPs.
- 6.9 Further modelling will be carried out in order to determine what a reasonable weighting needs to be and the Headteachers of SRPs will be asked to share details of their SRP spending plans to inform this modelling exercise.
- 6.10 Question 11 - Stakeholders are asked to give views on the proposal to include a percentage weighting for the banded funding for SRPs, to be determined based on information provided.**

7. Specific Grants

Pupil Premium

7.1 The following table sets out the 2016/17 funding rates provided relating to the Pupil Premium:

	Pupil Premium per pupil
Pupils in Year Groups R to 6 recorded as Ever 6 FSM	£1,320
Pupils in Year Groups 7 to 11 recorded as Ever 6 FSM	£935
Looked After Children (LAC)	£1,900
Children adopted from care under the Adoption and Children Act 2002 and children who have left care under a Special Guardianship or Residence Order	£1,900
Service children	
Pupils in Year Groups R to 11 recorded as Ever 4 Service Child or in receipt of a child pension from the Ministry of Defence.	£300

7.2 The DfE are yet to release details of the Pupil Premium rates for 2017/18.

7.3 The Pupil Premium grant to each school will be calculated based on the number of qualifying pupils counted in the January School Census, multiplied by the funding rate described above.

7.4 The administration arrangements for the distribution of the Pupil Premium Grant for Looked After Children will continue with the local authority determining how the resources are best utilised dependent on the needs of the individual Looked After Child.

7.5 April 2015 saw the introduction of an Early Years Pupil Premium that provides £300 per pupil (£0.53 per child per hour) for each eligible child that takes up the full 570 hours of early years provision. The Early Years Pupil Premium will continue in 2017/18.